শেখ হাসিনার নির্দেশ
জলবায়ু সহিষ্ণু বাংলাদেশ

Government of the People's Republic of Bangladesh
Office of the Project Director
Sustainable Forests & Livelihoods (SUFAL) Project
Bangladesh Forest Department
Ban Bhaban, Agargaon, Dhaka-1207, Bangladesh

www.bforest.gov.bd

Memo No. FD/SUFAL/Procurement/SD-50A2019-20/618 Date: **09/06/2020**

REQUEST FOR EXPRESSIONS OF INTEREST

SUFAL

Country: Bangladesh
Name of Project: Sustainable Forests & Livelihoods (SUFAL) Project

Credit No: 6325-BD

Assignment Title: Selection of Internal Audit Firm for SUFAL Project
Package No. SD-50A

The People's Republic of Bangladesh has received financing from the World Bank toward the cost of **Sustainable Forests & Livelihoods (SUFAL) Project,** and intends to apply part of the proceeds for consulting services.

The consulting services ("the Services") include review and report on Reliability of the Financial Management system, financial data and report at all tiers of operation; Adequacy and effectiveness of the accounting, financial and operational controls; and Internal Control Systems.

The audit will be conducted at the Project Management Unit (PMU) office at Dhaka and 30 (thirty) field level cost center offices under the project. The audit will be conducted semiannually and will provide feedback to project management on control weakness and issues, if any, that require management attention.

The Consulting services will be commenced on around December 2020 and completed by June 2023. The detailed Terms of Reference (TOR) for the assignment and Prescribed Format for Submission of Expression of Interest can be obtained from www.bforest.gov.bd or can be obtained at the address given below.

The Bangladesh Forest Department (BFD) now invites eligible consulting firms ("Consultants") to indicate their interests in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. The shortlisting criteria are:

(a) General experience of the Firm(s);
(b) Experience in similar assignments of compatible size, complexity and technical specialty in the required area (Only completed Internal Audit assignment within last 10 years will be considered);
(c) Financial soundness of the firm; and
(d) Staffing and logistics of the firm.

Consultants are requested to submit the following supporting documents in support of the above-mentioned criteria:

(a) Registration paper of the firm(s), Valid Trade License, Tax Identification Number (TIN), VAT registration Certificate; (b) JV agreement/letter of intent (if applicable); (c) Firm's brochure; (d) Audited financial reports for last three years; (e) service experience record (including nature, total cost, total input in terms of man month, employer, location of service etc.). Key Experts will not be evaluated at the shortlisting stage.

The attention of interested Consultants is drawn to Section III, paragraphs, 3.14, 3.16, and 3.17 of the World Bank's "Procurement Regulations for IPF Borrowers" July 2016 (Revised November 2017) ("Procurement Regulations"), setting forth the World Bank's policy on conflict of interest.

Consultants may associate with other firms to enhance their qualifications, but should indicate **clearly whether the association is in the form of a joint venture and/or a sub-consultancy.** In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected. It is preferable to limit the maximum number of firms will be 03 (three) in an association including the Lead Firm.

A Consultant will be selected in accordance with the **Fixed-Budget Selection (FBS)** method set out in the Procurement Regulations.

Further information can be obtained at the address below during office hours. Expressions of interest must be delivered in a written form to the address below (in person, or by mail) by 06/07/2020 up to 3:00 PM (Bangladesh Standard Time).

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Sustainable Forests & Livelihoods (SUFAL) Project
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09/06/2020

Prescribed Format for Submission of Expression of Interest (EOI)

(Same Form to be completed by each member of JV)

Package No.	:	SD-50A
Title of Service	:	Selection of Internal Audit Firm for SUFAL Project

1. Letter of Submission [Addressing Project Director, SUFAL Project,BFD]

2. General Experience of the Firm :
   (Year of Establishment, as per Registration Certificate)
   (Necessary Attachments: Company/Firm's Registration Certificate)

3. Legal Establishment of the Firm
   a) TIN No. :
   b) VAT Registration No. :
   c) Trade License No. :
   (Necessary Attachments: TIN Certificate, VAT Certificate, Valid Trade License)

4. Firm/Company Background (General Information)
   (Necessary Attachments: Brochure etc.)

5. Financial Capacity of the Firm (Turnover of last 3years)
   a) 2018-19 (Up to Present) :
   b) 2017-18 :
   c) 2016-17 :
   (Necessary Attachments: Payment Received Certificates/Audit Report)

