

The Republic of the Union of Myanmar
Office of the Auditor General of the Union
Modernization of Public Finance Management Project (MPFMp)

Request for Expressions of Interest for
Consultancy Services for the Audit of Project Financial Statements
(Firm)

Country: The Republic of the Union of Myanmar
Name of the Project: Modernization of Public Finance Management Project (MPFMp)
Consulting Services: Consultancy Services for the Audit of Project Financial Statements (Firm)
Duty Station: Nay Pyi Taw, Myanmar
Project ID No.: P144952
Credit/Grant No.: Credit No 54020-MM, Grant No TF-17190
REOI No.: MPFMp/D2-C122
Procurement Plan Ref: D2-C122
Advertising Date: 6 May 2016
Closing Date: 23 May 2016

Background

The Republic of the Union of Myanmar has received financing in the amount of US\$ 30 million equivalent from the World Bank, and US\$ 20 million grant from the UK and Australian governments toward the cost of the Modernization of Public Finance Management Project, and it intends to apply part of the proceeds to payments for goods and consulting services to be procured under this project.

The *development objective* of the Modernization of Public Finance Management Project (MPFMp) for Myanmar is to support efficient, accountable, and responsive delivery of public services through the modernization of Myanmar's PFM systems and strengthening institutional capacity. The project has five components:

- a. Improving revenue mobilization through bringing more revenues from natural resources on budget and strengthening tax administration
- b. Responsive Planning and Budget Preparations
- c. Supporting Effective Budget Execution and Financial Reporting
- d. Fostering External Oversight and Accountability
- e. Establishing a Sustainable Institutional Platform and Skills-base for PFM

Implementation Arrangements. There are seven agencies implementing the five Project Components; Ministry of Finance Departments include: Internal Revenue, Budget, Treasury and Myanma Economic Bank; the Planning Department of the Ministry of National Planning and Economic Development, the Parliamentary Accounts Committee and the Office of the Auditor General of the Union.

Financial Management responsibilities. The financial management of the Project is handled by two separate entities. The Office of the Auditor General of the Union for Component D2 and the Budget Department at the Ministry of Finance for all other components.

For a more detailed understanding of the scope of the Project and its governance and organizational structure, kindly consult the project appraisal document (PAD): <http://documents.worldbank.org/curated/en/2014/02/19393607/myanmar-modernization-public-finance-management-project>.

Objectives of the Assignment

The overall objective of the audit of the Project Financial Statements (PFSs) is to enable the auditor to express a professional opinion(s) on the project's receipts and expenditures for the relevant accounting period. The project's books of account provide the basis for preparation of the financial statements and are established to reflect the financial transactions in respect of the project.

The proposed period of the first project audit will cover 18 months from project effectiveness to end of fiscal year 2015-2016; that is from October 9, 2014 to March 31, 2016.

The Office of the Auditor General of the Union will be the Client for the services of the Audit Services to cover all MPFM project components.

Specific Scope of the Assignment

The responsibility for the preparation of financial statements including adequate disclosure, in accordance with the WB's procedure, is that of the financial management committees (FMCs) at the Ministry of Finance for all project components except D2 and the Office of the Auditor General of the Union for Component D2. Thus, two separate financial statements will be prepared. The audit should be carried out in accordance with International Standards on Auditing. Planning and conducting the audit will be in accordance with a risk based framework with a detailed audit work program. The audit coverage will consider the risk of material misstatement as a result of fraud or error. The audit program should include procedures that are designed to provide reasonable assurance that material misstatements will be detected.

