REPUBLIC OF GHANA

MINISTRY OF FINANCE

GHANA PUBLIC PRIVATE PARTNERSHIP PROJECT

(Credit No.: IDA50970)

CONSULTING SERVICES FOR AUDITING OF PPP PROJECT ACCOUNTS

(MOFEP/PPP/C3/CS01/14)

REQUEST FOR EXPRESSIONS OF INTEREST (CONSULTING SERVICES – FIRMS SELECTION)

The Government of Ghana, acting through the Public Investment Division (PID) of the Ministry of Finance (hereinafter called "Borrower") has received financing from the International Development Association (hereinafter called "Financier") toward the cost of the Ghana Public Private Partnership Project (PPP).

The prime objective of the first phase of the project is to improve the legislative, institutional, financial, fiduciary and technical framework to generate a pipeline of bankable PPP projects. This phase is to build capacity to facilitate private sector participation through legal, regulatory and institutional developments and financing of project appraisal and transaction advisory services.

The project has three components which are: Institutional, Fiduciary, Legislative and Financing Capacity Building for PPPs; PPP Pipeline Preparation and Transaction Advisory Support; and Project Management and Monitoring and Evaluation.

The second phase of the project will be triggered with the establishment of a credible and reliable enabling environment and also with the development of a soundly-appraised pipeline of robust projects for PPP financing.

In order to ensure that the funds are used judiciously for the purpose for which they are intended and accounted for in accordance with World Bank procedures, it is mandatory for the accounts to be audited by an independent Auditing Firm. The "Borrower" now intends to engage the services of an Auditing Firm to audit the accounts which are being kept by the PPP Project and operated for the implementation program for the 2014 and 2015 Financial Years.

OBJECTIVE OF THE PROJECT AUDIT

The objective of the audit of the Project Financial Statements (PFSs) is to enable the auditor to express a professional opinion(s) on the financial position of the project at the end of each fiscal year, and on funds received and expenditures incurred for the relevant accounting period.

The project books of accounts provide the basis for preparation of the PFSs by the project implementing agency and are established to reflect the financial transactions in respect of the project. The implementing agency maintains adequate internal controls and supporting documentation for transactions.

SCOPE OF SERVICES

As stated above, the audit of the project will be carried out in accordance with International Standards on Auditing (ISA) promulgated by the International Federation of Accountants (IFAC), and will include such tests and auditing procedures as the auditor will consider necessary under the circumstances. Special attention should be paid by the auditor as to whether the:

(a) World Bank financing (and all external financing where the World Bank is not the only financier) has been used in accordance with the conditions of the relevant financing agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided*;*

(b) Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided;

(c) Goods, works and services financed have been procured in accordance with the relevant financing agreements including specific provisions of the World Bank Procurement Policies and Procedures[1];;

(d) All necessary supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported using Statements of Expenditure (SOE) or Interim Unaudited Financial Statements (IFS) methods of reporting. The auditor is expected to verify that respective reports issued during the period were in agreement with the underlying books of account;

(e) Designated Accounts (if used) have been maintained in accordance with the provisions of the relevant financing agreements and funds disbursed out of the Accounts were used only for the purpose intended in the financing agreement;

(f) National laws and regulations have been complied with, and that the financial and accounting procedures approved for the project (e.g. operational manual, financial procedures manual, etc.) were followed and used;

(g) Financial performance of the project is satisfactory.

[1] Depending on the complexity of procurement activities, the auditor may consider involving technical experts during the audit engagement. In cases where such experts are involved, the auditor is expected to comply with provisions of International Standard on Auditing 620: Using the Work of an Expert. Consideration to use of the work of experts should be brought to the early attention of the borrower and the World Bank for mutual agreement and appropriate guidance.

(h) Assets procured from project funds exist and there is verifiable ownership by the implementing agency or beneficiaries in line with the financing agreement.

(i) Ineligible expenditures included in withdrawal applications are identified and reimbursed to the Designated Accounts. These should be separately noted in the audit report.

In complying with International Standards on Auditing, the auditor is expected to pay particular attention to the following matters:

a) ***Fraud and Corruption***: Consider the risks of material misstatements in the financial statements due to fraud as required by ISA 240: The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements. The auditor is required to identify and assess these risks (of material misstatement of the financial statements) due to fraud, obtain sufficient appropriate audit evidence about the assessed risks; and respond appropriately to identified or suspected fraud;

b) ***Laws and Regulations***: In designing and performing audit procedures, evaluating and reporting the results, consider that noncompliance by the implementing agency with laws and regulations may materially affect the financial statements as required by ISA 250: Consideration of Laws and Regulations in an Audit of Financial Statements;

c) ***Governance***: Communicate audit matters of governance interest arising from the audit of financial statements with those charged with governance of an entity as required by International Standards on Auditing 260: Communication of Audit Matters with those Charged with Governance.

d) ***Risks***: In order to reduce audit risk to an acceptable low level, determine the overall responses to assessed risks at the financial statement level, and design and perform further audit procedures to respond to assessed risks at the assertion level as required by Internal Standard on Auditing 330: the Auditor's Procedures in Response to Assessed Risks.