6. Experience of the Firm in Similar Nature Assignments in Last Ten Years
   [Only Completed within last 10 years Internal Audit Assignments will be considered]

(Example of Past Experience of Similar Nature and/or Complexity including Cost and Duration of the Assignment)

Project Name	Title/Description of Service	Type of Service	Name and Address of the Client	Service Duration (Start & End Dates)	Value of Service			Man-Month Input	
					Total Value	No. of Partners (if Any)	Value of Service Provided by the Firm	Firm's Input	Partners' Input

(Necessary Attachments: Details Description of Mentioned Similar Nature Assignment done by the Firm Separately)

7. Staffing and logistics of the firm
   i) Staffing of the firm
      List of total Staffs/Professional excluding Support Staffs. :
   ii) Logistics of the firm
   a) Office Space (Area, Floor No. etc.) :
   b) No. of Support Staffs :
   c) Description of Important Office Equipment :

Bangladesh Forest Department (BFD)

Sustainable Forest & Livelihoods (SUFAL) Project

Terms of Reference
For
Internal Audit Firm for SUFAL Project

A. Background:

Bangladesh Forest Department (BFD) under the Ministry of Environment, Forest and Climate Change has received IDA loan of US$175.00 million and GoB contribution of US$3.90 million for a period of 5 years (01 July 2018 to 30 June 2023) to implement Sustainable Forests & Livelihoods (SUFAL) Project. The overall objective of the project is to improve collaborative forest management and increase access to alternative income generation activities for forest-dependent communities in targeted sites. This will be achieved by: (i) improving public sector management of forest resources and increasing participation of communities in forest conservation and restoration and, (ii) reducing direct dependence and exploitation of forest resources by offering alternative livelihood sources to dependent communities and improving the enabling environment for trees outside forests. Together, these will result in the eventual improvement of forest cover and ecosystem functions, coastline protection and increased employment opportunities for some of the poorest and most vulnerable communities, including women and small ethnic communities.

This Terms of Reference (TOR) is intended to procure the services of Independent Internal Auditor (Chartered Accounting Firm).

B. Project Description

Project will implement a number of activities which are grouped under following four components:

Component-1: Strengthening Institutions, Information Systems and Training

Component-2: Strengthening Collaborative Forests and Protected Areas Management

Component-3: Increasing Access to Alternative Income Generating Activities (AIGAs) Forest Extension Service & Trees Outside Forests (ToF)

Component-4: Project Management, Monitoring, and Reporting

This project is designed to contribute in improving organizational effectiveness by adopting improved policy and regulatory framework including infrastructural development, management information system upgradation, capacity building of BFD officials and investing in degraded and denuded forest restoration and building green belt along the cost. This project will finance tree cover improvement in the ToF areas technology transfer, training, research and innovation support and engage forest dependent communities in collaborative forest management practices. By and large the project will enhance wildlife and PA management practices and thereby improve forest conservation and wildlife protection in the country.

C. The Objectives of the Internal Audit

- The main objective of Internal Audit is to add value and improve projects operations. It will help the project accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The objective could be achieved by examining, evaluating and reporting on the adequacy of the project's control environment by individual audit assignments for the specified period. Based on this work, recommendations will be made as necessary, as to how procedures can be improved to manage the risks faced in achieving project objectives.
- The primary objectives of the internal audit are to review and report on:
    - Reliability of the financial management system, financial data and report at all tiers of operation of the Project as per GoB rules and regulations and World Bank Disbursement Guideline 2017;
    - Adequacy and effectiveness of the accounting, financial and operational controls;
    - Internal Control Systems: completeness, written instructions, effective implementation and frequency of review and up-dating;
    - Level of compliance with the established policies, plans and procedures;
    - Financial Report: completeness, timeliness, accuracy, reliability and usefulness to to different stakeholders;
    - Assets: completeness, existence, recording, safeguard and utilization for the purpose intended.

D. Nature of Internal Audit:

Internal Audit will take positive steps to ensure that the management has made adequate arrangements for the prevention and detection of fraud and corruption. The major role of Internal Audit is to provide independent assurance that systems operated by the Authority are effective and that the control environment is adequate. Internal auditors are to provide independent assurance that risks are mitigated, and that the organization's governance is strong and effective. And, when there is room for improvement, internal auditors make recommendations for enhancing processes, policies, and procedures.

