

REQUEST FOR EXPRESSIONS OF INTEREST (CONSULTING SERVICES – FIRMS SELECTION)

COMMONWEALTH OF DOMINICA

DISASTER VULNERABILITY REDUCTION PROJECT

Loan No./Credit No./ Grant No.: **TF016912/Credit No.5495-DM/Grant No.TF016955/IDA
Credit No. 6314-DM**

Assignment Title: Consulting Services to Audit the Financial Statements of the Disaster Vulnerability Reduction Project for the period July 1, 2020 to June 30, 2021

The Government of the Commonwealth of Dominica has received financing from the World Bank toward the cost of the Disaster Vulnerability Reduction Project, and intends to apply part of the proceeds for consulting services.

The consulting services (“the Services”) include **Consulting Services to Audit the Financial Statements for the Disaster Vulnerability Reduction Project for the period July 1, 2020 to June 30, 2021**. The assignment is for a period of six (6) weeks and is expected to commence in October 2021.

The detailed Terms of Reference (TOR) for the assignment are attached to this Request for Expressions of Interest (See Annex A)

The Ministry of Environment, Rural Modernization and Kalinago Upliftment now invites eligible consulting firms (“Consultants”) 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. The shortlisting criteria are:

For an Auditing Firm:

- (a) Be a legal entity with business license granted by a competent authority.
- (b) Be an entity acceptable to the OECS and the World Bank as being capable of conducting audits in accordance with international auditing standards.
- (c) Experienced in financial auditing in the public sector.
- (d) Experienced in auditing in the OECS region.
- (e) Experienced in financial auditing of World Bank and/or donor funded projects.

Key Experts will not be evaluated at the shortlisting stage and CVs must not be submitted.

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, August 2018 and November 2020 (“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.

A Consultant will be selected in accordance with the and Cost-Based Selection (CQS) Procurement method set out in the Procurement Regulations.

Further information can be obtained at the address below during office hours 0800 to 1700 hours on Mondays and 0800 to 1600 hours from Tuesdays to Fridays.

Expressions of interest must be delivered in a written form to the address below (in person, or by mail, or e-mail) by 1500 hours on September 10, 2021.

Attn: Collin Guiste
Project Coordinator
Disaster Vulnerability Reduction Project
38 Cork Street (First Floor)
Roseau, Commonwealth of Dominica
Tel: 1 (767) 266 3139 / 266 3199
Fax: 1 767 448 3873
E-mail: ppcrdvrp@dominica.gov.dm

ANNEX A

World Bank Pilot Programme for Climate Resilience/ Disaster Vulnerability Reduction Project (PPCR/DVRP)

TERMS OF REFERENCE (TOR)

For Consulting Services to Audit the Financial Statements for the Disaster Vulnerability Reduction Project for the period July 1st, 2020 to June 30th, 2021

I. Basic Considerations for Audits of Projects Financed by the World Bank

These Terms of Reference provide the basic information needed by the auditor to obtain an understanding of the engagement, in order to prepare a proposal and to plan and perform the audit.

The information must be complemented with: Project Legal Agreement and Disbursement Letter, Project Paper and supporting annexes, Project Procurement Plan, World Bank Procurement Guidelines, and World Bank Disbursement Guidelines for Projects (February 2017).

II. Relationships and Responsibilities

The client for this audit is the Implementing Entity (IE), and the Bank is an interested party. A Bank representative may participate in the entrance and exit conferences; supervise the work performed by the auditors to ensure that it complies with the terms of reference and the applicable auditing standards, and to provide comments on the draft audit report.

The Project Coordination Unit of the Disaster Vulnerability Reduction Project (DVRP) - Commonwealth of Dominica is responsible for preparing all the financial statements and reports required. The PCU is also responsible for ensuring all the necessary records are available for the audit, all the accounting entries and adjustments are made, and that all the necessary actions have been taken to allow the auditors to issue the final report on or before December 13, 2021.

The auditors should maintain on file adequate working papers for a period of three years after the end of the audit. During this period, the auditors should promptly provide the working papers requested by the Bank.

III. Project Background

The Government of the Commonwealth of Dominica (GoCD) in partnership with The World Bank (WB) is implementing a Disaster Vulnerability Reduction Project (DVRP) with the objective to reduce the vulnerability to natural hazards and climate change impacts in Dominica

through: (i) investment in resilient infrastructure, and (ii) improved hazard data collection and monitoring systems.

