

REPUBLIC OF LIBERIA



FORESTRY DEVELOPMENT AUTHORITY

REQUEST FOR EXPRESSIONS OF INTEREST FOR EXTERNAL FINANCIAL AUDIT OF THE LIBERIA FOREST SECTOR PROJECT FOR THE PERIODS JULY 1, 2017 – JUNE 30, 2018 AND JULY 1, 2018 – JUNE 30, 2019

PROJECT ID: 154114

GRANT NO: TFA2427

REFERENCE NO: LR-FDA-37149-CS-LCS

1. This request for expressions of interest follows the General Procurement Notice for this project that appeared in Development Business No. WB452-01/17 of January 31, 2017.

The Government of Liberia through the Forestry Development Authority (Implementing Agency) has received a grant from the International Development Association (IDA) acting as administrator of the Liberia Single Donor Forest Landscape Trust Fund (financed by the Government of Norway) in the amount of US\$36.7 million towards the cost of the Liberia Forest Sector Project, and it intends to apply part of the proceeds of this Grant to eligible payments under a consultancy contract for External Financial Audit of the Liberia Forest Sector Project for the periods: July 1, 2017 – June 30, 2018 and July 1, 2018 – June 30, 2019.

2. **Objective of the Project Audit**

The objective of the audit of the project financial statements is to enable the auditor to express a professional opinion on the financial position of the project at the end of the accounting period and of the funds received and expenditures incurred for the relevant period as reported in the Project Financial Statements (PFS). In addition, the audit will provide a professional opinion on the Statement of Expenditures and Designated Account activity, for the audit covering the period of the accounting period during which withdrawals were made. The various professional opinions may be captured in a single Audit Opinion by the Auditor for each 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.

Preparations of Annual Financial Statements

The responsibility for the preparation of financial statements including adequate disclosure is that of the implementing agency. The agency is also responsible for the selection and

application of accounting policies. The agency would prepare the PFSs in accordance with the International Public Sector Accounting Standards (IPSAS) cash basis.

The auditor is responsible for forming and expressing opinions on the financial statements. The auditor would carry out the audit of the project in accordance with the International Standards on Auditing (ISA), as promulgated by the International Federation of Accountants (IFAC). As part of the audit process, the auditor may request from the implementing agency written confirmation concerning representations made in connection with the audit.

Please find the full terms of reference attached (Attachment 1) to this request for expressions of interest.

3. The Forestry Development Authority (FDA) now invites eligible consulting firms 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. Detailed description of similar assignments must be provided. The shortlisting criteria are:
 - i) Not less than 5 years’ experience in Audit of World Bank or other Donor-funded Projects;
 - ii) Availability of Competent staff with relevant qualification and experience to undertake the assignment;

Note: In addition to other relevant information to be submitted, Consultants (firms) are advised to present all assignments of similar nature undertaken in the following format:

Duration	Assignment name/& brief description of main deliverables/outputs	Name of Client & Country of Assignment	Approx. Contract value (in US\$ equivalent)/ Amount paid to your firm	Role on the Assignment
{e.g., Jan.2009–Apr.2010}	{e.g., “Improvement quality of.....”: designed master plan for rationalization of; }	{e.g., Ministry of, country}	{e.g., US\$1 mill/US\$0.5 mill }	{e.g., Lead partner in a JV A&B&C }

4. 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](#) Conflict of Interest, January 2011, revised July 1, 2014 (“Consultant Guidelines”), setting forth the World Bank’s policy on conflict of interest.
5. Consultants may associate with other firms in the form of a ***joint venture or a sub-consultancy agreement*** to enhance their qualifications.
6. A Consultant will be selected in accordance with the Least Cost Selection (LCS) method. For reference, please see paragraph 3.6 of the World Bank’s Guidelines on Selection and Employment of Consultants, January 2011 revised July 2014, by following the link below: <http://pubdocs.worldbank.org/en/894361459190142673/ProcurementConsultantHiringGuidelinesEngJuly2014.pdf>

7. Further information can be obtained at the address below during office hours *0900 to 1700 hours*.
8. Expressions of interest must be delivered in a written form, clearly marked: **“Ref: Statutory Audit of the Liberia Forest Sector Project”**, to the address below in person, or by mail, or by e-mail by **July 23, 2018 at 16:00 GMT**.

