

GREATER ACCRA RESILIENT AND INTEGRATED DEVELOPMENT PROJECT (GARID)

Terms of Reference for the Procurement of External Auditors

IDA CREDIT No. 64100

1.0 Introduction

The Government of Ghana has secured funding from the World Bank to finance the Greater Accra Resilient and Integrated Development (GARID) Project. The project aims at improving flood risk management and solid waste management along the Odaw River Basin of the Greater Accra Region, and to improve access to basic infrastructure and services in targeted communities within the Basin. The project is investing in flood mitigation measures within the Odaw River Basin of the Greater Accra Region for six years (2020–2025). Additional interventions to help achieve flood mitigation include reduction of solid waste entering the Odaw primary channel and key tributaries by improving Solid Waste Management (SWM) capacity. To ensure sustainable improvement of the living environment within highly vulnerable flood-prone low-income communities, the project is supporting participatory urban upgrading in three targeted communities located in high flood-prone areas.

The GARID project comprises five interrelated components namely;

1. Climate Resilient Drainage and Flood Mitigation Measures (US\$92.0 million) (led by Ministry of Works and Housing)
2. Solid Waste Management Capacity Improvements (US\$42.20 million) (led by Ministry of Sanitation & Water Resources)
3. Participatory Upgrading of Targeted Flood Prone Low-Income Communities and Local Government Support (US\$58.8 million) (jointly led by Ministries of Works and Housing and Local Government, Decentralization & Rural Development and supported by the PCU)
4. Project Management (US\$7.0 million); and
5. Contingent Emergency Response (CERC)

The project has been prepared using standard World Bank preparation criteria in the selection and detailed costing of the components. The total cost of the project, which became effective in February 2020 is a credit of US\$200.00 million to be financed 100% by International Development Association (IDA)

1.1 Project Financing

As indicated in (1.0) above, the IDA is the financier of the project. The credit is due to close on 31st December 2025.

1.2 Participating MDAs & MMDAs

The participating Ministries, Departments, Agencies and MMAs are as follows:

- i. Ministry of Works and Housing;
- ii. Ministry of Sanitation and Water Resources;
- iii. Ministry of Local Government, Decentralization and Rural Development;
- iv. Ghana Hydrological Authority
- v. Water Resources Commission
- vi. Ghana Meteorological Agency
- vii. National Disaster Management Organization
- viii. Land Usage & Spatial Planning Authority
- ix. Accra Metropolitan Assembly
- x. Korley Klottey Municipal Assembly
- xi. La Nkwantanang Madina Municipal Assembly
- xii. Ayawaso West Municipal Assembly
- xiii. Ga East Municipal Assembly
- xiv. Adentan Municipal Assembly
- xv. Ga West Municipal Assembly
- xvi. Ga North Municipal Assembly
- xvii. Ga Central Municipal Assembly
- xviii. Ablekuma Central Municipal Assembly
- xix. Okaikwei North Municipal Assembly
- xx. Ayawaso Central Municipal Assembly
- xxi. La Dadekotopon Municipal Assembly
- xxii. Ablekuma West Municipal Assembly
- xxiii. Ablekuma North Municipal Assembly
- xxiv. Ayawaso North Municipal Assembly
- xxv. Ayawaso East Municipal Assembly

2.0 **OBJECTIVE OF THE ASSIGNMENT**

The objective of the audit of the Project Financial Statements (PFS) is to enable the auditor to express a professional opinion on the financial position of the GARID Project comprising Financial Statements for the Project Coordinating Unit (PCU), the Project Implementation Units (PIUs), and the seventeen (17) participating Metropolitan and Municipal Assemblies at the end of the fiscal year, and of the resources and expenditures for the accounting periods ended 31st December, 2022 to 31st December, 2024.

The project records and accounts as maintained by PCU, the PIUs and the MMA's provide the basis for the preparation and audit of the Financial Statement and are established to reflect the financial transactions as maintained by the PCU, the three (3) PIUs and the seventeen (17) MMAs.

