

Government of the People's Republic of Bangladesh  
Bangladesh Bureau of Statistics (BBS)  
NSDS Implementation Support Project  
Parishankhyan Bhaban  
E-27/A, Agargaon, Dhaka-1207, Bangladesh  
[www.bbs.gov.bd](http://www.bbs.gov.bd)

**TERMS OF REFERENCE (TOR)  
FOR**

**Name of the Project:** National Strategy for the Development of Statistics (NSDS)  
Implementation Support Project

**Type of Contract** : Selection of Consultant for Internal Audit (Firm)

**Service Name** : Consulting Services (Firm Selection)

**Package Number** : SD-10.

**1. Background**

The Government of Bangladesh (GOB) approved the 'National Strategy for the Development of Statistics (NSDS)' in 2013, together with the 'Statistics Act 2013', that envisages an 'integrated, professional, efficient, and effective NSS, under the guidance and leadership of the BBS and to produce official statistics that meet the current and evolving needs of national and international users in a transparent and timely fashion using international standards'. The NSDS Implementation Support Project (NSDS Project) is as an Investment Project Financing operation funded by the World Bank and will support the implementation of key elements of the NSDS strategy. The project development objective is to improve the capacity of the Bangladesh Bureau of Statistics (BBS) to produce quality core statistics and make them accessible in a timely manner to policy makers and the public. To achieve this objective, the Project is organized around five components: (i) Improving the Coordination and Management of Statistical Activities; (ii) Developing Human Resources and ICT Infrastructure to Produce and Manage Data; (iii) Improving the Coverage and Quality of Core Statistics Required for Policy; (iv) Promoting and Strengthening Access to and the Use of Official Statistics; (v) Project Management. For details on the NSDS Project components and implementation structure please refer to the Project Appraisal Document available at <http://documents.worldbank.org/curated/en/505601521943228630/Bangladesh-National-Strategy-for-Development-of-Statistics-Implementation-Support-Project>.

**2. Objective of the Assignment (Selection of Consultant of Internal Audit (Firm))**

The objective of the assignment is to find out project's compliance with legal financial requirements, verify supporting evidence (sufficient, relevant & reliable), comment on performance (economy, efficiency & effectiveness), indicating that all financial management activities of NSDS Implementation Support Project is attended and delivered in a correct and timely manner. In addition to this, the assignment will also verify that all budgeting,



accounting/auditing and financial transactions of the project are being carried out as per GOB/WB financial guidelines/rules.

**The objectives of the Assignment (Internal Audit) is to 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;
- Compliance: Complete compliance with Project Agreement, PAD, Financial agreement and other terms and conditions of the agreement.
- Internal Control Systems: completeness, written instructions, effective implementation and frequency of review and up-dating;
- Assessment of the risks around those processes used for the implementation of the project, which operate to achieve the financial and non-financial objectives.
- Level of compliance with the established policies, plans and procedures;
- Financial Monitoring Report (FMR): completeness, timeliness, occurrence, measurement, recording, regularity including eligibility and propriety; and
- Assets: completeness, existence, recording, safeguard and utilization for the purpose intended.

### **3.0 General**

The Internal Auditor would be given access to all relevant documents, correspondence, and any other information relating to the project and 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). Auditor should obtain, and maintain satisfactorily document evidence to support their conclusions.

### **4.0 Applicable Auditing Standards:**

**Audit methodology to set out in collaborated compliance with the:**

- International Standards for the Professional Practice of Internal Auditing.
- GOB and Ministry of Finance regulations and controls exercised on ADP (Budget) allocations.
- Bangladesh Standards of Auditing as deemed relevant on project operations.
- Memorandum of agreements between Government and World Bank like financial agreement, PAD and supplementary agreements with the project if any.
- World Bank mandates.
- Compliance to the relevant laws in the implementation of the project.
- Compliance to the project financial management manual in practice.



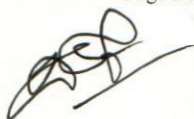
**Internal auditors must exercise due professional care by considering the;**

- Extent of work needed to achieve the engagement's objectives;
- Relative complexity, materiality, or significance of matters to which assurance procedures are applied;
- Adequacy and effectiveness of governance, risk management, and control processes;
- Probability of significant errors, fraud, or noncompliance; and
- Cost of assurance in relation to potential benefits.

