



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



REQUEST FOR EXPRESSIONS OF INTEREST

SELECTION OF CONSULTANTS

Name of country: Islamic Republic of Pakistan
Project: Sindh Flood Emergency Housing Reconstruction Project (SFEHRP)
Project ID: PAK - 1060
Assignment of Title: Independent Auditor for IsDB
Activity No: PK-SPHF-01-CS-CQS
Date: 24th April 2024

1. Sindh Peoples Housing for Flood Affectees (SPHF), Government of Sindh being the implementing agency of the **Sindh Flood Emergency Housing Reconstruction Project** (the Project) is seeking to procure the services of *Independent Auditor for IsDB*.
2. The primary objective of the audit engagement is to enable the auditor to express a professional opinion as to whether (i) the Project Receipt and Expenditure Statements (PRES) show true and fair view funds receipts and expenditures incurred till the submission of Withdrawal Application. (ii) Expenditures reimbursed on basis of Statements of Expenditures are eligible to Bank financing and are reflected on the PRES, and for this purpose, the auditor shall carry out whatever necessary examinations of the statements and underlying records and control systems. The Audit opinion should also state whether the Procurement Guidelines of the Islamic Development Bank have been properly applied and in accordance with the Project's Financing Agreement.
3. The audit will be carried out in accordance with Generally Accepted Auditing Standards (GAAS) such as the International Standards on Auditing (IAS) issued by the International Federation of Accountants (IFCA) or the Audit Standards issued by the International Organization of Supreme Audit Institutions (INTOSAI), having regard to relevant financing agreements and Islamic Development Bank's particular requirements, and should pay special attention to the following:
 - a) All funds provided to the Project have been used, accounted for and classified in accordance with the relevant financing agreements;
 - b) All the transactions related to the project are reflected in the PRES issued according to Generally accepted Accounting Policies;
 - c) Goods, works and services financed have been procured in accordance with the relevant financing agreement;
 - d) All necessary copy of supporting documents, records, and accounts have been kept in respect of all project. Clear linkages should exist between the books of account and reports presented to the Bank;



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



- e) Compliance with specific covenants of the Financing Agreement, {Project Agreement and Subsidiary Financing Agreement} (e.g., compliance with the short-term and long-term borrowing conditions, cash flow covenant);
 - f) Eligibility of expenditures claimed under Statement of Expenditures submitted to the Islamic Development Bank for replenishment. This is in addition to substantiation of these expenditures;
 - g) 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;
 - h) Counterpart funds have been provided and used in accordance with the relevant financing agreements, and only for the purposes for which they were provided;
4. The services are to be started in July 2024 and are expected to continue for a period of twelve (12) months. Detailed Terms of Reference (TORs) are attached with this REoI and also available on the SPHF website at www.sphf.gos.pk
 5. Further information regarding scope/TORs of the required services can be obtained from SPHF at the address mentioned below or from Chief Financial Officer at cfo@sphf.gos.pk during office hours.
 6. The firm for the independent audit shall be selected from amongst the list of firms in Category 'A' of approved panel of State Bank of Pakistan, having satisfactory rating under the Quality Control Review program managed by the Institute of Chartered Accountants.

The shortlisting criteria are as under:

S. No.	Shortlisting Criteria
1.	Track Record: Corporate Capacity (Core business, number of offices and years in same business etc.) Company brochure/detailed profile may be forwarded.
2.	General experience: The firm must have a general experience of 10 years of providing services in the same business.
3.	Relevant experience of providing Audit services: Audit and financial services expertise of at least five (5) years.
4.	Overall managerial capacity (Core managerial and technical staff).

7. The company now invites consulting firms to indicate their interest in providing the required services. The interested firm are requested to provide information demonstrating that the firm has got the *required qualifications* and *relevant experience* to perform the Services.
8. A Consultant will be selected in accordance with the Consultant's Qualifications Selection (CQS) method set out in the Sindh Public Procurement Rules 2010 (Amended 2019).



