

COVID-19 RESPONSE PROGRAMME
Strengthening Response, Recovery and Resilience in the Health Sector Project
Terms of Reference FOR FINANCIAL AUDIT

1. BACKGROUND

1.01 The Government of St Vincent and the Grenadines (GOSVG) has received financing from the Caribbean Development Bank (CDB), in an amount equivalent to Ten million, United States dollars (US\$10,000,000.00) (the Loan), from the Ordinary Capital Resources. The financing was allocated from funds provided by the European Investment Bank (EIB) to CDB under an agreement entitled European Investment Bank-Loan to Caribbean Development Bank: Second Climate Action Line of Credit – COVID-19 Component.

2. OBJECTIVE

2.01 The objective of the audit engagement is for the Auditor to express an opinion (or qualify or disclaim an opinion if applicable) on the project's Financial Statements for the accounting period ending on that date as well as those of the associated Designated Account. The Project's books of account provide the basis for preparation of the financial statements and are established to reflect the financial transactions in the Project.

2.02 The specific objectives are to obtain an opinion from the independent auditor regarding:

1. Whether the financial statements of the Project and/or entity including the Designated Account (if applicable) reasonably present the financial situation of the Project and/or entity.
2. The reasonableness of the supplementary financial information
3. Compliance of the executing agency and/or borrower with the Terms and Conditions of the Loan Agreement #17/OR-STV (the agreement) and applicable laws and regulations. The Auditor must evaluate the following:
 - (a) Compliance – by means of an integrated audit of the procurement and disbursement process with the norms and procedures established in the Loan Agreements, for the selection, award, contracting, receipt, and payment of goods and services and consulting procured and financed with the Loan proceedings and local counterpart funds, as such the validity of the supporting documentation and eligibility of the expenditures presented in the disbursement request.

- (b) In order to verify the proper application of procurement and disbursement procedures established in the Loan Agreements and the eligibility of the expenditures, the auditor should verify that the supporting documentation:
 - (i) is adequately supported by reliable invoices and maintained in the records of the executing agency;
 - (ii) was duly authorised;
 - (iii) corresponds to eligible expenditures in accordance with the Terms and conditions of the loan; and
 - (iv) was properly recorded.
- (c) A sample of inspection visits to works financed with project resources in order to verify that they are being executed in accordance with the approved plans and specification in the respective contracts. Visits to project beneficiaries to verify the eligibility of the beneficiary and/or the expenditure.
- (d) A review of the procedures to record, control and maintain goods acquired with the project funds; and
- (e) The auditor should evaluate and report on:
 - (i) the misuse or misappropriation of funds (intentional or not intentional) identified during the audit, segregating the amounts paid for ineligible expenditures to the Project, indicating the number of the invoices, items, and description; and
 - (ii) the status implementation of any prior recommendations.

3. SCOPE AND STANDARDS TO APPLY

- 3.01 The Audit will be conducted in accordance with International Standards on Auditing. Those standards require that the auditor plans and performs the Audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The Audit should include examining, on a test basis, evidence supporting the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.
- 3.02 In evidencing compliance Agreement, the auditor is expected to carry out tests to confirm that:
 - (a) All external funds have been used in accordance with the conditions of the relevant financing agreements.

- (b) Counterpart funds have been provided and used in accordance with the relevant financing agreements.
 - (c) Goods, works and services financed have been procured in accordance with the relevant financing agreements.
 - (d) All necessary supporting documents, records and accounts have been maintained in respect of all project activities.
- 3.03 The Financial Statements should include statement of cash receipts and payment notes, comprising a summary of significant accounting policies and other explanatory notes.
- 3.04 The internal control evaluation should include testing the effectiveness of control in the procurement process and payment for good, works and services for the period reviewed, based on a representative sample for the purpose of reducing audit risks.
- 3.05 Audits for the fiscal years ending December 31, 2024; December 31, 2025; December 31, 2026; and December 31, 2027, and the period January to June 30, 2028 are required. Plus, the closure period July to September 30, 2028, if. Necessary. In the event of an extension of the Project, the existing rates shall apply for an extension lasting up to twenty-four months.