3.0 **SCOPE OF THE ASSIGNMENT**

The audit, which will cover the PCU, three (3) PIUs, and seventeen (17) MMAs will be carried out in accordance with International Standards on Auditing, and should include such tests of controls as the auditor considers necessary under the circumstances. Those Standards require that the Auditor plans and performs the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements

1. In conducting the audit, special attention should be paid to the following:
 - a. In planning and performing the audit to reduce audit risk to an acceptably low level, the Auditor should consider the risks of material misstatements in the financial statements due to fraud as required by International Standard on Auditing: The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
 - b. When designing and performing audit procedures and in evaluating and reporting the results thereof, the Auditor should recognize that noncompliance by the entity with laws and regulations may materially affect the financial statements as required by International Standard on Auditing: Consideration of Laws and Regulations in an Audit of Financial Statements
 - c. The Auditor should communicate audit matters of governance interest arising from the audit of financial statements to those charged with governance of an entity as required by International Standard on Auditing : Communication of Audit Matters with those Charged with Governance
 - d. The Auditor should communicate appropriately to those charged with governance and management deficiencies in internal control that the Auditor has identified in an audit of financial statements as required by International Standard on Auditing : Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
 - e. In order to reduce audit risk to an acceptably low level, the Auditor should determine overall responses to assessed risks at the financial statement level, and should design and perform further audit procedures to respond to assessed risks at the assertion level as required by International Standard on Auditing : The Auditor's Procedures in Response to Assessed Risks.
 - f. In instances where certain aspects of an entity's operations are performed by a third party service provider, the Auditor is expected to include an understanding and assessment of the internal control environment of the service provider during the audit process as required by International Standard on Auditing: Audit Considerations Relating to an Entity Using a Service Organization.
 - g. As part of the audit process, the Auditor is expected to obtain written representations from management and, where appropriate, those charged with governance as required by International Standard on Auditing: Written Representations.
2. In evidencing compliance with agreed project financing arrangements, the Auditor is expected to carry out tests to confirm that:
 - a. All external funds have been disbursed in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided. Relevant financing agreements include Financing Agreement no. 64100-GH (First Phase of the GARID Project) and the Amendment to the Financing Agreement.
 - b. Works, Goods, Consulting & Non Consulting Services financed have been procured in accordance with the relevant financing agreements, including specific provisions of the World Bank Procurement Regulations;

- c. 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.
- d. The Project Designated Account, and the Project Operational Accounts of the PCU, PIUs, and the MMAs have been maintained in accordance with the provisions of the relevant Financing Agreement and its amendments
- e. The project accounts have been prepared in accordance with consistently applied International Accounting Standards and give a true and fair view of the financial position of the project as at 1st December each year and of resources and expenditures for the year ended on that date.

3.1 Project Financial Statements

The Project Financial Statements shall include:

- a. A summary of funds received from IDA;
- b. A summary of expenditures by project components, both for the current fiscal year and accumulated to date;
- c. A summary of expenditures by main categories of expenditure, both for the current fiscal year and accumulated to date; and
- d. A Statement of Financial Position showing bank balances, other assets of the project, and liabilities if any.
- e. Notes, comprising a summary of significant accounting policies and other explanatory notes

As an annex to the project's financial statements, the auditor should prepare a reconciliation statement between the amounts shown as received by the Project from the World Bank and those shown as being disbursed by the Bank. As part of the reconciliation, the auditor should indicate the mechanism for the disbursement i.e. Designated Accounts, Statement of Expenditures (SOE's) or direct disbursement.

3.1.1 Review of Statement of Expenditures (SOEs) and Unaudited Interim Financial Reports (IFRs)

In addition to the audit of the Project's Financial Statements, the Auditors shall audit all IFRs / SOEs used as the basis for submission of Withdrawal Applications. The auditor should apply such tests and examine such controls as the auditor shall consider necessary under the circumstances. These expenditures should be carefully examined for project eligibility with the relevant financing agreements, disbursement guidelines and with reference to provisions in the Project Appraisal Document (PAD). Where ineligible expenditures are identified as having been included in Withdrawal Applications and reimbursed, these should be separately noted and highlighted by the auditor.

