



University Grants Commission of Bangladesh
Office of the Project Director
Higher Education Quality Enhancement Project
Dhaka Trade Centre (8th Floor)
99, Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka-1215
Web: www.heqep-ugc.gov.bd Fax: 02-8189021

Ref: UGC/HEQEP/Procurement/S 23/2010-169/1420

Date: January 20, 2011

Request for Expression of Interest (REoI)
for
Selection and Employment of Internal Audit Firm
(Service Package: S 23)

GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

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|---|---|
| Ministry/Division: | Ministry of Education |
| Agency: | University Grants Commission of Bangladesh |
| Procuring Entity Name: | Higher Education Quality Enhancement Project (HEQEP) |
| Procuring Entity Code: | 9137 |
| Procuring Entity District: | Dhaka |
| Expression of Interest for Selection of: | Consulting Firm(Lump - sum) |
| Title of Service: | Request for Expressions of Interest for Selection of Audit Firms for Audit of Higher Education Quality Enhancement Project (HEQEP) |
| EOI Ref. No.: | UGC/HEQEP/Procurement/S23/2010-169/1420 |
| Date: | 20/01/2011 |

KEY INFORMATION

Procurement Sub-Method: Consultant's Qualifications (CQ)

FUNDING INFORMATION

Budget and Source of Funds: Development Budget Aid (Credit)

Development Partners: IDA

PARTICULAR INFORMATION

Project/Programme Name: Higher Education Quality Enhancement Project (HEQEP)
EOI Closing Date and Time: February 15, 2011 at 2:00 PM (BST)

INFORMATION FOR APPLICANT

Brief Description of Assignment: Conduct audit of the accounts of the Higher Education Quality Enhancement Project (HEQEP) for a period of 13

Experience, Resources and Delivery Capacity Required:

months from June 2009 to June 2010.

The audit team shall be led by a Team leader / Audit partner with a minimum of 10 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 in the education sector.

Day to day management of the audit should be the responsibility of an Audit Manager with at least 5 years post-qualification experience as a practicing Chartered Accountant.

The audit team shall include experts who have working experience with NGOs/CDD operations, as well as procurement expert in order to facilitate contract review process.

The audit team shall include sufficient number of appropriate staff i.e. audit seniors, junior staff etc

Other Details (if applicable):

Interested Audit firms must provide information with documentary evidences indicating that they are qualified to perform the services (brochures, copy of its original registration, description of assignments of similar nature, experience in similar conditions, availability of appropriate professional qualifications and experience among staff, etc.). The EOIs received will be evaluated on the basis of the following:

- Registration of the firm
- Age of the firm
- Availability of key personnel
- Experience of the firm in similar assignments
- Experience of the firm in other works
- Support services of the firm

Association with foreign firms is:

Not Applicable

| Ref No. | Phasing of Services | Location | Indicative Start Date | Indicative Completion Date |
|---------|---------------------|------------------------|-----------------------|----------------------------|
| S-23 | Not Phased | Throughout the country | 21 March , 2011 | 21 April, 2011 |

PROCURING ENTITY DETAILS

Name of Official Inviting EOI: Kaniz Fatema,ndc, Project Director

Office Address: Dhaka Trade Centre, 99, Kazi Nazrul Islam Avenue (8th floor), Kawran Bazar,Dhaka. Phone 8189020; Fax-8189021

The procuring entity reserves The procuring entity reserves the right to reject all EOIs.

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**Terms of Reference
for
Selection and Employment of Internal Audit Firm
(Service Package: S 23)**

Background:

Higher Education Quality Enhancement Project (HEQEP) is a World Bank financed development project in the higher education sector in Bangladesh covering a period of five years, from January 2009 to Dec.31, 2013. The main objective of the Project is to improve the quality and relevance of the teaching and research environment in higher education institutions through encouraging both innovation and accountability within universities and by enhancing the technical and institutional capacity of the higher education sector. The Project is implemented by The University Grant Commission (UGC) under the Ministry of Education (MoE).

Project Description:

There are four components to the project:

- Promotion of academic innovation in teaching, learning, and research through an Academic Innovation Fund (AIF) allocating funds to Universities on competitive basis,
- Institutional Capacity building of the University Grant Commission
- Connectivity capacity building for Universities and research centre through the development of Bangladesh Research and Education Network (BdREN) and
- Support to the operation of the project implementation unit.

Operational arrangement has been made by establishing the Project Implementation Unit, the PD's office (PMU). Functional arrangement has also been made on financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-Project; and at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association. To strengthen the control and governance framework the need for an independent **internal audit** has also been envisaged through an audit firm with exposure to the public sector project auditing within the frame work of this TOR and risk based internal audit approaches to identify the operational and financial risks and recommend the mitigation measures to achieve

the desired results of the project financed by IDA with an US\$ 81 million and made effective from May 13, 2009.

Institutional Arrangement:

The Ministry of Education (MoE), GOB is providing guidance and policy support to the project, and the overall responsibility of the project implantation is vested with University Grants Commission (UGC) headed by its Chairman. GOB has established an inter-ministerial **Project Steering Committee** (PSC), chaired by the Secretary MoE, to provide policy directions, oversee overall project implementations, and carryout the joint annual reviews. A project implementation committee (PIC) has been made functional chaired by the Chairman, UGC to provide direct guidance to the Project Director (PD) and others involved in implementation of different components and resolve implementation issues.