**5.0 Audit Areas:**

**At NSDS Implementation Support Project, BBS, E-27/A, Agargaon, Dhaka.**

- That there is adequate internal control environment system, tools to carry out the operations;
- That there is appropriate established policy and action plan (Governance & Risk Mitigation);
- That there is compliance and effective identification of weaknesses therein;
- That all external funds have been used in accordance with the conditions of Legal Agreements, with due regard to economy, efficiency and effectiveness and only for the purposes for which the financing was provided;
- That counterpart funds have been provided and used only for the purpose for which financing was provided;
- That goods and services financed under the program have been procured in accordance with the term of the agreed procurement rules, contract and those are properly recoded and that inventory and stores are regularly verified;
- That all expenditures and disbursements made are appropriately authorized, vouched and correctly classified;
- That necessary supporting documents, records and accounts (including a fixed assets register for all significant fixed assets procured by the project) have been kept;
- That there is well defined procedures for preparation of financial monitoring reports and that these are sent to world bank and other stakeholders in a timely manner;
- That annual financial statement of NSDS Implementation Support Project have been prepared in accordance with consistently applied International Accounting Standards and give a true and fair view of the financial position of the Program and of its resources and expenditures on the reporting date ; and
- That Downward Accountability Framework is well defined and implemented properly.
- That the funds are utilized for the program in which it was intended for and are not being utilized for activities outside the Program. That fund is not parked in the bank accounts outside the designated account or operational account especially at year end and financial transactions are done as per the financial control mechanism.





## 6.0 Scope of Services and Deliverables

**‘Auditor’ will be responsible to Project Director (PD) of NSDS Implementation Support Project.**

The internal audit must be carried out as part of a continuous process. Two internal audits will be carried out in the whole life of the project, first phase will from **May 2019 to June 2021**, and second phase will be carried out **three (03) months before the closing of the project (July, 2021 to end of the Project i.e. June, 2023)**. The Internal audit will be carried out by an independent audit firm on the basis of ToR and selection process acceptable to the World Bank.

**This would include aspects such as:**

- Financial reporting controls: Properly record, Process and summarize transaction to permit preparation of timely and reliable interim un audited Financial Report (IUFR)
- Compliance Controls: Execution of transaction in accordance with appropriate authority, provision of loan agreement and established policies, plans and procedures;
- Safeguard controls: Safeguard assets against loss or unauthorized use or disposition and ensure that all assets acquired are recorded in the books of accounts and assets register (s). The assets and store have been maintained in appropriately secure storage facilities and have been accounted for using properly maintained inventory records.
- An assessment of the adequacy of the project’s financial management system, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls exercised by the project and suggestions of improvement, if any.
- Ascertaining the extent of level of compliance with established policies, plans and procedures of the GoB, including those agreed under the legal agreement.
- Level of compliance to the relevant laws, regulations and controls exercised on GoB-ADP allocations.
- Assets: Completeness, existence, recording, safeguard and utilization for the purpose intended including, physical verification of sample of assets.
- Verify that the expenditures charged under the project are eligible for financing, correctly classified and all necessary supporting documents, records, accounts and contracts have been kept in respect of all project transactions/activities. The clear linkages exist between the accounting records, IUFRs/SoE claims and Project Financial statements.
- An appropriate system of accounting and financial reporting exists, on the basis of which SoE claims/IUFRs are prepared and submitted for reimbursement.
- Efficiency and timeliness of funds flow mechanism at the level of PMU and institutions for implementation of project activities.
- Ascertaining the reliability of integrity, controls, security and effectiveness of the operation of computerized system.





## **7.0. Audit of Project FS (Financial Statement) and also IUFR (Interim Unaudited Financial Report):**

The Project Financial Statement consolidated to IUFR; the IUFR will depict the annual funding sources and usages under components designed in the table below as prime segments of the project activities; auditor would require clear understanding on components and relevant sub-components with detailed review of the project documents. The payments would encompass the payments against receipts of fund for the works, goods, consultancy services and training and also the operating costs of the project.

**Furthermore, the detailed tasks that are to be carried out are outlined below:**

- An assessment of the adequacy of in and adherence to the Program financial management systems, including internal controls. This would include aspects such as adequacy and timeliness of accounting, financial and operational controls and the need for nay revision; level of compliance with established policies, plans and procedures reliability of accounting systems, data and financial reports; methods of remedying weak controls or creating them where there are none; sample verification of assets and liabilities;
- The books of account required to be maintained as per the project financial rules and Project Financial Management manual have been maintained and are up to date.
- That all transactions as recorded in the books of accounts are supported by adequate documentation and that monthly accounts are rendered in applicable situations to the Ministry assigned bodies in a timely manner and are reconciled.
- Clear linkages exist between different accounting records including account books and the IUFRs and the activities are appropriately classified into sub-components in the monthly abstracts and the figures are reconciled with the quarterly accounts rendered to the IDA.
- An assessment of compliance with provisions of financial agreements and PAD, especially those relating to accounting and financial matters.
- That all funds received under the Program have been used in accordance with the financial agreements, with due attention to economy and efficiency and only for the purposes for which the financial was provided.
- That expenditures charged to the program are eligible expenditures and have been classified correctly.
- That the funds flow process is working effectively and the time lines as defined in the financial manual are being met.
- That the system for monitoring security deposit deducted from contractors is adequate and all statutory deductions have been made from the running bills.
- That the funds are utilized for the program in which it was intended for and are not being utilized for activities outside the Program.
- That fund are not parked in the bank accounts outside the designated account especially at year end.