4. AUDIT REPORTS

- 4.01 The Auditor will issue an opinion on the Financial Statements as well as the Designated Account. In addition to the audit opinion the Auditor will report on, but not limited to, the following, either in the Audit Report or in the report to the management:
 - (a) Provide comments and observations on the accounting records, systems and controls that were examined during the course of the audit. Identify specific deficiencies and areas of weaknesses in systems controls and make recommendation for their improvement.
 - (b) Report on instances of noncompliance with the terms of the Agreement.
 - (c) Quantify and report expenditures that are considered to be ineligible, paid out of the Designated Account (if applicable) or which have been claimed from CDB.
 - (d) Communicate matters that have come to the Auditor's attention during the Audit which might have a significant impact on the implementation of the Project.
 - (e) Call the borrower's attention to any other matter that the Auditor considers pertinent.

5. INTENDED USERS OF THE OF THE REPORT, LIMITATION OF USE, AND DISTRIBUTION

- 5.01 The Auditor's Report is intended for the Recipient/Executing Agency and CDB.

- 5.02 Three (3) hard copies of the Auditor's Report as well as the version, in electronic format, must be submitted by the Auditor to CDB and to the Recipient/Executing Agency.

6. DEADLINE FOR SUBMISSION OF THE AUDIT REPORT

- 6.01 It is anticipated that the external audit engagement will require a maximum of twenty (20) person-days.
- 6.02 The draft audit report for the respective fiscal period, shall be submitted to the Executing Agency no later than March 31 of the following year, to allow for review, comments and preparation of the final audit report which must be submitted to the CDB no later than April 30. The audit of the closure period is due 30th September 2028.

7. QUALIFICATIONS AND EXPERIENCE

- 7.01 The Auditor should be a qualified chartered accountant with membership in one or more professional accountancy bodies (e.g. Association of Chartered Certified Accountants) and hold a relevant external audit practice certificate. The Auditor should have at least 10 years of relevant external auditing experience.

8. GENERAL

- 8.01 The Auditor is entitled to unlimited access to all information and explanations considered necessary to facilitate the Audit including legal documents, project preparation and supervision reports, report of review and investigation, correspondence and credit account information. The Auditor may also seek written confirmation of amounts disbursed and outstanding.

BRIEF PROJECT SUMMARY

Strengthening Response, Recovery and Resilience in the Health Sector Project.

A. Project Outcome and Description

The overall objective of this project is to support the development of a modernised and expanded health care system with enhanced capacity and resiliency to respond to COVID-19 and other health security threats.

Project Summary

The proposed project consists of the following components:

Component 1 – Goods.

- (a) Medical and Non-medical equipment
- (b) Laboratory Equipment, Consumables and Reagents

Component 2 – Capacity Building.

- (a) Staff training in specialized areas

Component 3 – Institutional Strengthening.

- (a) Human Resource for Health Planning and Execution
- (b) Capacity for Epidemiological Surveillance
- (c) Quality Assurance unit
- (d) Capacity for Mental Health Care Provisioning

Component 4 – Infrastructural Works.

- (a) Supply chain management in the health sector
- (b) Capacity for the delivery of critical care services to COVID-19 and non-COVID-19 affected persons.

Component 5 – Project Management

- (a) Project Management and Auditing Services
 - (i) Consultancy Services for Project Management roles and Design and Supervision
 - (ii) Auditing Services
 - (iii) Other Services

Program Cost and Financing

Project Components	Saint Vincent and the Grenadines CDB/EIB: 88% Counterpart:12% (US\$ million)	
	Project Costs	Percent of Financing
1. Component 1 - Goods	2.958	25.97
2. Component 2 – Capacity Building	0.478	4.20
3. Component 3 – Institutional Strengthening	0.673	5.91
4. Component 4 – Infrastructural Works	4.335	38.06
5. Component 5 – Project Management	0.585	5.14
6. Contingencies	0.971	8.53
7.Counterpart Financing	1.390	12.20
Total Project Costs	11.390	100%