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



9. Expression of interest must be delivered in written form to the address below in person, by courier, or through email addressed to the Chief Procurement Officer cpo@sphf.gos.pk by **14 May 2024** during the office hours.

-----S/d-----

Khalid Mehmood Shaikh
Chief Executive Officer – SPHF

Bungalow # 20 Block 7/8,
Modern Cooperative Housing
Society, Tipu Sultan Road,
Karachi.



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



SINDH FLOOD EMERGENCY HOUSING RECONSTRUCTION PROJECT

(PAK – 1060)

INDEPENDENT AUDITOR FOR ISDB

TERMS OF REFERENCE

Project Background

The Government of Sindh (GoS) has launched a comprehensive housing reconstruction program to support all the households damaged by the 2022 floods with a financing envelope of US\$1.5 billion. A dedicated Section 42 company – the “Sindh Peoples Housing for Flood Affectees (SPHF)” has been established for the design and execution of this housing reconstruction program. The SPHF is also serving as the Implementation Agency/ Project Implementation Unit (PIU) for the project.

The Islamic Development Bank (IsDB) is expected to provide US\$200 million financing for this program. The activities to be undertaken utilizing this financing will cover reconstruction and restoration of approximately 168,000 houses and 23,340 WASH infrastructure units. A small portion of the funding will be kept for Institutional Strengthening & Technical Assistance and Project Management & Implementation Support components.

Context

Sindh Peoples Housing for Flood Affectees (the implementation agency of the project) shall at all times maintain a financial management system, including records and accounts, and prepare financial statements for the project in a format acceptable to the Islamic Development Bank and adequate to reflect the operations, resources and expenditures related to the Project. Also the Governing Body shall maintain records and supporting documents for all expenditures with respect to which withdrawals from the financing were made (the records should reflect all categories of withdrawals SOEs, direct payments).

The Project Receipt and Expenditure Statement (“PRES”) means Statement of funds receipts and expenditures incurred till the date of submission of Withdrawal Application. For procurements of goods, works and services to the Project, the Governing Body is required to comply with the Islamic Development bank’s Procurement Guidelines. The Financing Agreement requires that the records, accounts and financial statements mentioned above for each fiscal year to be audited, in accordance with auditing standards acceptable to the Bank, consistently applied, by independent auditors acceptable to the Bank. Audited PRES along with its Auditor’s report should be submitted to the Islamic Development Bank as soon they become available but not later than six months after the end of the fiscal year. In fulfillment of this statutory (or Financing Agreement) requirement, the Governing Body should engage a qualified independent audit firm according to terms of reference and scope of work acceptable to the Islamic Development Bank, as summarized below.



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



Objective

The primary objective of the audit engagement is to enable the auditor to express a professional opinion as to whether (i) the Project Receipt and Expenditure Statements (PRES) show true and fair view funds receipts and expenditures incurred till the submission of Withdrawal Application. (ii) Expenditures reimbursed on basis of Statements of Expenditures are eligible to Bank financing and are reflected on the PRES, and for this purpose, the auditor shall carry out whatever necessary examinations of the statements and underlying records and control systems. The Audit opinion should also state whether the Procurement Guidelines of the Islamic Development Bank have been properly applied and in accordance with the Project's Financing Agreement.

Scope

The audit subject of this Terms of Reference is considered as a special purpose contractual agreement audit for which, in addition to compliance with international standards as explained below, the auditor needs to take into consideration the Islamic Development reporting requirements and compliance with Islamic Development Procurement Guidelines.

