

Sindh Enhancing Response to Reduce Stunting Project (SERRSP)
Terms of Reference
For Internal Auditor

Background:

Pakistan is the world's sixth most populous country, with an estimated population of over 192.8 million in 2016. Although during FY09~16, GDP growth has been limited to 3.4% (or about half the FY04–08 rates), a growth incidence analysis in the recent Country Partnership Strategy (CPS) has confirmed the pro-poor characteristics of Pakistan's growth. Sindh Province, the second most populous province of Pakistan, has an estimated population of 51 million, the majority of which lives in the urban areas. The province contributes 30~33% of the country's GDP, and its GDP per capita is roughly three times that of the country as a whole. However, 25% of the population of Sindh lives under the revised poverty line, and the 2011 National Nutrition Survey (NNS) found that Sindh was the most food-deprived province, with 72% of households being food~ insecure. The 2014 Multi-indicator Cluster Survey (MICS) shows that 48% of children under five suffer from stunting and 15% from wasting with significant district variation (with the highest rates of stunting in the Districts of Tharparkar and Umerkot (63% and 66%, respectively) and as low as 33% to 36% in Karachi's urban districts).

Pakistan has the third-highest proportion of stunted children in the world and that more than 9.6 million Pakistani children face chronic malnutrition. In South Asia, Pakistan has the lowest rates of early initiation of breastfeeding and exclusive breastfeeding, the highest rate of bottle feeding, as well as low rates of timely initiation of complementary feeding, all of which contribute to chronic malnutrition. It is estimated that the malnutrition crisis in Pakistan costs the economy 2-3% of GDP per year (in comparison, the present energy crisis is estimated to cost 2% of GDP) by impairing health, growth and cognitive development, school readiness and learning outcomes, and thus loss in potential productivity and earnings. Furthermore, without an urgent response to significantly address malnutrition, the country will continue to experience the "demographic nightmare" of a large population whose human capital potential is not fully realized, resulting in an unskilled, economically unproductive population that is left behind in the global economy. To rectify the situation, the Government of Sindh has approved an Accelerated Action Plan for Reduction of Stunting and Malnutrition (AAP) with an ambitious goal of reducing stunting from 48% to 43% by 2021. The Government is availing World Bank support through the 'Sindh Enhancing Response to Reduce Stunting Project' in achieving this goal through the implementation of the AAP during 2017-2021.

The proposed project, would support the implementation of the AAP in the 23 districts with the highest stunting rates, through a results-based approach to link disbursements to the achievement of agreed pre-defined indicators. Disbursement linked indicators (DLIs) will contribute significantly to (i) enhance policy and sector dialogue (by focusing on political ownership of the Government's program); (ii) have a greater focus on results (by linking disbursements to planned progress and performance targets); and (iii) have more effective donor coordination (by facilitating planning, budgeting, and supervision within a common framework).

The project comprises of two components. The first component, through a results-based approach using DLIs, will finance results set out in the AAP, while the second component will finance technical assistance and other inputs needed for effective implementation of the AAP.

Under Component 1, the project will support provision of a multi-sectoral package of services by financing results, measured by the achievement of DLIs, under a defined Eligible Expenditure Program (EEP). Under Component 2, the project will finance technical assistance and input to support (i) measures for implementing a pilot conditional cash transfer (CCT) program to assist targeted beneficiaries in the poorest quintile to access health and nutrition services; (ii) development and implementation of an overarching multi-sectoral communication strategy for social and behavioural change; and (iii) institutional arrangement for improving coordination, strengthening accountability citizen engagement, operationalizing integrated multi-sectoral data information systems, strengthening monitoring, evaluation and supervisor.