4.0 TEAM COMPOSITION AND QUALIFICATION REQUIREMENTS FOR THE KEY EXPERTS

The total man-month input for key experts for the assignment is estimated as Seven (7). An indicative list of the positions of the key professional staffs/experts who will be evaluated during technical evaluation process for the assignment is provided in the following table. The firm must propose suitable individuals as experts in these key positions and submit their own estimates of the required number of man-months against each of these key positions to carry out the assignment in conformity with the scope of service.

S/N	Specialist	Desired Requirement
1.	Audit Partner	Graduate and Postgraduate qualification in Accounting or related fields with at least 10 years Audit experience. A minimum of 5 years work experience of working on World Bank or donor-funded project as auditor. Professional membership with good standing with ICA Ghana, ACCA, FCA etc.
2.	Audit Manager	Graduate and Postgraduate qualification in Accounting or related field with at least 5 years Audit experience. A minimum of 3 years work experience of working on World Bank or donor-funded project as auditor. Professional membership with good standing with ICA Ghana, ACCA, FCA etc.
3.	Audit Supervisor	Graduate and Postgraduate qualification in Accounting or related field with at least 5 years Audit experience. A minimum of 3 years work experience of working on World Bank or donor-funded project as auditor. Professional membership with good standing with ICA Ghana, ACCA, FCA etc.

5.0 REPORTING REQUIREMENTS AND TIME SCHEDULE FOR DELIVERABLES

- a) Number of copies of final report to be submitted is: **9 copies**
- b) Date of submission of final report is: **31st May of each year.**
- c) Person to receive the final reports is: **Project Coordinator, PCU, PWD Head Office, Accra.**

5.1.1 Audit Opinion

At the end of the audit, the auditor shall form and issue an opinion on the Project's Financial Statements.

5.2 Management Letter

In addition to the audit reports, the auditor will prepare a Management Letter in which the auditor will

- a. provide comments and observations on the accounting records, accounting systems and the internal controls that were examined during the course of the audit;
- b. identify any specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;
- c. report on the degree of compliance of each of the financial covenants on the financing agreement and give comments, if any, on internal and external matters affecting such compliance;
- d. communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the project; and
- e. bring to attention any other matters that the auditor considers pertinent.

The Auditor's opinion on the financial statements and management letter should be received by the Bank no later than Six months after the end of December 31 of each year

5.3 **Duration**

The duration for the assignment will be for a period of Three (3) years i.e. 2022 to 2024.

6.0 **CLIENTS INPUT AND COUNTERPART PERSONNEL**

(a) Services, Facilities and Property to be made available to the Auditor by the Client

The auditor shall be given unlimited access to all information and explanations considered necessary to facilitate the audit including legal documents, correspondence, vouchers, records and any other information associated with the project and deemed necessary by the auditor. The Auditor may also seek written confirmation of amounts disbursed and outstanding in the Bank records

It is highly desirable that the auditor becomes familiar with a copy of the Bank's *Guidelines on Financial Reporting and Auditing of Projects Financed by the World Bank*, which summarizes the Bank's financial reporting and auditing requirements. The auditor should also be familiar with the Bank's *Disbursement Guidelines*. The Task Manager will provide both documents.

Specifically relating to the Greater Accra Resilient and Integrated Development Project are the following documents:

- i. Financing Agreement Credit No. 64100
- ii. Amendment to the Financing Agreement
- iii. Project Appraisal Document (PAD)
- iv. Project Implementation Manual (PIM)
- v. Draft Accounts
- vi. Bank Statements
- vii. Relevant Schedules and
- viii. Assets Register

(b) Professional and Support Counterpart Personnel to be assigned by the Client to the Auditor's Team:

- i. Director of Finance, MWH
- ii. The Financial Management Specialist (PCU)
- iii. The PIUs Project Accountants
- iv. The MMA's Accounts Officers and