Objective of Internal Audit:

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;
- 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;
- Internal Un audited Financial Report (IUFR): completeness, timeliness, occurrence, measurement, recording, regularity including eligibility and propriety; and
- Assets: completeness, existence, recording, safeguard and utilization for the purpose intended.

Conduct of the Audit:

The internal audit shall be carried out over a period of **14 months from May 2009 to June 2010** in order to ensure continuous monitoring of the management of HEQEP resources which will, in turn, generate good value for money. The internal audit should focus less on transactions-checks and more on management issues and internal control environment in the areas listed below:

- The audit will cover all the components and sub-components of the projects at the implementation site PMU- Project Management Unit head quarter.
- At the PMU, the internal audit will be required to assess internal controls with regard to cash book maintenance, accounting, computerisation status, bank reconciliations, fixed assets management etc.
- The auditor should examine the quarterly financial reports prepared for reimbursement/documentation during audit period to-

- Assess the methods used to compile them,
 - Ascertain that the information on these reports accurately reflects the underlying records and documents and
 - Ensure that there no material misstatements.
- The auditor should also review and take account of the external audit reports in planning and conducting their work. This includes the work of the previous Foreign Aided Projects Audit Directorate (FAPAD).
 - Auditors will be required to examine the compliance of IDA Procurement Guidelines - the Procurement ACT 2006, Rules 2008 and amendments 2009 - relating to international bidding/tender, and test the application of the following for the purpose of National Competitive bidding /tender:
 1. Post bidding negotiations not allowed
 2. Bids submitted and opened in public and one location immediately after deadline for submission
 3. Re-bidding not carried out, except with IDA's prior agreement
 4. Lottery in award of contract not allowed
 5. Bidders qualification /experience made mandatory
 6. Bids not invited on the basis of percentage above or below the estimated cost and contract award is based on the lowest evaluated bid price for eligible and qualified bidder, and
 7. Single stage two envelope procurement system not allowed.

Internal Audit Planning:

Audit is to be planned to cover all the components and sub-components of the projects at all the implementation sites (private and public universities) including the PMU- Project Management Unit head quarter.

The auditor would plan the work dimensions as per guidelines provided under the Components break-up. Mythology of the test should be planned and resources engagement to achieve the planned result with time frame should be set out.

Deliverables would require to be confirmed in the inception report within 30 days of engagement along with revised and updated plan, mythology, resources and time frame.

The plan will be a broad outline of the strategy to be adopted by internal audit in order to meet audit objectives. Prioritization and identification of the auditable areas with focus to the following factors;

- Significance to achieving project objectives
- The outcome of project risk assessments
- Materiality

- Risk management , performance management and other assurance processes in place
- Importance in terms of sensitivity and public accountability
- Coverage, timing and outcome of previous internal or external audit.

Audit Committee:

On invitation internal auditor will attend Audit Committee meetings to report on the progress of planned audit work, request the Chairman Audit Committee on any need. The practicalities of these arrangements will be discussed and agreed.

Audit Evidences:

Internal auditor will conduct audit in accordance with the plan with adequate notice to the audit units for preparation of audit data sheet circulated on relevant information. The evidences would cover (i) planning of the audit; (ii) risk assessments; (iii) procedures applied; information obtained and conclusion drawn; (iv) quality assurance reviews; (v) reporting; and post implementation reviews of recommendations.

Audit Resources:

The key personnel in the audit team (for private audit firm), their minimum qualifications are stated below:

- The audit team shall be led by a Team leader / Audit partner with a minimum of 10 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 in the education sector.
- Day to day management of the audit should be the responsibility of an Audit Manager with at least 5 years post-qualification experience as a practicing Chartered Accountant.
- The audit team shall include experts who have working experience with NGOs/CDD operations, as well as procurement expert in order to facilitate contract review process
- The audit team shall include sufficient number of appropriate staff i.e. audit seniors, junior staff etc.

Deliverables and Reporting

Internal audit will report to the Chief of the Project Steering Committee with copies to the Chairman, UGC and the Project Director.

The Reporting will be designed in three **parts**;

- i. Preliminary study of the project operations by a Chartered Accountant and submit an **inception report** with an audit methodology, time frame, audit resources and their qualification within 30 days of the awarding of the contract.

- ii. Submit **draft report** within 90 days of the awarding of the contract, covering Audit report with an auditors opinion, detailed report on project component wise work undertaken, control environment of the beneficiary institutions as studied by the project, fund received, utilized, reasons for delayed utilization and deficiencies noted and a **table form report (sample format to agree in the inception report)** with significant issues, findings, financial impacts, recommendations, management response and timeframe of the implementation of the recommendations. IDA representative would attend the draft report discussion meeting.
- iii. Submit **final report** as reviewed under (ii) within 120 days of the awarding of the contract in (a) DVD version in MS Office 2007 (word/excel) and (b) Printed version; all in ten sets.

Each Report shall contain:

- Executive Summary
- Summary of audit findings with recommended actions.
- 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.

Data & Services to be provided:

- The auditor shall be given access by GoB to all legal documents, correspondences and any other information associated with the Commission and deemed necessary by the auditor. Confirmation should also be obtained of amounts disbursed and outstanding with Donors; Government; etc.
- The auditor shall also be given access to all relevant papers and documents, correspondences and any other information deemed necessary during the audit.
- The auditor shall also be given logistic facilities which will be mutually agreed upon.

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