



Government of Sindh
Sindh Peoples Housing for Flood Affectees
(SPHF)



Ref. PK-SPHFC-335599-CS-CQS

REQUEST FOR EXPRESSION OF INTEREST

Procurement of the Services - Statutory Auditor as per Companies Act

1. The Government of Sindh has received credit through EAD, Govt. of Pakistan from the International Development Association and intends to apply part of the proceeds of this credit to payments under the contract for **Sindh Flood Emergency Housing Reconstruction Project (SFEHRP)** to perform the consulting services.
2. The services are to be started in February 2023 and are expected to continue for one year.
3. The Statutory auditors would be responsible for the conduct of the audit of entity's annual financial statements. Interested and eligible firms must provide information indicating profile, descriptions of similar assignments, strength of suitably qualified and experienced staff available for the assignment etc. **Detailed Term of Reference for this consultancy services are attached with this REoI.**
4. The company **Sindh Peoples Housing for Flood Affectees (SPHF)**, Government of Sindh now invites consulting forms to indicate their interest in providing the required services. You are requested to provide information demonstrating that your firm has got the required qualifications and relevant experience to perform the Services.
5. Your attention is drawn to Clause 3.16 and 3.17 Section III of the World Bank's Procurement Regulations for IPF Borrowers setting forth the World Bank's policy on conflict of interest.
6. A Consultant will be selected in accordance with the Consultant's Qualification based Selection (CQS) method set out in the WB Procurement Regulations for IPF Borrowers (Procurement in Investment Project Financing, Goods, Works, Non-Consulting and Consulting Services - Fourth Edition, November 2020).
7. Expression of interest must be delivered in written form to the address below (in person, by courier, or through e-mail) by **17 February 2023**

Imtiaz Ahmed
Procurement Specialist – SPHF
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Sindh Peoples Housing for Flood Affectees

Statutory Auditor as per Companies Act

(Ref. PK-SPHFC-335599-CS-CQS)

Terms of Reference

Background

Pakistan experienced heavy monsoon rains between June and September 2022, which has severely affected millions of households, mainly in Sindh and Balochistan. Around 33 million people have been displaced and more than 13,000 kilometers of roads destroyed. The flooding has damaged 2.2 million houses, flooded around 9.4 million acres of crops, and has killed an estimated 1.2 million livestock. Moreover, limited access to input and output markets and temporary disruptions to supply chains have driven up food prices and added to existing price pressures resulting from reduced agricultural yields and the global rise of food prices. Preliminary estimates suggest that as a direct consequence of the floods, the national poverty rate may increase up to 4 percentage points, potentially pushing around 9 million people into poverty. The recently completed Post-Disaster Needs Assessment (PDNA) estimates total damages to be US\$14.9 billion, while total economic losses have reached about US\$15.2 billion. Estimated needs for rehabilitation and reconstruction are at US\$16.3 billion, not including new investments beyond the affected areas needed to strengthen Pakistan's resilience to future shocks.

Sindh has been disproportionately affected by the 2022 floods. According to the NDMA, 792 of the 1,731 nationwide casualties were in Sindh, including 336 children, with 8,422 people injured. Similarly, reports estimate that more than 4.9 million acres of agricultural land has been affected in the province, which is more than half of the nationwide total.¹ Vast areas in Sindh witnessed prolonged inundation lasting several weeks.²

According to the last pre-floods housing census from 2017, there were 2,756,499 katcha and 5,600,885 pakka housing units in Sindh, with the former concentrated mainly in rural areas and the latter more prevalent in the urban areas. While house ownership is higher in rural areas, housing with unclear ownership status is proportionately higher due to the relative informality of the housing sector in rural areas. Assuming linear growth between 1998 and 2017, the number of katcha houses in Sindh have grown at a rate of about 1.6 percent annually, while pakka houses have an annual growth rate of about 4 percent per year. However as per the estimates, around ~2 million of these houses have been damaged by the floods in Sindh alone.

Project Description

i. Project Overview

For emergency rehabilitation to facilitate the flood affectees, the Government of Sindh has established a not-for-profit company 'Sindh Peoples Housing for Flood Affectees' (SPHF) to implement the Sindh Flood Emergency Housing Reconstruction Project (the **Project**), with technical and financial support of the World Bank. The Project design evolves from comprehensive discussions of the World Bank with the Government

¹ FAO Monsoon Flood Situation Update – Pakistan September 27, 2022.

