

MINISTRY OF PUBLIC WORKS AND TRANSPORT
DEPARTMENT OF INSPECTION

TERM OF REFERENCE (~~SEPTEMBER 14, 2011~~ FINAL OCT 17, 11)
FOR SENIOR CONSULTANT TO ASSIST INTERNAL CONTROL DIVISION

LAO ROAD SECTOR PROJECT
GRANT H547-LA

The project component background:

B.3 Strengthening Internal Controls.

This sub-component is designed to enhance the quality and internal control mechanisms within the Ministry. Through consolidated and coordinated information management, it is expected to develop permanent capacity within MPWT to report on all road infrastructure investments, including those involving bi-lateral or donor contributions, as well as a reporting of technical assistance activities. Support would be provided for MPWT to implement its Measures for Strengthening Internal Controls (see Annex 11), monitor the implementation of the agreed actions and to focus specific efforts on priority elements of this framework.

B.3.a. Advisory Services and Training for Internal Controls Division.

IDA financing to support review and revision (as necessary) of the Department of Inspection (DOI) mandate to extend to internal controls, develop an internal audit plan, and train staff on its implementation. The objective of this consultancy is to provide hands on technical assistance to strengthen the capacity of the DOI so that it is able to deliver its new internal controls mandate; as well as develop and implement a risk-based internal audit program for the transport sector to ensure that adequate fiduciary assurances are available during the capacity building period. The consultant services are expected to develop a risk-based internal audit methodology that is tailored to both DOI's needs and the transport sector, and should include recommendations on the audit support tools required. A training needs assessment for DOI staff will identify the current level of financial management/audit expertise and the key capacity gaps, from which a training program will be designed and delivered, including the provision of hands on coaching and mentoring of DOI staff. The role of the divisions should also be expanded to cover further advice on implementing the proposed Framework for Strengthening Internal Controls and Accountability, which goes beyond internal audit and evaluates adherence to the measures identified to improve the governance environment in MPWT.

A qualified local senior consultant needed for internal audits and controls to assist the Internal Control Division (ICD) under Department of Inspection with the estimated total service ~~being~~ ten man-months.

Scope of Services for internal audits and controls consultant:

Consultant will provide the consultancy services on the followings:

- Assist ICD/DoI in implementing the frameworks for Department of Inspection to strengthen the internal control and accountability as stated in the annex 11 of Project Appraisal Document (PAD page no 110) and assist with implementation of the follow up recommendations in the Independent Assessment Report (report available at DoI) prepared by the previous Internal Controls consultant.
- To review and complete an update of version for the Internal Control Manual (ICM) comparing it with the Internal Audit Manual (IAM) from the Ministry of Finance.
- Provides an update of the ICM to be used for internal audits in practical.
- Arrange the training courses on technique in internal audits for internal auditors in line ministry based on a training needs analysis, at least one per year.
- Select two pilot projects to be subject to do the internal audits. The projects selected should which consist of one project that is co-financed implementing under co-financiers and one project funded 100% by Government 100%.
- Review of systems of internal control and quarterly interim financial reports and provide any recommendations for improvement.
- Prepare documentation and requirement criteria for the recruitment of five junior consultants following the World Bank procurement guidelines and carryout on the job training and the transfer of knowledge to them.

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The estimated number of professional manstaff months

Activities	Staff-month	Total	Cost (USD) estimated	Sources
Review and complete the Internal Control Manual (ICM)	Review 1 month Complete 2 months	3 m	-	DoI TA's budget
Training courses on <u>technique in</u> internal audit <u>based on a training needs analysis</u>	2w@2timesX2ys= 8wks=2months	2 ms	Use PHRD	DoP
Two pilot projects to <u>carry</u> out the internal audits and report <u>on findings and recommendations for improvements</u>	3 months	3 ms	Operating cost	DoI
Assist to DoI to <u>implementing</u> and follow up <u>the framework and the recommendations in the</u> independent assessment report. <u>Review of systems of internal control and quarterly interim financial reports.</u>	2wX4QX2ys= 16weeks=4mths	4 ms	- Remuneration fee <u>\$3,000@for</u> 12ms - Administration <u>cost</u> <u>\$500@12mscost</u> - Facility <u>\$3,000such as</u> <u>laptop, desk...</u> - Contingency <u>\$5,000</u>	DoI TA's budget
Total	Man-months	12	50,000	

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Comment [w1]: Above we say 10 man-months?

The local consultant for internal control should have the following qualifications and experiences:

- Post Graduate qualification in Finance, Accounting or equivalent management
- Be a qualified Accountant with an International qualification recognized by the International Federation of Accountants.
- At least 5 years post graduate experience in either external or internal audit preferably in the public sector.
- This experience should have been gained in either an International Chartered Accounting firm or in a large internal audit function.
- Have sufficient experience in manual preparation to be able to review and complete the internal control and accountability manual (in both Lao and English).
- Preferably be a member of the Institute of Internal Auditors and be able to demonstrate a sound understanding of the Institutes Professional Standards and international good practice in internal audit.
- Have experience in the establishment of an internal audit function and the development and implementation of a risk based audit strategy.
- Have experience in training including on the job coaching and mentoring, the development of course materials and delivery of training courses.

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Support Provided by MPWT and Consultant

MPWT will facilitate transportation for work related purposes such as a vehicle, a laptop and access to concerned Government staff for a satisfactory and timely execution of the services.

Comment [w2]: Shouldn't the laptop be provided by the consultant particularly if the consultant is from one of the accounting firms

MPWT will provide: (i) all necessary documentation including all relevant project reports and transcripts. (ii) Office space and basic office furniture, and (iii) technical counterparts, as required, to form part of the Team.

The Consultant will responsible for his own interpreters, translators and administration costs.