Higher Level Objective

To contribute in the effective implementation of the Accelerated Action Plan by strengthening the payments procedure, financial management and accounting within the Task Force Secretariat and the Sectoral hubs; and to manage finances of the Project and AAP conforming to the World Bank's and GOS stipulated guidelines and rules/regulations

Objectives of the Assignment

The objective of this engagement is to conduct internal audit of the funds and resources provided under the IDA Credit as well as funds contributed by the Government of Sind and other stakeholders for the implementation and in achieving project Development Objectives, managed by the Task Force Secretariat, Accelerated Action Plan for Reduction of Stunting and Malnutrition in the Planning & Development Department, Government of Sindh.

Introduction

Internal audit should be carried out as an independent examination of activities and financial transactions to appraise: (i) reliability and integrity of records and information; (ii) compliance with regulations, policies, and procedures; (iii) proper safeguarding of assets; (iv) economic and efficient use of resources; and (v) accomplishment of Project objectives.

Scope of work

The scope of work is intended to describe the general nature and level of work to be performed by the Auditor. The District Roll out Plan of Accelerated Action Plan (AAP) for 2017-18 is given at Annexure 1, whereas the District Prioritization for Accelerated Action Plan for Reduction of Stunting & Malnutrition is given in Annexure II. The Project Costs are as follows:

Table 1 - Project Costs and Financing

Project Components	Project Cost (23 districts) (US\$ million)	IDA financing (US\$ million)	Project IDA financing as a % of total AAP cost (23 districts)	Other sources of Funds ³ (Govt. & Donors) for AAP costs (23 Districts) (US\$ million & %)	Financing Gap (US\$ million & %)
Comp. 1	437	45	14%	224 (51%)	151.38(35%)
Comp. 2		16.62			
Total		61.62			

Financial support for the implementation of the AAP in the selected districts has been identified from the GoS (US\$30 million) and other partners, including the EU, USAID (through UNICEF), and WFP, as well as from other Bank projects. These other sources of financing, including GoS, will contribute about 51% of the AAP cost for the selected districts (see Table 2 below). The Government will seek support to cover the 35% financing gap through a donor conference planned for the second half of CY2017. If the additional resources are not secured, the project supported goal of a reduction of stunting to 43% by 2021 is still expected to be achieved, but it will likely take the GoS longer to achieve the reduction of stunting to 30% by 2021 province-wide that it is working towards.

Table 2: Other Source of Funds Support AAP (23 Districts)

Financing source (Agencies)	Allocated amounts
Government of Sindh budget allocation for 3	Approx. US\$30.00 million (3 billion PKR)
World Bankfinanced Enhanced Nutrition for Mothers & Children Project (ongoing)	US\$47.95 million
World Bankfinanced Multi-Sectoral Action for Nutrition Project (forthcoming)	US\$21.17 million
European Union WINS Project	Approx. US\$35.52 million (€33 million)
UNICEF~USAID Nutrition Project	US\$20.00 million
European Commission Humanitarian Aid and Civil	US\$4.00 million
SIDA	Approx. US\$0.30 million (30.6 million PKR)
WFP	US\$0.41 million
European Union (upcoming new project)	Approx. US\$64.60 million (€60 million)
TOTAL	Approx. US\$224 million (51% of AAP total cost for

The scope of internal audit is not limited to verifying financial transactions, but also covers examination and evaluation of internal control effectiveness; organization's governance, risk management process, and operational aspects of the project implementation, providing and assessment of performance with recommendations for corrective actions. The scope of internal audit services would inter-alia includes:

Financial Control and Accounting:

- Examine receipts of IDA funds in Designated Accounts (DAs) maintained and operated by the Project Implementing Entity are properly supported with Withdrawal Applications duly completed as per the World Bank Disbursement guidelines.
- Examine monthly transfer of funds from the provincial government to the respective Department PIUs through AG Office Sindh or through Bank accounts, opened for the purposes of the Project, are on the basis of approved forecasts. Ensure that each PIU submit proper statement of account of funds received and spent to their respective PMU within fifteen days of the month end.
- Examine that payments are for specific to the Project implementation. Ensure all payments to suppliers/vendors/consultants and for meeting operational expenses, if any, must be through ‘Cross Cheque – A/C Payee Only’ and paid on timely basis and through courier.
- Examine receipt of funds from various sources are timely deposited the designated accounts. Ensure payments from these bank accounts are specific to the Project implementation.
- Verify payments are properly approved and supported with documentation and are for implementing project activities.
- Examine related accounting transactions are appropriately classified and recorded in the relevant accounting head of account, maintained by the PMUs.
- Examine monthly bank reconciliation statement is properly prepared and is agreement with DA bank statement and DA bank book.