² FAO Rapid Geospatial Flood Impact Assessment Pakistan, September 2022.

of Pakistan and the Provincial Government of Sindh. The reconstruction project aims to support (i) Housing subsidy cash grants for owner-driven reconstruction of multi-hazard resilient core housing units; (ii) Skill development of communities on multi-hazard resilient construction practices; and (iii) Technical assistance to Government of Sindh for design and delivery of the housing reconstruction program. It will involve construction of approximately two (2) million housing units. These houses will be spread over a vast geographical area, locations of which will be dependent upon the Post-Disaster Needs Assessment (PDNA).

ii. Project Development Objective

The project development objective is to support the Government of Sindh in the delivery of beneficiary-driven, multi-hazard resilient reconstruction of core³ housing units that were damaged by 2022 floods.

iii. Project Beneficiaries

The Project would have specific benefits for people living in the geographical locations who will be served through the housing subsidy grants for reconstruction/restoration of their damaged houses. Through a beneficiary-driven approach, approximately two (2) million multi-hazard resilient core housing units will be supported.. Roughly, half of these beneficiaries are estimated to be women, based on the demographic information available for these areas.

iv. Implementation Methodology

In view of the extensive outreach needed for the credible administration and monitoring of housing reconstruction and restoration, Government of Sindh has decided to enhance the public sector's delivery capacity through the engagement of Implementation Partners (IPs). The IPs include non-governmental organizations (NGOs) with strong, existing outreach at the community level and a proven track record of delivering disaster reconstruction programs.

These IPs have been operating across Sindh and have successfully executed multiple physical infrastructure projects and services. The Project has utilized a screening criteria for IPs in order to ensure their requisite capacity and experience needed to support the Project implementation. Selected IPs will augment their technical capacity to appropriate levels by hiring additional technical and social mobilization staff to effectively support the housing reconstruction program. Only one IP will be designated to work on housing reconstruction and restoration in an affected district. The IPs will be charged with: (i) conducting household-level re-verification surveys to confirm eligible beneficiaries for housing subsidy grants; (ii) providing technical assistance to beneficiaries, engineers, and craftsmen on multi-hazard resilient construction techniques, including program orientation; (iii) overseeing reconstruction and restoration activities to ensure quality, including site inspections to conduct engineering assessments and verifying milestones for release of payment tranches to beneficiaries; and (iv) ensuring compliance with on-site social and environmental risk mitigation measures.

IPs will also: (i) support women and other vulnerable groups in demonstrating property ownership and eligibility for grants, managing construction activities and dealing with any instances of coercion, violence or abuse; (ii) coordinate participatory land adjudication and verification processes, as well as community-driven reconstruction services for women and other vulnerable groups; and (iii) undertake outreach to women, vulnerable groups and the wider community. Female-headed and other vulnerable households will be informed about different forms of assistance available to them under the project through awareness and information sessions that will be held at appropriate times and locations and would include

³ Consisting of a core unit of 250 sq. ft. built to multi-hazard resilient standards and equipped with water collection system, twin pit latrine and where possible solar home solutions.

support for women traveling from far-off areas. Wider engagement activities may also be required to obtain support for women's inclusion in the project among men and other 'gatekeepers' within the community.

Assignment Objective:

The objective of this assignment is to hire a Statutory Auditor / Firm for SPHF as per the Companies Act. In line with the objectives of the assignment, the Auditor's scope of work is defined as follows:

- i. A company's (**SPHF**) auditor shall conduct the audit and prepare his report in compliance with the requirements of International Standards on Auditing
- ii. The auditor must carry out such examination to enable him to form an opinion as to:
 - a. Whether adequate accounting records have been kept by the company and returns adequate for their audit have been received from localities not visited by him / her; and
 - b. Whether the company's financial statements are in agreement with the accounting records and returns
- iii. The auditor shall make out a report to the members of the Company on the accounts and books of accounts of the company and on every financial statements and on every other document forming part of such statements including notes, statements or schedules appended thereto, which are to be laid before the Company / donors in general meeting and report shall state:
 - a. Whether or not they have obtained all information and explanations which to the best of their knowledge and belief were necessary for the purpose of audit and if not, the details thereof and the effect of such information on the financial statements;
 - b. Whether or not in their opinion, proper books of accounts as required by the relevant laws, regulations, guidelines have been kept by the Company;
 - c. Whether or not in their opinion the statement of financial position, profit and loss account, other comprehensive income or the income and expenditure account and the cashflows have been drawn up in conformity with the requirements of accounting and reporting standards as notified under the relevant guidelines and are in agreement with the books of accounts and returns;
 - d. Whether or not in the auditor's opinion, the investments made and expenditure incurred , during the year were for the purpose of Companies objectives.
- iv. The Auditor shall express unmodified opinion in his report in compliance with the requirements of International standards on Auditing as adopted by the Institute of Chartered Accountants of Pakistan
- v. The Auditor may also be required to issue review report on Compliance practices (if and where required)
- vi. The Auditor shall be entitled to attend any general meeting of the Company, and to receive all notices of, and any communications relating to, any general meeting which any member of the Company is entitled to receive, and to be heard at any general meeting which he attends on any part of the business which concerns him as an auditor.
- vii. All the Auditor's reports must be signed by him/her (in case of an individual) or by the firm (in case of a Firm). The report must state the name of the auditor, be dated and indicate the place at which it is signed.

