

Terms of Reference

Consultancy for conducting comprehensive training on risk based auditing, fraud risk assessment and conducting a pilot audit using current audit manual

1. Background

The Government of Lesotho (GoL) through the Ministry of Finance has developed a comprehensive Public Financial Management Reform Action Plan (PFMRAP) in line with the Lesotho's National Strategic Development Plan (NSDP) and the National Vision 2020 to respond to the weaknesses that were identified and, confirmed by the 2012 Public Expenditure and Financial Accountability (PEFA) results, in the areas of; Public procurement, Internal audit, External audit and Public scrutiny of audit reports.

The GoL, with support from three (3) Development Partners (DPs) (the World Bank (WB), European Union (EU) and African Development Bank (AfDB)), is committed to support consolidation and improve this reform to assist Lesotho to address the weaknesses identified in the area of public financial management.

As part of its financial support, the AfDB offered a Grant to the GoL for the Institutional Support for the Enhancement of Public Financial Management (ISEP) Project. The priority objective of the institutional capacity building agenda is to enhance the efficiency and effectiveness of the public sector in Lesotho.

The PFMRAP comprises eight (8) main components, of which the AfDB is fully covering two main areas of PFM; Procurement and Audit and oversight.

The component four (4) of the plan focuses on improvement of the functions on the Internal Audit Department (IAD). The component strategic objective is to

build the institutional, organisational and operational capacity of the internal audit function and also strengthen professional, competencies and performance of the Internal Audit personnel.

PFM reforms are not sustainable unless they are rooted in robust PFM regulatory framework. The enactment of the Public Financial Management and Accountability (PFMA) Act, 2011, was a significant step in this direction. The PFMA Act decentralized key PFM responsibilities to the line Ministries. Internal Audit Unit (IAU) is not exception to this effect. The PFMA Act and International Best Practices requires that dedicated IAU functions should be available to the Chief Accounting Officers (CAO) in each Government Ministry and Agencies to enable them to focus internal audit activity to areas of high risk and priority. However, IAU are not yet established in all ministries due to lack of budget to hire internal auditors in view of the wage bill. As interim measure, the Internal Audit Department of the Ministry of Finance continues to undertake the internal audit sixteen functions of only (16) Ministries including MoF. Furthermore, there is capacity challenges resulted from inadequate training on internal audit profession including specialized audits such as fraud risk assessment, performance audit, risk based audit approached and many others.

An Internal Audit manual has been developed using the support from AfDB. The manual is comprehensive, applicable to the Government of Lesotho internal auditors as it is fully aligned with International Professional Practice Framework (IPPF) for internal auditing including risk based auditing and fraud risk assessment. However, one of the key lesson learned is that internal auditors should be trained on the use of manual including training on risk based audit approach, fraud risk assessment in order to enhance their competency to conduct risk based audit using the current manual.

2. Objective of the Assignment

The purpose of Technical Assistant (TA) is to assist Internal Audit function in the Ministry of Finance to conduct a comprehensive training on risk based auditing, fraud risk assessment and perform pilot audit using the current manual. This will enable Internal Audit Unit to discharge its mandate in an efficient and effective manner when providing assurance and consulting services in the GoL, MDAs.

3. Scope of Services, Tasks and Expected Deliverables

The scope of TA engagement will include, but is not limited, to:

- Developing a detailed training plan that covers areas of fraud risk assessment and risk based audit approach
- Preparing a fraud risk assessment toolkit
- Conducting comprehensive training on fraud risk assessment and risk based auditing; and
- Performing a pilot audit using the current manual in collaboration with IAD staff. This will include the audit process comprising of (a) Engagement Planning; (b) Audit Execution; and (c) Reporting.

Expected deliverables for this assignment include:

- An Inception report covering the methodology, and work plan (training and audit plan);
- A fraud risk assessment toolkit and risk based audit training manual with its accompanying training report; and
- A pilot risk based audit report.

4. Duration of assignment and reporting requirement

4.1 The assignment shall be undertaken in 80 working days over five (5) months during the period starting from February to June 2020.

4.2 The consultant will report to the head of the IAD and PFMR Coordinator. The consultant is expected to work with a team of internal auditors to ensure know-how transfer and sustainability. The pilot audit report will be reviewed and the consultant is expected to incorporate comments and submit a final report within the agreed time frame /work plan.

5. Qualification and experience of the Experts

5.1 The individual consultant should have the following qualifications:

Professional Qualifications

Should have at least CIA (Certified Internal Auditor) or Master's degree in the following areas:

- Auditing
- Accounting

Experience

- At least ten (10) years experience in providing training on risk based auditing and fraud risk assessment in the public sector environment.
- At least ten (10) years experience in performing risk based audit engagements.
- Proficiency in conducting risk based audit and fraud risk assessment in the public sector.
- Skills in training and capacity building in internal audit profession.
- Include any particular language skills and/or knowledge of the country / region

6. Payment schedule

Deliverables	Payment in percentage
<ul style="list-style-type: none">• Inception report covering the methodology, and work plan (training and audit plan)	10%
<ul style="list-style-type: none">• Fraud risk assessment toolkit and risk based audit training manual; and Training report	40%
<ul style="list-style-type: none">• Pilot risk based audit report	50%