The DVRP is an investment plan consisting of a comprehensive package of infrastructural projects and technical assistance activities derived from Dominica's Strategic Programme for Climate Resilience (SPCR), including the Low Carbon Climate Resilient Development Strategy that was developed under the Pilot Programme for Climate Resilience (PPCR). US\$39.5 million have been allocated to the DVRP through financing from a blend of grant and highly concessionary loan funding from The World Bank under the International Development Association (IDA) and the PPCR under the Strategic Climate Fund (SCF) and counterpart support from the GoCD. A Project Preparation Advance was approved on May 1st 2014 and came into effect on September 8th 2014 to undertake the preparatory activities for the Project.

The Project consists of the following four components: (1) Prevention and Adaptation Investments; (2) Capacity Building and Data Development, Hazard Risk Management and Evaluation; (3) Natural Disaster Response Investments; and (4) Project Management and Implementation Support.

The devastating losses and damages in the infrastructure and road sectors following Tropical Storm Erika in 2015 and Hurricane Maria in 2017 highlighted the critical need to upgrade the East Coast Roads and strengthen the water distribution system and access roads for the West Coast Water Tanks to a standard that will ensure long-term vulnerability reduction to natural hazards and climate change impacts.

As a result of the changes to the activities under Component 1 of the project, an Additional Financing (AF) for the DVRP was approved by the World Bank through an IDA Credit in the amount of US\$31 million. The AF was signed in November 2018 and became effective in February 2019. This AF will support Components 1 and 4 of the project activities. Component 1 was increased by US\$28.1 million whilst Component 4 increased by US\$2.9 million. The DVRP received a second Additional Financing (AF) through an IDA Credit in the amount of US\$12.8 million. This AF will support the anticipated shortfall in the East Coast Road Works of Component 1 and was signed in October 30, 2020 and became effective on January 25, 2020.

The changes will result in an extension of the closing date of the project to June 30, 2023, that is, concurrent with that of the AF.

The DVRP is implemented by the Ministry of Environment, Rural Modernization and Kalinago Upliftment, supported by a Project Coordination Unit (PCU)) with oversight from the Ministry of Finance. The Ministry of Environment, Rural Modernization and Kalinago Upliftment is the technical lead for coordination amongst agencies in the Project, responsible for overseeing the PCU and day-to-day execution of activities and project development. The Ministry of Finance will coordinate financial management, contract management and monitoring of the Project, in coordination with the relevant PCU staff. To this end, the Ministry of Finance will provide specialist procurement, safeguards and fiduciary support to the Ministry of Environment, Rural Modernization and Kalinago Upliftment and the PCU through a standalone International Support Team (IST) established under the Ministry of Finance and through other in-house expertise already available in Financial Management, auditing and accounting. The PCU would also

manage environment and social safeguards aspects of the project, as well as project reporting, monitoring and evaluation.

IV. AUDIT BACKGROUND

The project was negotiated on February 13th 2013, approved on May 1st 2014 and signed on June 10th 2014. The Credit Agreement includes a requirement for the project's accounts to be audited annually.

V. Title of the Audit

All proposals, audit working papers and audit reports should refer to this audit using the following name:

“Audit of the Resources Managed during the period from July 1st, 2020 to June 30th, 2021 by the Commonwealth of Dominica under the Dominica Disaster Vulnerability Reduction Project, Credit Number 5495-DM, SCF-PPCR Grant Number TF016955, SCF-PPCR Loan Number TF016912, Credit Number 6314-DM, Credit Number 6717-DM.

VI. Audit Objectives

The overall objective of this engagement is to allow the auditor to express a professional opinion on the financial position of the project at the end of the period audited, the eligibility of expenditures and to report on the adequacy of the internal controls. The engagement will include an audit of resources provided by the Bank and an assessment of the internal controls of the PCU. The Bank funds shown in the Project financial statements should be reconciled with Bank's records.

Audit of the Project. This special purpose audit must be performed in accordance with the International Standards on Auditing (ISA or ISSAIs) or other national standards which does not significantly depart from the international standards and therefore must include the tests of the accounting records that the auditors consider necessary under the circumstances. The specific objectives of the audit are to:

- Issue an independent and professional opinion with regard to the efficiency, effectiveness and economy of the program operations, the funds received and the disbursements made during the period audited, are in accordance with financial reporting provisions outlined in the respective legal agreements with the Bank and other co-financing organizations.
- Issue an opinion as to whether: (a) the expenditures reported are eligible for financing; and (b) loan funds have been used only for Project purposes.
- Issue a report with respect to the adequacy of the internal control structure of the implementing institution in regard to the project.
- Issue an opinion with respect to the implementing entity's compliance with the terms of the loan/credit agreements and applicable laws and regulations (with regard to the financial aspects).