Forestry Development Authority
REDD+ Implementation Unit
Whein Town, Mount Barclay
P. O. Box 3010
Montserrado County
Monrovia, Liberia
Attention: Saah A. David, Jr, **National REDD+ Project Coordinator**
Tel: +231(0)880699711
Email: redliberiaprogram@gmail.com

**TERMS OF REFERENCE FOR EXTERNAL FINANCIAL AUDIT OF THE LIBERIA FOREST
SECTOR PROJECT FOR THE PERIODS:
JULY 1, 2017 – JUNE 30, 2018 & JULY 1, 2018 – JUNE 30, 2019**

PROCUREMENT REFERENCE: LR-FDA-37149-CS-LCS

1. Introduction

The Government of Liberia through the Forestry Development Authority (Implementing Agency) has received a grant from the International Development Association (IDA) acting as administrator of the Liberia Single Donor Forest Landscape Trust Fund (financed by the Government of Norway) in the amount of US\$36.7 million towards the cost of the Liberia Forest Sector Project, and it intends to apply part of the proceeds of this Grant to eligible payments under a consultancy contract for External Financial Audit of the Liberia Forest Sector Project. The Grant Agreement (including the Disbursement Letter), and the Project Agreement were signed on April 27, 2016.

Background

1.1 Liberia contains about 4.3 million ha of lowland tropical forest that comprises 43 percent of the remaining Upper Guinea forests of West Africa. Most of Liberia's rural population is dependent on forests and their various products and ecosystem services. The country's forests are under threat due to the continued deforestation and forest degradation (D&FD) of their remaining blocks for the expansion of agriculture, illegal logging, mining activities and inadequate oversight and enforcement. D&FD are the second leading cause of global warming, making the loss and depletion of forests a major issue for climate change.

Liberia is faced with enormous challenges in managing its forests to contribute in a balanced way to long-term, sustainable economic growth; support the livelihoods of rural communities; and ensure that its important national and global heritage is conserved. As Part of the reform process, the Liberia's engagement with the World Bank has been towards the national efforts to reduce emissions from deforestation and forest degradation and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks (REDD+). Liberia is developing its REDD+ strategy that will build the country's capacity to be ready to participate in the future in a large-scale system of positive incentives for REDD+.

Towards this end, the Government of Liberia (GoL) and the Government of Norway (GoN) signed a Letter of Intent (LoI) in September 2014, with the purpose of (a) supporting the development and implementation of Liberia's REDD+ strategy to ensure significant net reductions in greenhouse gas (GHG) emissions from D&FD; (b) contributing to sustainable development in Liberia through protecting natural forests, restoring degraded lands, and developing Liberia's agricultural sector; and (c) working together to support progress on global efforts regarding climate change and sustainable development in general and REDD+ in particular. The Liberia Forest Sector Project (LFSP) is a result of this partnership, aimed at improved management of, and increased benefit-sharing in, targeted forest landscapes. Implementation of the LFSP is led by the Forestry Development Authority (FDA) with the Environmental Protection Agency (EPA), Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Agriculture (MOA), Ministry of Lands, Mines and Energy, and the Land Authority (LA) implementing specific sub-components of the project.

The project is comprised of the following four (4) components:

Component1: Strengthened Regulatory and Institutional Arrangements for Implementation of REDD+;
Component2: Strengthened Capacity for Management of Targeted Forest Landscapes;
Component3: Forest Monitoring Information System; and
Component4: Project Management, Monitoring, and Communication.

The Project Development Objective is, improved management of, and increased benefit sharing in, targeted forest landscapes.

Objective

The objective of the audit of the project financial statements is to enable the auditor to express a professional opinion on the financial position of the project at the end of the accounting period and of the funds received and expenditures incurred for the relevant period as reported in the Project Financial Statements (PFS). In addition, the audit will provide a professional opinion on the Statement of Expenditures and Designated Account activity, for the audit covering the period of the accounting period during which withdrawals were made. The various professional opinions may be captured in a single Audit Opinion by the Auditor.

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.

Preparations of Annual Financial Statements

The responsibility for the preparation of financial statements including adequate disclosure is that of the implementing agency. The agency is also responsible for the selection and application of accounting policies. The agency would prepare the PFSs in accordance with the International Public Sector Accounting Standards (IPSAS) cash basis.

The auditor is responsible for forming and expressing opinions on the financial statements. The auditor would carry out the audit of the project in accordance with the International Standards on Auditing (ISA), as promulgated by the International Federation of Accountants (IFAC). As part of the audit process, the auditor may request from the implementing agency written confirmation concerning representations made in connection with the audit.

Scope of the Audit:

The audit will be carried out in accordance with International Standards of 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

1. All IDA funds have been used 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 under the LSFP Grant Agreement;
2. Works, Goods and Services financed have been procured in accordance with the Financing Agreement including the World Bank Procurement Policies and Procedures¹;
3. Government contributions, if provided by the Government, that the funds have been provided and used in accordance with the LSFP financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided;

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.