Financial Reporting

- Examine financial data reported in the six monthly interim Financial Reports (IFRs) are in agreement with the books of account and in agreement with the DA bank books maintained by the implementing agencies.
- Ascertain that IFRs, showing sources and uses of funds, expenditure by activity, DA activity statement and six monthly forecasts are submitted to the World Bank within forty five days of the end of each quarter.

Planning and Budgetary Controls

- Ascertain Project annual budget is prepared and approved by the competent authority (s). Ensure annual budget is in line with the Project approved objectives.
- Examine appropriate comparison of budgeted and actual expenditure is done on monthly basis and proper explanations are given for significant variances.

Inventory Management

- Examine in inventory management arrangements at the sub-project level are adequate to record all inventory items, receipts, issues, balances and periodic physical stock taking.

Procurement

- **Implementation arrangements:** Examine the risk mitigation measures are in place for acceptable implementation arrangements for smooth execution of the Project and achievement of Project objectives.
- **Procurement Process:** Examine that procurement activities are processed as per the Bank's approved Procurement Plan. Ensure that Bank's procurement planning tool – Caliper is being updated regularly.
- **Contract management:** Examine that the Project Procurement designated officials are being involved at all stages of procurement of goods and services under the Project, to ensure compliance with IDA Procurement Guidelines. (Contract Management: is a joint responsibility of technical and Procurement and Financial Management teams. All concerned staff should work together in their respective roles for achieving the overall desired results.)

Verification of Project Assets

- Verification of all assets of the Project on annual basis and agree their existence with fixed assets register. Also on test basis verify Project during field visits.
- Ascertain that proper codification and tagging of the Project assets have been done the adequately safeguard assets.
- Examine adequate procedures are in place for the maintenance of assets.
- Ascertain that assets are being used for the intended purposes.
- Examine costs of assets are reasonable.

Other Procedures to be performed

- Monitoring and evaluating the effectiveness of Project's Risk Management and Governance Systems. Ensure that monitoring activities is done at three levels i.e. Taluka, District and Provincial Levels by the Sectors/Departments respective Secretaries and the Project Steering Committee.
- Examine that project activities are in compliance with the existing country's laws including tax laws, Project Legal Agreements including Bank's guidelines (dated January 2011) on Prevention and Combating Fraud and Corruption in Bank Financed Projects are being followed among other contractual agreements.
- Conducting specific Reviews or tasks requested by the Project management.
- Internal audit team should undertake field visits regularly/periodically on monthly or quarterly basis to assess Project implementation progress. Check and verify all relevant record and also conduct staff interviews where required.
- Trainings and Capacity Building, All the above threads will have the component of trainings and capacity buildings of the officers and staff of all the participating sectors.

Audit Planning

Internal Auditors shall submit Bi-annual Audit Work Plan based on a risk assessment with completion time lines for each activities summarized in the scope of work must be agreed upon at an entrance meeting with the respective Project Director to be attended by PMUs Financial Management specialist and Procurement Specialists among other Project officials.

Reporting

The internal Audit Report shall be structured to indicate for each audit observation: a) cause; b) implication; c) recommendation; d) management response; and e) time line action for corrective measures by the respective/concerned Project Management. Internal Audit shall submit a 'Bi-annual Internal Audit Report' within forty five days at the end of every six months of the financial year i.e. July 1-December 31 and January 1-June 30. The Report will be distributed to all stake holders as appropriate; a copy of each report will be forwarded to the Program Manager AAP and Program Coordinators of the respective Sector and the Bank within the time frame.