The Internal Audit shall support the project in the achievement of its goals by:

- Identifying and assessing financial and operational risks in the project operations;
- Evaluating the adequacy and effectiveness of overall internal control system in light of GoB rules and regulations and World Bank Disbursement Guideline 2017 which may include but not limited to:
    - Preventing and detecting fraudulent activities;
    - Risk identification, risk assessment and risk management by the Project;
    - Reliability and comprehensiveness of financial reporting;
    - Efficiency, effectiveness and economy of operations;
    - Safeguarding of assets and information;
    - Performance of tasks and achievement of goals.
- Providing recommendations for improving activities in the project.

E. Scope of Services:

The consultancy shall cover internal auditing of the project for five fiscal years (FY 2018-2019 to FY 2022-2023) and shall be carried out as a continuous process, reporting every six months, monitoring utilization of SUFAL project resources and results /impact of the programs in all the components, during project implementation. Focus should be primarily on management issues and fulfillment of the objectives of internal audit and internal control environment of different audit entities and in the areas listed below. Consultant (Internal Audit) will be expected to derive both quantitative and qualitative indicators as appropriate for each audit area. Consultant (internal audit) will provide specific comments on primary data derived from different audit entities and provide recommendations for improvement and sustainability mechanisms.

The internal audit should be carried out in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and should include such tests and controls necessary for performance of the internal audit. Specific areas of audit should include the following, although not limited to:

- Review of the FM arrangements for the project, focusing on the control procedures e.g., approval procedures, segregation of duties, roles and responsibilities, reconciliation procedures, procedures for verifying delivery of goods and services, invoice verification procedures, payroll controls, retirement of advances controls and imprest procedures. Critical examination of the accountabilities for staff advances especially for training/meeting/workshop events should be done to determine the eligibility of expenditure;
- Review of the arrangements for managing the Designated Account (DA)s, including tracing all withdrawals and transfers from the DA to determine that they are for eligible expenditures for which claims have been sent to the World Bank;
- Determine whether project counterpart funds have been provided by the Government and used in accordance with the financing agreement and accounted for properly,
- Verify existence of project fixed assets;
- Identify all expenditures that have been made but are not eligible for funding from project funds;
- Conduct physical on-site verification of assets, or services rendered using project funds, to ensure that these are genuine and were actually done as described in the payment documents, contracts etc. Evidence of work done should include photographs of the goods and works; statements from randomly selected beneficiaries, participants, stake-holders, communities and other audit; written statements from randomly selected third parties, supporting documents from venues of workshops, etc.;
- Conduct third party verifications to confirm eligibility of expenditure especially for Community Cost Centers, meeting/workshop. Conduct third party verifications of workshops held in rented venues;
- Assess the procedures for raising of cheques and confirm whether cheques are raised after the goods or services are rendered. Identify cases where advance

payments are made before goods and services are delivered, review the cashbook for un-presented cheques as they could be an indication of cheques raised and thereafter held awaiting receiving of goods and services, look for cases whereby cheques are supported by pro-forma invoices while awaiting the real invoices from suppliers;

- Follow up on cases whereby material cash payments are made in accordance with provision of established rules and procedures for goods or services which would otherwise be made using cheques and confirm the reasons for this and the justification thereof;
- Assess the approval and authorization procedures especially for cheque signatories and confirm whether there are mandatory signatories or whether any group of signatories can approve payments without centralized control;
- Conduct value-for-money reviews of the expenditures with special emphasis on whether the prices are inflated, the procedures used are the most efficient, the presence of losses and wastages, whether the goods and works are being utilized as intended or whether they are broken down, neglected and never installed in the first place or whether substandard goods/equipment received instead of original product for which payment was made;
- Assess and report on the corruption/fraud prevention and detection mechanisms looking out for any red-flags that may point to existence of fraud/corruption in the Project.
- Discuss the initial findings with the implementing agencies and make appropriate recommendations for future implementation.

F. Applicable Auditing Standards:

International Internal Auditing Standards as well as International Standards on Auditing.