4. All necessary supporting documents, records, and accounts have been kept in respect of all project activities (including expenditures reported via SOEs or SAs). The auditor is expected to verify that the respective reports issued during the period were in agreement with the underlying books of accounts; the Designated Account (DA) has been maintained in accordance with the provisions of the Grant Agreement and funds disbursed out of the DA were used only for the purpose intended in the Grant Agreement;
5. 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;
6. Assets procured from project funds exist and there is verifiable ownership by the implementing agency or beneficiaries in line with the financing agreement;
7. 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.
6. 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 used 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 [Grant Agreement].
 - (b) Goods, works, and services financed have been procured in accordance with relevant financing agreements, including specific provisions of the World Bank Procurement Guidelines.

Project Financial Statements

The auditor should verify that the project PFSs have been prepared in accordance with the IPSAS cash basis of accounting 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 should include:

- a. A statement of funds received from the World Bank, and of expenditure incurred;
- b. A summary of the activity in the Designated Account;
- c. A Balance Sheet showing Accumulated Funds of the project IDA balances, fixed assets, inventories, other assets of the project, and liabilities, if any, and
- d. A list of material assets acquired or procured to date with the project funds
- e. Notes to the financial statements presenting background information on the program, the accounting principles, detail analysis and relevant explanation of the main accounts/major balances, etc.

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

Interim Unaudited Financial Reports (IFRs)

In addition to the audit of the project financial statements, the auditor is required to audit all IFRs as the basis for the submission of withdrawal applications to IDA. The auditor should apply such tests and controls and auditing procedures as the auditor considers necessary under the circumstances. Annexed to the PFSs should be a schedule listing individual IFR withdrawal applications by specific reference number and amount.

The total withdrawals under the IFR procedures should be part of the overall reconciliation of Bank disbursements described under the paragraph on PFS above.

Designated Accounts

In conjunction with the audit of the Project Financial Statement, the auditor is required to review the activities of the Designated Account associated with the Project. The Designated Account comprises:

- a. Advance deposits received from IDA;
- b. replenishments substantiated by withdrawal applications;
- c. interest that may be earned on the accounts, and which belong to the recipient;
- d. Withdrawals related to project expenditures.

The auditor should pay particular attention as to the compliance with IDA procedures and the balances of the Designated Account at the end of the reporting period. The auditor should examine the eligibility of financial transactions during the period under review and fund balances at the end of such a period, the operation and use of the DA in accordance with the General Conditions, Grant Agreement, and the Disbursement Letter and the adequacy of internal controls for this type of disbursement mechanism.

For the above Project, the Designated Accounts is referred to in the General Conditions, the Grant Agreement, and the Disbursement Letter.

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 Grant Agreement; and
- The adequacy of internal controls for the type of disbursement mechanism.

Audit Report

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

OPTIONAL OPINIONS (To be included as appropriate, i.e. based on project FM risk, complexities, governance issues, etc as identified during the Financial Management Assessment)

<i>Special Opinion</i>	<i>Possible Rationale</i>
<i>Provision and usage of Counterpart Funds (CF).</i>	<i>Past poor compliance with financing agreement terms relating respect to the provision and usage of CF or abuse of CF in the country or sector <u>or</u> Inadequate provision or inappropriate usage of Counterpart funds) could affect the successful implementation of the project.</i>
<i>Entities that received funds met eligibility criteria</i>	<i>A component or components of the project involves transferring/releasing of funds to only entities that meet certain eligibility criteria <u>or</u> Where Aide Memoire, FM supervision, technical audit reports or previous experience in sector points to non-compliance with Financing agreement terms relating to eligibility criteria <u>or</u> If entities receiving funds do not meet eligibility criteria, project implementation will be impacted adversely</i>
<i>Used of Funds by Communities and Decentralized Entities</i>	<i>Where funds are transferred to communities and decentralized entities under the project, and the assessed risk for this activity is high or substantial.</i>
<i>Use of Funds by NGOs</i>	<i>Where significant amounts of fund are transferred to NGOs and the assessed risk for this activity is high or substantial.</i>
<i>Use of Funds by line Ministries</i>	<i>Where significant amounts of fund are transferred to several line ministries and the assessed risk for this activity is high or substantial.</i>
<i>Delivery of specified/agreed outputs/services</i>	<i>Where a project is designed around a series of verifiable output/service levels to be achieved and disbursements are, at least in part, related to these outputs/services (e.g. a power company that is expected to increase power generation to certain specific levels in each quarter, year or specified date)</i>

Audit opinion

The auditor will issue an audit opinion on the financial statements. The auditor’s opinion shall be based on an evaluation of the conclusions drawn from the audit evidence obtained and shall be expressed clearly through a written report that also describes the basis for that opinion. The audit report shall be prepared in accordance with International Standard on Auditing 700: Forming an Opinion and Reporting on Financial Statements.