The Report shall also indicate as a separate section showing Actin Taken on the last Internal Audit Report Agreed upon Action.

Contract Period

The duration of service of Internal Audit shall be for four (04) years or project completion period renewable on yearly basis.

I. Qualification

1. A Chartered Accountant/Cost and Management Accountant/ACCA or Equivalent
2. Documented experience of risk based internal or external audit for not less than 05 years.
3. Over all Experience of at least 7 years in the field of audit, accountancy, and ancillary services.
4. Experience of donor funded projects will be given preference.

II. Selection Process

Selection will be in accordance with the procedures set out in the World Bank's Guidelines: Selection and Employment of Consultants by World Bank Borrowers, (January 2011) Revised July 2014.



**District Roll out Plan
of Accelerated Action
Plan (AAP) for 2017-18**

**Annexure 1
GOVERNMENT OF SINDH
Planning & Development Board
(Nutrition Section)**

Institutional Arrangements and Reporting

S.No	Department	District
1.	Agriculture	1. Tharparkar 2. Mirpurkhas 3. Badin
2.	Education Department	1. Tharparkar 2. Mirpurkhas 3. Jacobabad
3.	Fisheries Sector	1. Tharparkar 2. Mirpurkhas 3. Badin
4.	Livestock Sector	1. Tharparkar 2. Mirpurkhas 3. Badin
5.	Social Welfare Department	1. Tharparkar 2. Umerkot
6.	Local Government Department	1. Mirpurkhas 2. Sukkur
7.	Health Department	1. Mirpurkhas 2. Sukkur
8.	Population Welfare Department	1. Tharparkar 2. Mirpurkhas 3. Jacobabad 4. Khairpur 5. Nawabshah 6. Matyari 7. Shikarpur 8. Qamaber

Annexure II

Proposed Project supported Rollout to 23 Districts with the Highest Stunting Rates by Year and Sector

Year	District	Stunting Rate	NSP/MNCH	LG	Agriculture	Education	Population & Welfare	Livestock & Fisheries	
2016	Jamshoro	54	EU	New	New	New	New	New	
	MirpurKhas	55	New	New	New	New	New	New	
	Tharparkar	63	NSP	SSS	A4N	New	New	New	
	Sanghar	53	NSP	SSS	A4N	New	New	New	
2017	Umer Kot	66	NSP	SSS	A4N	New	New	New	
	Jacobabad	64	NSP	SSS	A4N	New	New	New	
2017	Ghotki	53	UNICEF	New	New	New	New	New	
	Khairpur	51	UNICEF	New	New	New	New	New	
	Naushehro Feroz	44	UNICEF	New	New	New	New	New	
	Shikarpur	56	EU	SSS	New	New	New	New	
	Kashmore	66	NSP	SSS	New	New	New	New	
	Badin	67	NSP	SSS	New	New	New	New	
	Qamber								
	2018	Shahdadkot	60	NSP	SSS	New	New	New	New
	Larkana	52	NSP	SSS	New	New	New	New	
	TM Khan	59	NSP	SSS	New	New	New	New	
	Sujawal	56	EU	SSS	New	New	New	New	
	Thatta	60	EU	SSS	New	New	New	New	
Dadu	58	EU	SSS	New	New	New	New		
2018	Sh. Benazirabad	55	New	New	New	New	New	New	
	Matiari	55	EU	New	New	New	New	New	
2019	Tando Allah Yar	49	EU	New	New	New	New	New	
	Sukkur	51	New	New	New	New	New	New	
	Hyderabad	44	New	New	New	New	New	New	

Shaded cells indicate districts with new rollout of project interventions by sector and year.

Acronyms: NSP: Nutrition Support Program; MNCH: Maternal, Neonatal & Child Health; EU: European Union; LG: Local Government for Sanitation & Hygiene; SSS: Bank supported MSAN project on Sanitation & Hygiene; A4N: Agriculture for Nutrition which is part of the MSAN project.