- Issue an opinion as to whether the Statement of the Designated Account and Project Accounts used for managing the funds provided by the Bank, presents fairly the availability of funds at the end of the period audited, as well as the transactions made during the same period, in accordance with financial reporting provisions outlined in the project's legal agreements.

VII. SCOPE OF THE AUDIT

The audit must include adequate planning, the evaluation and testing of the internal control structure and systems, and obtaining sufficient objective evidence to allow the auditors to reach reasonable conclusions on which to base their opinions. In conducting their work, the auditors should pay special attention to the following requirements:

- All project funds should be 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.
- Goods, Works and Services financed should be procured in accordance with the relevant financing agreement.
- Implementing entity and PCU should keep all necessary supporting documents, records, and accounts in respect of all project ventures including expenditures reported via SOEs or Designated Accounts. Clear linkages should exist between the books of account and reports presented to the Bank.
- Where Designated Accounts have been used, they should be maintained in accordance with the provisions of the relevant financing agreement.
- The project accounts should be prepared in accordance with financial reporting provisions outlined in the project's legal agreements and is consistently applied, and give a true and fair view of the financial situation of the project at the end of the period and of the resources and expenditures for the year ended on that date.

The audit should be performed in accordance with acceptable auditing standards, and therefore should include tests of the accounting records that the auditors consider necessary under the circumstances. The auditors should have the ability to detect situations or transactions that may indicate fraudulent, wasteful or illegal acts and expenditures. If such evidence exists, the auditors must communicate the situation simultaneously to a duly authorized representative of the Bank and to the Project's management, and exercise caution and due professional care in expanding their audit steps and procedures related to illegal acts. Section 240 of the International Standards on Auditing provides guidance on this respect.

VIII. OTHER RESPONSIBILITIES OF THE AUDITOR

The auditor should comply with the following requirements:

- A. Conduct entrance and exit conferences with the IE.

- B. Plan the audit work so that preliminary reviews can be conducted during the period under review (including the first few months), with the purpose of evaluating the systems of internal control and communicating to the implementing unit in a timely manner any situations that merit the attention of management before the issuance of the final audit report.
- C. Independently reference the audit report before issuing it.
- D. Obtain a Management Representation Letter in accordance with Section 580 of the International Standards on Auditing, signed by the management of the Project IE.

IX. AUDIT REPORTS

The auditors shall issue their report containing the specific opinions and conclusions required. All the reports resulting from the audit of the project should be incorporated into one document and expressed in USD. This report should be addressed and delivered to the Project Coordination Unit on or before December 13th, 2021.

The reports shall be issued in English, duly signed and bound, in original and four (4) copies.

The report for the Project should contain at least:

- A. A title page, table of contents, a transmittal letter to the IE and a summary containing the information required in the Guidelines.
- B. The audit report and opinion for the Project financial statements, their corresponding notes and supplementary information. Also, an opinion on the eligibility of the expenditures reported and the correct use of the Loan funds. Any costs that are not supported by adequate records or that are not eligible under the terms of the loan agreement (questioned costs) should be identified.
- C. The audit report on the internal control structure for the Project. The report should disclose, among other information discussed in the Guidelines, the reportable conditions (those that have an impact on the financial statements), including the identification of material weaknesses in the internal control structure of the implementing unit, as well as the IE's comments.
- D. A management letter including the follow-up of recommendations made in prior audits, indicating the current status of the recommendations as corrected, partially corrected, or not corrected. The deficiencies that still have not been corrected should be reported again in the current audit report, along with the corresponding management's comments.
- E. In pursuant to the World Bank's policies audited financial statements are publicly disclosable but management letters are not. As such, both reports should be segregated.
- F. The audit report and opinion on the PCU's compliance with the terms of the loan/credit and legal agreements and applicable laws and regulations related to the Project's financial activities.

- G. An audit report and opinion on the Statement of Requests for Replenishment (IFRs) for the period audited. The Auditor must issue an opinion explicitly covering: (i) the eligibility of the expenditures submitted for replenishment, (ii) the adequacy of the control procedures for preparing the IFRs, and (iii) the correct use of the loan and credit funds.
- H. An audit report and opinion on the Designated Account Statement for the period audited. The opinion should state whether the DA Statement adequately reflects the flow of funds for the DA during the period audited, and if this activity has been only for purposes of the project.
- I. A summary of the main audit procedures performed for planning the audit, evaluating the internal control structure, checking the figures included in the financial statements and other areas subject to audit, and for evaluating compliance with terms of the applicable agreements, laws and regulations.