Scope of the Audit

As stated above, the audit of the project will be carried out in accordance with International Standards on Auditing, and will include such tests and auditing procedures as the auditor will consider necessary under the circumstances. Special attention should be paid by the auditor as to whether the:

- (a) All sources of funds have been used in accordance with the conditions of the relevant financing and grant agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
- (b) Goods, works and services financed have been procured in accordance with the relevant financing agreements including specific provisions of the World Bank Procurement Policies and Procedures;
- (c) All necessary supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported using Statements of Expenditure (SOE) or unaudited Interim Financial Reports (IFRs) methods of reporting. The auditor is expected to verify that respective reports issued during the period were in agreement with the underlying books of account;
- (d) Designated Accounts have been maintained in accordance with the provisions of the relevant financing agreements and funds disbursed out of the Accounts were used only for the purpose intended in the financing agreement;

- (e) The financial and accounting procedures approved for the project (e.g. operational manual, financial procedures manual, etc.) were followed and used;
- (f) Assets procured from project funds exist and there is verifiable ownership by the implementing agency or beneficiaries in line with the financing agreement.
- (g) Ineligible expenditures included in withdrawal applications are identified and reimbursed to the Designated Accounts. These should be separately noted in the audit report.

Extended Scope of Assignment

Capacity Building and Training for OAG auditors and FMCs staff

In Myanmar, the mandate of the Office of the Auditor General of the Union is the Auditor General of the Union Law and it is tasked with auditing all government accounts except Ministry of Defense in accordance with the law. In the case of external financed projects and programs, OAG conduct the audit in line with the Section 11(b)(i), Section 11(e), Section 11(m), Section 11(j) under the Auditor General of the Union Law and the Law Amending the Auditor General of the Union Law and Section 53 of Myanmar Accountancy Council Law. However, given that the OAG is also a beneficiary of the MPFMP, it would not be appropriate for it to audit the project financial statements and therefore a private sector external auditing firm is being recruited to conduct the external audit of the project.

The external auditing firm will extend its scope of works to include capacity building initiatives: (i) hold at least two workshops for OAG auditors and FMCs staff on general auditing principles and specifically the audit of development projects; (ii) include at least 2-3 OAG staff, who are not involved in implementing Component D2, as part of the audit team for hands on mentoring and practical on the job learning and (iii) provide customized training on *how to* form an audit opinion, the preparation of draft audit report and management letter in accordance with ISA.

Deliverables

The individual project financial statements for the two implementing entities should be audited and reported on separately. The auditor will provide separate audit opinions and prepare separate management letters.

Qualifications & Experience

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

For an Auditing firm

- Be a legal entity registered in Myanmar Accountancy Council;
- Be an entity acceptable to the Government and the World Bank as being capable of conducting audits in accordance with international auditing standards;
- Experience in auditing in the public sector;
- Experience in auditing in the region and in Myanmar; and
- Experience in auditing of the World Bank and/or donor funded projects.

For Auditors-in general

- Auditors should hold relevant professional and educational qualifications. They should register as Public Practising Accountants in Myanmar Accountancy Council;
- Auditors should have an in-depth experience in conducting audits of donor funded projects and project financial statements;
- Auditors should have experience in auditing in the region and Myanmar with relevant language skills;

- Auditors should have no conflict of interests in relation to the project and its activities.

Expected duration of the assignment is 1 and half months.

Interested firms may obtain copies of the detailed Terms of Reference (in English) by submitting a request to the email address: oagpfm@mptmail.net.mm

Office of the Auditor General of the Union and the Ministry of Finance now invites expressions of interest from qualified and experienced consultants (firms) to undertake the above mentioned services. A consultant will be selected in accordance with the procedures set out in section V of the World Bank's *Guidelines: Selection and Employment of Consultants by World Bank Borrowers* (January 2011, revised in July 2014).

Expressions of interest must be submitted in duplicate copies to the postal address below or sent to the email addresses no later than **23 May, 2016** (before 16:00 hours).

Please mention the following in the subject line of the email:
Modernization of Public Financial Management Project
Reference: MPFM-D2-C122

To the Attention of:

Daw Khin San Oo
Permanent Secretary
Office of the Auditor General of the Union
c/o Modernization of Public Finance Management Project Unit
Bldg No 12, Nay Pyi Taw, Myanmar
Tel: 95-67-407335, 95-67-407284
Email ids: oagpfm@mptmail.net.mm & oagmac@gmail.com

AND copy to:

U ZawNaing,
Chair of the Procurement Coordination and Advisory Unit (PCAU)
c/o Modernization of Public Finance Management Project Unit
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