A modified audit opinion shall be rendered in the financial statements when the auditor concludes, on the basis of the audit evidence obtained, that the financial statements as a whole are not free from material misstatement; or the auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement. Modified audit opinions shall be in accordance with International Standard on Auditing 705: Modifications to the Opinion in the Independent Auditor’s Report.

The auditor will include emphasis of matter paragraphs or other matter paragraphs in the audit opinion where the auditor, having formed an opinion on the financial statements, seeks to draw users’ attention, when in the auditor’s judgment it is necessary to do so, by way of clear additional communication in the auditor’s report. The paragraphs will refer to either a matter that, although appropriately presented or disclosed in the financial statements, is of such importance that it is fundamental to users’ understanding of the financial statements; or as appropriate, any other matter that is relevant to users’ understanding of the audit, the auditor’s responsibilities, or the auditor’s report. This form of opinion will be presented in accordance with International Standard on Auditing 706: Emphasis of Matter Paragraphs or Other Matter Paragraphs in the Independent Auditor’s Report.

Other audit reports

13. In addition to the audit opinion, the auditor will also, either in the audit report or in the report to management:

- (a) provide comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;
- (b) identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;
- (c) report on instances of noncompliance with the terms of the financial agreement(s);
- (d) quantify and report expenditures that are considered to be ineligible and either paid out of the designated account(s) or claimed from the World Bank;
- (e) communicate matters that have come to attention during the audit that might have a significant impact on the implementation of the project;
- (f) draw to the borrower's attention any other matters that the auditor considers pertinent; and
- (g) responses from management, including implemented and proposed remedial actions.

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 the issues that were identified during the last audit and how management resolved them;
- c) identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;
- d) 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.
- e) communicate any matter that came to the auditor's 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; and
- g) Bring to the recipient's attention any other matters that auditors consider pertinent, including ineligible expenditures.

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

Available Information

The auditor must have unrestricted access to all legal documents, correspondences, and any other information associated with the project and deemed necessary by the auditor. The auditor will also obtain confirmation of amounts disbursed and outstanding at the Bank. Available information should include copies of the relevant: project appraisal document; financing agreement; financial management assessment reports; supervision mission reports and implementation status reports.

General

The financial statements including management letter should be received by the Managing Director of FDA for the audit for the period ending June 30, 2018 (covering the period of July 1, 2017 through June 30, 2018), no later than November 10, 2018.

The financial statements including management letter should be received by the Managing Director of FDA for the audit for the period ending June 30, 2019 (covering the period of July 1, 2018 through June 30, 2019), no later than November 10, 2019.

The financial statements, including the audit report, management letter and management response should be received by the Bank no later than 6 months after the end of the reporting period to which the audit relates.

The auditor should submit the report to the Managing Director of the Forestry Development Authority (Managing Director FDA) rather than to any staff member of the project entity. The MD FDA should then promptly forward two copies of the audit report and accompanying statements to the Bank together with the management letter and management response.

Qualification and Experience required

i. The Audit Firm

- a. Not less than 5 years' experience in Audit of World Bank or Donor-Funded Projects;
- b. Availability of Competent staff with relevant qualification and experience to undertake the assignment;

ii. Key professional staff

The following are the minimum Key Staff required for the assignment:

- a. One Audit Manager with a Master's Degree in Finance/Accounting or Business Administration or related fields, a Professional Accountant (CPA, CA, ACCA, ACA, CIMA) or equivalent professional qualification and a minimum of eight (8) years' post-qualification experience on similar audit assignments;
- b. One Audit Supervisor with a Bachelor's degree in Accounting/Finance, Business Administration, Commerce or related fields; A Professional Accountant (CPA, CA, ACCA, ACA, CIMA) or equivalent professional qualification with a minimum of five (5) years' audit experience three (3) of which should have relevance to knowledge on development partner financial management requirements, disbursement procedures;
- c. One Audit Senior with a Bachelor's degree in Accounting/ Finance, Business Administration, Commerce or related fields; Part-qualified Accountant (Part 3 of the professional examinations of CPA, CA, ACCA, ACA, CIMA) or equivalent professional accountancy body with a minimum of three (3) years' audit experience two (2) of which should have been on the audit of Multilateral-funded project.

7. Access to documents

The auditor shall have access to all project documents, including the Grant Agreement, Project Agreement, Disbursement Letter, Project Appraisal Document, Financial Procedures Manual, Project Implementation Manual, supervision reports, correspondence, and any other information associated with the Project, as deemed necessary by the auditor.