X. INSPECTION AND ACCEPTANCE OF THE AUDIT WORK AND THE REPORTS

The Bank is responsible for inspecting and accepting the audit reports, and may appoint individuals or firms to carry out these activities, including the review of the working papers and of the auditor's quality control procedures. If the report is not acceptable or not fully satisfactory due to deficiencies in the audit work or because the report does not comply with the requirements stated in these TORs or the Guidelines, the auditor shall perform the necessary additional work at no additional cost to the IE, the Project or the Bank.

Also, the representative of the Bank may contact the auditors directly to request any additional information related to any aspect of the audit or the Project financial statements.

If the Bank determines the audit report is not fully satisfactory, it will send a letter or e-mail to the PCU indicating suggestions to correct the deficiencies identified, and asking that the Bank be informed of any corrective actions taken. The PCU will also be informed of any aspects of the audit report that are not in compliance with this TOR, so that the Auditor will correct the deficiency within a specific timeframe or in the subsequent audit.

XI. TERMS OF PERFORMANCE

The auditor will issue the draft report on or before November 30, 2021 and the final report on or before December 13, 2021. These dates are important to allow the Project Coordination Unit to send to the Bank the final audit report for the Project on or before December 31, 2021.

ACCESS TO INFORMATION

Public Disclosure. The guiding principle of the World Bank's Access to Information Policy is that all information it creates is made public, unless it contains restricted information. In line with this policy, the final audit report will be publicly disclosed. Before finalizing the document, the World Bank requests the client to identify whether the document contains any sensitive information, or information whose disclosure may adversely affect relations between the Bank and the client. The Bank, as it considers appropriate, makes adjustments to the document to address the matters of concern to the client.

XII. Auditor Qualifications

For a qualifying firm it is envisaged that the appointed firm will meet the following qualification requirements and experience skills:

For an Auditing Firm:

- (f) Be a legal entity with business license granted by a competent authority.
- (g) Be an entity acceptable to the OECS and the World Bank as being capable of conducting audits in accordance with international auditing standards.
- (h) Experienced in financial auditing in the public sector.
- (i) Experienced in auditing in the OECS region.
- (j) Experienced in financial auditing of World Bank and/or donor funded projects.

For all Auditors:

- (a) Should hold relevant professional and educational qualifications. They should hold a relevant professional auditing license/registration.
- (b) Should have an in-depth experience in conducting audits of the OECS donor funded projects and project financial statements.
- (c) Should have experience in auditing in the OECS region and have the relevant language skills.
- (d) Should have no conflict of interests in relation to the project and its activities.

For an Audit Manager:

Should have a postgraduate level qualification in accounting or related discipline, and preferably possess a qualification in auditing; at least 7 years' experience in financial auditing with substantial experience in auditing public sector clients; not less than 5 years' experience in a leadership role.

For a Senior Auditor:

Should have a post graduate level qualification in accounting or related discipline; at least 5 years' experience in financial auditing and auditing of financial statements with substantial experience in auditing public sector clients; not less than 3 years in a lead position in charge of audit teams.

For Field Auditors:

Should have a degree level qualification in accounting and auditing; at least 3 years' experience in auditing as a member of an audit team, preferably in auditing public sector clients.

Bank's Policy on Fraud and Corruption

(The text in this Attachment 1 shall not be modified)

Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised as of July 1, 2016):

“Fraud and Corruption”

1.23 It is the Bank's policy to require that Borrowers (including beneficiaries of Bank loans), consultants, and their agents (whether declared or not), sub-contractors, sub-consultants, service providers, or suppliers, and any personnel thereof, observe the highest standard of ethics during the selection and execution of Bank-financed contracts [footnote: In this context, any action taken by a consultant or any of its personnel, or its agents, or its sub-consultants, sub-contractors, services providers, suppliers, and/or their employees, to influence the selection process or contract execution for undue advantage is improper.]. In pursuance of this policy, the Bank:

(a) defines, for the purposes of this provision, the terms set forth below as follows:

- (i) “corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party¹;
- (ii) “fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation²;
- (iii) “collusive practices” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party³;
- (iv) “coercive practices” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party⁴;
- (v) “obstructive practice” is
 - (aa) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from

¹ For the purpose of this sub-paragraph, “another party” refers to a public official acting in relation to the selection process or contract execution. In this context “public official” includes World Bank staff and employees of other organizations taking or reviewing selection decisions.