The Consultant(s) shall prepare the Financial documents/instruments/reports in a manner that they offer appropriate insights accountability.

Duration of the Assignment

The contract will become effective after the signing of agreement for a period of ONE YEAR (renewable every year subject to satisfactory performance of the firm).

Deliverables:

The auditor will issue an audit opinion on the SPHF Financial Statements within 4 months after close of the fiscal year (i.e. Oct-31, every year), indicating whether these financial statements present fairly the financial position at the end of the financial year and the results of its operations during the year ended June 30, in accordance with approved accounting standards as applicable in Pakistan. The auditors will also review the statement of compliance provided by the Board of Directors for the compliance of the Code of Corporate Governance Rules.

In addition to the audit opinion on the entity financial statements, review annual statement on the statement of compliance, Covering Letter to the SPHF Board and a "management letter" in which the auditor will:

- 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 non-compliance with the terms of the financial agreement(s);
- d) communicate matters that have come to their attention during the audit which might have a significant impact on the implementation of the project;
- e) bring to the SPHF attention any other matters that the auditor considers pertinent; and
- f) include management's comments in the final management letter.

Further auditors will also conduct six monthly review and will provide review statements on the review of the interim financial statements including the World Bank's Interim reports.

Qualifications and experience of the firm

The accounting firm for the Statutory audit shall be selected from amongst the list of firms having satisfactory rating under the Quality Control Review program managed by the Institute of Chartered Accountants.

Key personnel and level of efforts required,

Sr.#	Indicative Position
1.	Team Leader/ Lead Auditor
2.	Internal Controls Specialist

3.	Procurement and Contracting Specialist
4.	Audit Seniors / Staff

A brief description of the personnel qualification and experience is given below: -

Team Leader/ Lead Auditor

The incumbent should be a Chartered Accountant with at least 10 years of post-qualification experience. The experience should include experience of both statutory audits as well as special purpose assurance assignments.

Internal Controls Specialist

The incumbent should be a Chartered Accountant with at least 10 years of post-qualification experience. Having an additional qualification in internal auditing e.g. 'Certified Internal Auditor' would be a plus. The relevant experience should include assurance assignments including fiduciary reviews, due-diligence, business process reengineering/ improvement, information systems design/ evaluation, internal controls assessment, risk management etc.

Procurement and Contracting Specialist

The incumbent should have a post-graduation degree in a relevant discipline with at least 10 years of experience of monitoring and/ or managing contracts. The experience in the procurement of goods, civil works, engineering and management consultancy and non-consulting services would be relevant to the position.

Audit Seniors/ Staff

It is expected that Audit Seniors/ Staff would include a balanced composition of qualified and part-qualified accountants/ Auditors trained in the specific audit methodology and documentation standards used by the firm.

Code of Ethics

Following the IFAC- Code of Ethics, the Auditing firm is expected to maintain the highest standards of:

Integrity: The integrity of auditors establishes trust and thus provides the basis for reliance on their judgment.

Independence: The auditor should be independent in practice and in person and should be free from any conflict of interest.

Objectivity: The auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. External auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by other in forming judgments.

Confidentiality: External Auditors respect the value and the ownership of information they received and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Competency: The auditors apply the knowledge, skills and experience needed in the performance of auditing services.

Method of Selection of firm:

Consultant(s) is being selected in accordance with the **Consultant's Qualification based Selection (CQS)** method set out in the WB Procurement Regulations for IPF Borrowers (Procurement in Investment Project Financing, Goods, Works, Non-Consulting and Consulting Services - Fourth Edition, November 2020).

The firm must be registered with Sindh Revenue Board prior to apply for the service. The sales tax be withheld and deducted from the payment to be made to the services provider as per the rate as specified in the Sindh Revenue Board Sales Tax on Services Act/Rule 2011.