G. Responsibilities of the Management:

PMU, SUFAL Project, thirty field Cost Centers, CMC and PWD are committed to ensure the existence and continuing efficacy of arrangements for proper management of the project's resources including:

- Enabling the project to meet its intended objectives;
- The establishment of procedures and systems for proper and effective management of human and financial resources:
- The establishment of accounting procedures and systems for proper accountability of resources:
- Effective oversight of resources; and
- Timely preparation of financial statements and arrange annual.

The Internal Auditor would be given access to all documents, correspondence, and any other information relating to the project as deemed necessary by the Internal Auditor. The Internal Auditor should become familiar with the project, and with the relevant policies and guidelines of the

Government and the Development partner (including those relating to disbursements, procurement and financial management and reporting). The Internal Auditor would be provided with copies of the Project Implementation Plan (PIP): Project Appraisal Document (PAD): Financing Agreement guidelines, policies and procedures of GoB. The Internal Auditor should obtain and maintain satisfactorily document evidence to support their conclusions.

H. Conduct of the Audit and Reporting:

(1) The audit will be conducted at (a) Project Management Unit, Dhaka (b) Thirty field Cost Centers of Bangladesh Forest Department located under 28 District (c) PWD, Circle-2, Dhaka (d) BNH, Dhaka. The audit will cover GoB rules and regulations and World Bank Disbursement Guideline 2017 as needed to implement the project, status of previous work performed by other audit team, if any. The audit will be conducted semi-annually and will provide feedback to project management on any control weakness and issues, if any, that require management attention. PMU at BFD will take effective steps to address the weaknesses highlighted by the internal auditors.

(2) The Consultant (internal audit firm) shall submit the Methodology and Work Plans for carrying out internal audit in their proposal;

(3) Audit Reporting shall be as follows:

i. Inception Report: The report is to be submitted to Project within 14 days after signing of the contract.

ii. Interim Audit Report (Semi-Annual)

a. Draft Interim Audit Report: The report shall be submitted to Project within 60 after 30 June/31" December after incorporating the comments if any given by the Project;

b. Final Interim Audit Report: The final report shall be submitted within 14 days after getting comments on submitted draft report:

iii. Final Completion Report: The final report shall be submitted within June 22, 2023.

I. Team Composition (Key professionals' qualifications and expertise)

Sl. No	Position	Qualification	Expertise	No.	Person - months
1	Team Leader cum Audit Manager	CA/CMA/ ACCA	Minimum of 10 years post qualification experience as practicing Chartered Accountant. Preference will be given to those who have significant on internal auditing, GoB Rules and Regulation and World Bank funded project implementation experienced	1	9
2	Financial Expert	Master's in accounting/ Finance/MBA	Minimum five years working experience with any private/public organization.	1	9

3	Procurement Expert	Graduate in Engineering/ Masters in any discipline	Minimum five years working experience with IDA/donor funded project in any private/public organization.	1	9
4	Senior Auditor	Master's in accounting/ Finance/MBA	Minimum five years working experience with any private/public organization.	3	27

J. Non-Key Professional: In addition to key experts the following non-key experts will be required to deliver the service in accordance to the TOR. CVs of the proposed non-key professional should be provided with the technical proposal.

Sl. No	Position	Qualification	Expertise	No.	Person - months
1	Junior Auditors	Graduate in Accounting/ Finance/MBA	Minimum two years working experience with any private/public organization or experienced articled Student.	6	54

K. Location of performance for different tasks:

As per actual requirement -Dhaka and field level thirty Cost Centers (i. Conservator of Forests ii. Director iii. Divisional Forest Offices iv. Range Offices v. Beat Offices vi. Community Management Centers (CMC), PWD etc.) Offices.

L. Counterpart personnel assigned by the Client:

- Deputy Project Director, SUFAL Project
- Senior Financial Management Specialist, SUFAL Project
- Concerned Cost Centers offices

M. Specific tasks or actions that require prior approval by the Client:

- To start half yearly auditing at PMU, thirty field Cost Centers including Range and Beat offices, CMC & PWD.
- In case of selection of sample size 25 % of the cost under individual cost center must be considered for audit or verification.
- Prior Approval by the client on any task or action which is not mentioned in ToR or in the contract but necessary for the proper accomplishment of contract must be required.

N. Duration of the assignment:

The duration of the assignment is about 3(three) months of every year from 2020-21 to 2022-23 but audit have to cover 2018-19 to 2022-23.