The audit will be carried out in accordance with Generally Accepted Auditing Standards (GAAS) such as the International Standards on Auditing (IAS) issued by the International Federation of Accountants (IFCA) or the Audit Standards issued by the International Organization of Supreme Audit Institutions (INTOSAI), having regard to relevant financing agreements and Islamic Development Bank's particular requirements, and should pay special attention to the following:

- a) All funds provided to the Project have been used, accounted for and classified in accordance with the relevant financing agreements;
- b) All the transactions related to the project are reflected in the PRES issued according to Generally accepted Accounting Policies;
- c) Goods, works and services financed have been procured in accordance with the relevant financing agreement;
- d) All necessary copy of supporting documents, records, and accounts have been kept in respect of all project. Clear linkages should exist between the books of account and reports presented to the Bank;
- e) Compliance with specific covenants of the Financing Agreement, {*Project Agreement and Subsidiary Financing Agreement*} (e.g., compliance with the short-term and long-term borrowing conditions, cash flow covenant);
- f) Eligibility of expenditures claimed under Statement of Expenditures submitted to the Islamic Development Bank for replenishment. This is in addition to substantiation of these expenditures;
- g) 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;



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



- h) Counterpart funds have been provided and used in accordance with the relevant financing agreements, and only for the purposes for which they were provided;

The auditor will be expected to review all correspondences with the Islamic Development Bank in relation to the Project including copies of the Aide Memoires, Mission Reports, and assess progress on all financial issues. The auditor will pay special attention to any specific risk area as mentioned in the project documents (such as PAD, etc.)

I. Audit Deliverables

There are two main deliverables of the audit engagement:

Certificate which shall certify that the Project Receipt and Expenditure Statements (PRES) show true and fair view funds receipts and expenditures incurred till the submission of Withdrawal Application. (ii) Expenditures reimbursed on basis of Statements of Expenditures are eligible to Bank financing and are reflected on the PRES

II. Irregularities Including Fraud

The Executing Agency is responsible for ensuring the establishment and maintenance of an adequate system of internal control. It is also responsible for ensuring compliance with statutory and other regulations, and for the prevention and detection of irregularities, including fraud. Although, the Auditors are not required to search specifically for such matters, the audit shall be planned and conducted so that the Auditors have a reasonable expectation of detecting material misstatements in the accounts resulting from irregularities, including fraud, or breach of regulations.

The Auditors will report in writing any serious weaknesses, fraud, irregularities or accounting break-downs that they come across in the normal course of their duties to the designated office holder, Executing Agency, and the Islamic Development Bank without delay.

III. Access

The Auditors shall have rights of access to the books, accounts, vouchers, Financing Agreement, Project Agreement and related Supplemental Letters, Project Appraisal Document, correspondence, and all other documents in relation of the Project and to such information and explanations as auditors consider necessary to perform their duties and fulfill their responsibilities.

In addition, the auditors will be provided with copies of the Islamic Development Bank's relevant publications that the governing body has to recognize, including the Islamic Development Bank's "Procurement Guidelines".

In turn, on occasions the Islamic Development Bank's representatives may wish to meet with Projects' auditors, in connection with a visit to the auditor's office, review of the audit working papers files and discussion of the work performed and conclusion reached by the auditors. The Auditor should not limit access in any way and must reply to all inquiries raised by the Islamic Development Bank's representative. Failure to comply with this provision may disqualify the auditors from dealing with the all projects funded or administered by the Islamic Development Bank. Formal discussion should normally be arranged through the Project's designated office holder or representative. The Islamic Development Bank will have this exclusive right during performance of the audit and within two years after completion of the audit engagement.



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



Miscellaneous

Termination of Appointment. If there are serious shortcomings on the part of the Auditor, the Governing Body, after consultation with the Islamic Development Bank, may pass a resolution to remove the Auditors before the expiry of their assignment.

Restriction of Auditor's Liability. There is no limitation of the auditors' liability in respect of audit opinions given under this assignment. The Project's Executing Agency will not agree to any such restriction in liability.

The responsibility for the preparation of financial statements including adequate disclosure is that of the management of the Sindh Peoples Housing for Flood Affectees (SPHF). This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguarding of the assets of the entity. As part of the audit process, the auditor will request from management written confirmation concerning representations made to the auditor in connection with the audit.

Procurement

A Consultant will be selected in accordance with the Consultant's Qualifications Selection (CQS) method set out in the Sindh Public Procurement Rules 2010 (Amended 2019)