- Adequacy and adherence of the internal control systems on tranche release and monitoring of funds released to the project and that issues identified in the audit report of the concurrent auditors are adequately dealt with by the project.

That the consolidation process followed at the various levels of the program is adequately followed and an adequate and reliable data base exists for each program.

- That the beneficiary contribution is being adequately reflected in the financial statements.
- To submit a table on the contract awarded in the audit period and completed and not completed, contract of prior period completed and not completed during audit period with agreed completion date and percentage achieved in both in volume and value.

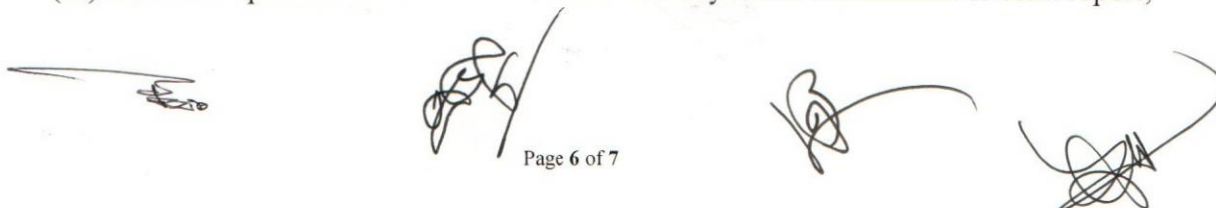
The scope of internal audit activity includes examining and evaluating the policies, procedures and systems which are in place to ensure: reliability and integrity of information, compliance with policies, plans procedures, laws and regulations; safeguarding assets; economical and efficient use of resources; and accomplishment of established objectives and goals for operations or programs.

## 8.0 Conduct of the Audit and Reporting

**‘Auditor’ will be responsible to Project Director (PD) of NSDS Implementation Support Project.**

The internal audit must be carried out as part of a continuous process. Two internal audits will be carried out in the whole life of the project, first one will from May 2019 to June 2021 and other will be carried out three (03) months before the closing of the project. The Internal audit will be carried out by an independent audit firm on the basis of ToR and selection process acceptable to the World Bank.

- The audit will be conducted at the PMU of NSDS Implementation Support Project, BBS, E-27/A, Agargaon, Dhaka.
- The audit will cover status of previous work performed by the audit team. The internal audit shall be carried out as part of a continuous process, two internal audits will be carried out in the whole life of the project, first one will be due from May 2019 to June 2021 and other will be carried out three months before the closing of the project and the duration of the audit will be 01 month (from inception to final report);
- The Consultant shall submit the Methodology and Work Plans for Audit in their proposal;
- Internal Audit Report shall contain:
  - Inception Report: Within 15 days from effective dates of the contract.
  - Draft Report: The report to be submitted to NSDS Implementation Support Project within seven days after the completion of field work.
  - The final report shall be submitted within 10 days after submission of draft report;



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**The audit report shall contains:**

- ❖ Executive Summary
- ❖ Summary of audit findings with recommended actions
- ❖ Assurance of the effectiveness of risk mitigation plan of NSDS Implementation Support Project.
- ❖ Detailed assessment of each audit areas which include review of the project. Progress assessment of internal control system that captures the audit issues and recommendations with the following details:
  - Issue Title
  - Observation
  - Impact or risk
  - Cause
  - Specific Recommendations
  - Priority
  - Categorization of audit findings by risk severity. High, Medium and Low.
  - Classification of possible causes of audit findings.

**9.0 Team Composition**

Audit team will conduct Financial and Performance Audit. Team may be composed of one Team Leader (part time for the Team, regular employee of the firm, Chartered Accountant (FCA/ACA), One Audit Manager regular employee of the firm (ACA/CA Intermediate/Course Completed), and Auditors (Course Completed/Article Student).

**The key Expert in the audit team, their minimum qualifications and their anticipated inputs are indicated below:**

(a) The audit team shall be led by a team leader who is the Principal /Audit partner of the Audit Firm with a minimum of 10 (Ten) years post-qualification experience as a practicing Chartered Accountant. Preference will be given to those who have proven knowledge and experience in dealing with development projects;


(b) Day to day management of the audit should be the responsibility of an Audit Manager with at least 05 (five) year post-qualification experience as a practicing Chartered Accountant. Here also preference will be given to those who have proven knowledge and experience in dealing with development projects, who have working experience with development operations, as well as procurement expert in order to facilitate contract review process;

(c) The audit team should include sufficient number of appropriate staff (Course Completed/Article ship students) and logistics.

*Noted that: Actual no. of persons and person months may be proposed by the consultant.*

  
10.10.2021  
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