² For the purpose of this sub-paragraph, “party” refers to a public official; the terms “benefit” and “obligation” relate to the selection process or contract execution; and the “act or omission” is intended to influence the selection process or contract execution.

³ For the purpose of this sub-paragraph, “parties” refers to participants in the procurement or selection process (including public officials) attempting either themselves, or through another person or entity not participating in the procurement or selection process, to simulate competition or to establish prices at artificial, non-competitive levels, or are privy to each other's bid prices or other conditions.

⁴ For the purpose of this sub-paragraph, “party” refers to a participant in the selection process or contract execution.

disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or

- (bb) acts intended to materially impede the exercise of the Bank's inspection and audit rights;
- (b) will reject a proposal for award if it determines that the consultant recommended for award or any of its personnel, or its agents, or its sub-consultants, sub-contractors, services providers, suppliers, and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;
- (c) will declare mis-procurement and cancel the portion of the Loan allocated to a contract if it determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the Loan were engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the selection process or the implementation of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner they knew of the practices;
- (d) will sanction a firm or an individual at any time, in accordance with prevailing Bank's sanctions procedures⁵, including by publicly declaring such firm or an ineligible, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract, and (ii) to be a nominated⁶ sub-consultant, supplier, or service provider of an otherwise eligible firm being awarded a Bank-financed contract.

⁵ A firm or an individual may be declared ineligible to be awarded a Bank-financed contract upon (i) completion of the Bank's sanctions proceedings as per its sanctions procedures, including inter alia: cross-debarment as agreed with other International Financial Institutions, including Multilateral Development Banks, and through the application of the World Bank Group corporate administrative procurement sanctions procedures for fraud and corruption; and (ii) as a result of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceedings. See footnote 12 and paragraph 8 of Appendix 1 of these Guidelines.

⁶ A nominated sub-consultant, supplier, or service provider is one which has been either (i) included by the consultant in its proposal because it brings specific and critical experience and know-how that are accounted for in the technical evaluation of the consultant's proposal for the particular services; or (ii) appointed by the Borrower.

APPENDIX

The following statements are the minimum requirement and should be incorporated in the audit report.

Name of Project						
Sources and Uses of Funds - Amounts in US\$'000						
FOR THE YEAR ENDING XXX						
	Current Period			CUMMULATIVE		
	Actual			Actual		
	TF1	SF 2	SF 3	SF 1	SF 2	SF 3
RECEIPTS						
Source of Financing						
Government						
World Bank						
Designated Account						
Direct Payment						
Retroactive Financing						
Total Receipts (A)						
LESS EXPENDITURES						
Component 1						
Component 2						
Component 3						
Total Expenditures (B)						
RECEIPTS LESS EXPENDITURES						
Net Change in Cash (A - B)						
Foreign Exchange Adjustment						
BANK BALANCES						
Opening Cash Balances						
Designated Account						
Project Account						
Total Opening Balance						
Closing Cash Balances						
Designated Account						
Project Account						
Total Closing Balance						

Name of Project Statement of Cumulative Investments Year Ended XXXXX		
Categories	Current Year US\$	Prior periods Cumulative US\$
Category 1		
Category 2		
Category 3		
Total		

Note: This statement is required for each source of finance.

DESIGNATED ACCOUNT RECONCILIATION STATEMENT					
LOAN/CREDIT/PPF/COFINANCIER NUMBER _____		Source of Financing US\$			
		US\$ (total)	SF 1	SF 2	SF 3
1	TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER)				
	LESS: ELIGIBLE EXPENDITURE FOR THE CURRENT YEAR ENDED _____ DOCUMENTED BY WORLD BANK				
2	LESS: CUMULATIVE ELIGIBLE EXPENDITURE FOR THE PRIOR PERIODS ENDED _____ DOCUMENTED BY WORLD BANK				
3	PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (1 - 2)				
	BALANCE OF USD DESIGNATED ACCOUNT PER BANK RECONCILIATION STATEMENT AS AT YEAR END _____				
4	BALANCE OF PROJECT ACCOUNT PER BANK RECONCILIATION STATEMENT AS AT YEAR END _____				
5	PLUS: ELIGIBLE EXPENDITURE FOR THE CURRENT YEAR DOCUMENTED AFTER THE YEAR END				
6	PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON: _____				
7	PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS <u>APPLICATION NO.</u> WA # XXX WA # XX				
	SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED				
8	LESS: INTEREST EARNED				
9	TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9)				
10	DIFFERENCE (3 - 9)				

1
1 EXPLANATION OF ANY DIFFERENCE SHOWN IN LINE 10