5. PROJECT FINANCIAL STATEMENTS (PFSs)

The auditor should verify that the project PFSs have been prepared in accordance with the agreed accounting standards (see paragraph 3 above) and give a true and fair view of the financial position of the project at the relevant date and of resources and expenditures for the financial year ended on that date

The Project Financial Statements (PFSs) should include:

(a) A statement of funds received, showing funds from the World Bank, project funds from other donors and counterpart funds separately, and of expenditures incurred;

(b) A summary of the activity in the Designated Account;

(b) A Balance Sheet (if deemed necessary);

(c) A Summary of the principal accounting policies that have been adopted, and other explanatory notes;
(d) A list of material assets acquired or procured to date with project funds

As an Annex to the PFSs, the auditor should prepare a reconciliation of the amounts as "received by the Project from the World Bank", with those shown as being disbursed by the Bank.

6. STATEMENT OF EXPENDITURES (SOEs)/UNAUDITED INTERIM FINANCIAL REPORTS (IFRs)

In addition to the audit of the PFSs, the auditor is required to verify all SOEs or IFRs used as a basis for the submission of loan withdrawal applications to the World Bank. The auditor will apply such tests and auditing procedures as considered necessary under the circumstances. Annexed to the PFSs should be a schedule listing individual SOE or IFR withdrawal applications by specific reference number and amount.

The total withdrawals under the SOE or IFR procedures should be part of the overall reconciliation of Bank disbursements described in paragraph 5 above.

7. DESIGNATED ACCOUNT

In conjunction with the audit of the Project PFSs, the auditor is also required to review the activities of the Designated Account associated with the project. The Designated Account usually comprises:

- Advance deposits received from World Bank;

- Replenishments substantiated by withdrawal applications;

- Interest that may have been earned on the accounts, and which belong to the recipient; and

- Withdrawals related to project expenditures

The auditor should pay particular attention as to the compliance with the Bank's procedures and the balances of the Designated Accounts at the end of the fiscal year (or period). The auditor should examine the eligibility of financial transactions during the period under examination and fund balances at the end of such a period, the operation and use of the DAs in accordance with the relevant general conditions, relevant financing agreements and disbursement letter, and the adequacy of internal controls for this type of disbursement mechanism.

For this Project, the Designated Accounts are referred to in the general conditions, the Financing Agreement (subsection 5.3) and Disbursement Letter (para. I).

The auditor should also examine eligibility and correctness of:

- Financial transactions during the period under review;

- Account balances at the end of such a period;
- The operation and use of the Designated Account in accordance with the financing agreement; and
- The adequacy of internal controls for the type of disbursement mechanism.

8. AUDIT REPORT`

The auditor will issue an opinion on the project financial statements (PFSs). The annual audit report of the project accounts should include a separate paragraph highlighting key internal control weaknesses and non-compliance with the financing agreement terms.

9. MANAGEMENT LETTER

In addition to the audit report, the auditor will prepare a management letter, in which the auditor will:

(a) Give comments and observations on the accounting records, systems and controls that were examined during the course of the audit;

(b) Identify specific deficiencies or areas of weakness in systems and controls, and make recommendations for their improvement;

(c) Report on the degree of compliance of each of the financial covenants in the financing agreement and give comments, if any, on internal and external matters affecting such compliance;

(e) Communicate matters that have come to his/her attention during the audit which might have a significant impact on the implementation of the project;

(f) Give comments on the extent to which outstanding issues/qualifications issues have been addressed;

(g) Give comments on previous audits' recommendations that have not been satisfactorily implemented; and

(e) Bring to the recipient's attention any other matters that the auditor considers pertinent, including ineligible expenditures.

Ideally, the management letter should also include responses from the implementing agency to the issues highlighted by the auditor.

10. QUALIFICATIONS OF THE AUDITOR:

The Auditing Firm should meet the following qualification requirements:

- The Firm should be duly authorized to practice in Ghana and have strong experience (minimum of 10 years) in public accounts auditing;

- The firm should have specific experience in World Bank projects' auditing and auditing of other Multilateral Donors' projects.

The PID of MOF now invites eligible consulting firms ("Consultants") to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills amongst Staff, etc. The shortlisting criteria are: (1) Core business and number of years in business, 2) Technical and Managerial organisation of the firm, (3) Availability of Appropriate Skills among Staff (The Team Leader and the Co-Team Leader should be Chartered Accountants. The Team should not be less than 7years' experienced whilst the Co-Team leader should not be less than 5 years experienced in undertaking similar assignments. (4) Firm's experience in similar assignments (in public accounts and World Bank Accounts auditing) and (5) Firm's experience in working in similar conditions and environment

The attention of interested Consultants is drawn to paragraph 1.9 of the World Bank's *Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers* ("Consultant Guidelines") [January 2011 Version], setting forth the World Bank's policy on conflict of interest. Consultants may associate with other firms in the form of a joint venture or a sub-consultancy to enhance their qualifications. A Consultant will be selected in accordance with the **Least Cost Selection Method** set out in the Consultant Guidelines. Further information can be obtained at the address below during office hours 9.00am to 4.00pm. Expressions of interest must be delivered in a written form and clearly marked **"Expression of Interest External Auditor"** to the address below in person, by mail, or by e-mail by 3.00pm on 5th December, 2014.

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