

REPUBLIEK SURINAME



MINISTERIE VAN
FINANCIËN EN PLANNING

**SELECTION OF AN AUDIT FIRM TO CARRY OUT THE AUDIT OF SUPPLIER
CLAIMS ON THE STATE**

February 4, 2022



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INVITATION LETTER

You are hereby invited to present a bid for the selection of an audit firm to carry out an audit mission to determine the true stock of supply arrears (completeness and existence of claims) of the Central Administration and of public institutions on 31 December 2021. The terms of reference and evaluation criteria for the proposals are included as an attachment to this invitation letter.

Proposals must be received by the Ministry of Finance and Planning (MOFP) at the address mentioned below on or before 18 February 2022 no later than 1:00pm Suriname time. Any proposal received after this date will be rejected.

Your proposal shall comprise the following hard-copy documents:

1. Technical Proposal (1 original and 5 copies)
2. Financial Proposal (1 original and 5 copies)

The Technical and Financial Proposals must be in two separate and sealed envelopes clearly indicating "Selection of an audit firm to carry out the audit of supplier claims on the state" and the bidder's name and contact information.

The timeline is as follows:

1. Deadline for submission of proposals: 18 February 2022, 1:00pm
2. Public opening of Technical Proposals: 18 February 2022, 1:05pm
3. Public opening of Financial Proposals: Date and time to be announced

The location of the submission and opening of the proposals is the MOFP, S.M. Jamaludinstraat 26, Paramaribo, Secretariat of the Minister. All bidders are welcome to attend the public opening.

You are kindly requested to send a notification upon receipt of this invitation of your intention to submit a bid. Notifications should be sent no later than two days after receipt. This notification does not impose any obligation on prospective bidders to submit a proposal.

Clarification questions can be submitted until 14 February 2022. Responses will be shared with all prospective bidders.

For questions or more information, please contact: viren.ajodhia@finance.gov.sr

TERMS OF REFERENCE

I. BACKGROUND AND RATIONALE

The Government of Suriname, recognizing the need to restore macroeconomic stability and address the difficult challenges related to the unsustainable debt and the accumulation of arrears, has adopted a medium-term Economic Recovery Programme (MEFP) for the period 2021-2024. Correcting the growing fiscal and external imbalances will require sustained and balanced fiscal consolidation based on revenue mobilization and a rationalization of current expenditure, while protecting social spending.

In this regard, on December 22, 2021, the Executive Board of the International Monetary Fund (IMF) approved a three-year extended fund facility (EFF) agreement for Suriname in the amount of Special Drawing Rights (SDR) 473 million (approximately US\$690 million) to accompany the country's economic reform program. The EFF-supported program aims to help Suriname restore fiscal sustainability and financial stability, strengthen governance, and improve the institutional capacity for macroeconomic policies.

In addition to the approval of the agreement, a disbursement equivalent to SDR 39 million (approximately US\$56 million) has been made available immediately to Suriname. The remaining amount will be spread over the duration of the program and its disbursement will be subject to quarterly reviews.

The establishment of this IMF program also requires the quantification of supplier arrears with a view to controlling the budgetary risk inherent in debt servicing. In this regard, the Government of Suriname intends to hire an Auditor to carry out a comprehensive audit to assess the real level of its supplier arrears.

II. OBJECTIVES

1. General objective

The purpose of the audit mission ("engagement") is to determine the true stock of supply arrears (completeness and existence of claims) of the Central Administration and of public institutions on 31 December 2021. For this purpose, the auditor will assess and examine in a comprehensive manner claims (either budgetary or extrabudgetary, paid or unpaid) between 1 January 2015 till 31 December 2021. For this purpose, the Auditor will conduct an extensive audit of these claims.

2. Specific objectives

The Auditor will:

- i. Examine all the files collected in the various accounting items of the Treasury network;
- ii. Determine:
 - a. the nominative list of validated claims;
 - b. the nominative list of unvalidated claims and the reasons behind them;
- iii. propose measures to help the authorities improve the reporting and management of supplier arrears going forward;

- iv. Determine the total amount of outstanding validated claims (“Supplier Arrears”) per 31 December 2021;
- v. Use the International Standard on Assurance Engagements (ISAE) 3000A Assurance Engagements other than Audits or Reviews of Historical Financial Information, to execute the audit.

The Auditor must perform each of the following services:

- develop an Audit Plan for approval by the Steering Group;
- conduct the audit;
- be ready to respond to any other requests related to the success of this operation, in particular participation in working groups or any other meetings at the request of the Minister of Finance and Planning or the Steering Group;
- provide legal advice on the mission, including applicable laws, risks associated with litigation inherent in possible challenges to the results of the audit.

III. Expected Results

The auditor will have to consolidate all the audited work in order to have a complete and unique database of the budgetary and extrabudgetary claims and arrears as per December 31st, 2021. The aim will be to provide:

- the following elements for each claim: the identity of the creditor (name, legal status, nationality, references etc.), the date of the claim, the amount of the claim, the identity of the Debtor Administration (Contracting Authority), the assessment of the quality of the claim (certified / refused);
- an audit report showing the results of the audit, the methodology adopted, opinion on the claims for the period audited, the difficulties encountered and the recommendations for their improvement;
- a plan for clearing the overall stock of validated arrears, including a timeline and human resource capacity to do so;
- process analysis and concrete recommendations for the improvement of the supplier audit management and reporting going forward;
- a consolidated and secure database of all claims.

Reports and products delivered

The auditor will produce a progress report twice per month for the Steering Committee, which monitors this activity, and at the end of the audit, he will produce a report written in Dutch, submitted to the Minister of Finance and Planning for approval.

After approval, the report will be submitted within a maximum of 5 days after receipt of comments in electronic version and in 7 hard copies.

IV. ROLE OF THE AUDITOR

The role of the auditor will be to:

- carry out the mission in accordance with relevant standards and procedures;
- communicate with all stakeholders;
- produce progress reports;
- formulate an opinion;
- produce the final report.

The Minister of Finance and Planning reserves the right to negotiate the technical and financial proposals with the selected Auditor if the interest of the State so requires. Any subcontracting of a task falling within the missions of the Auditor can only be done with the agreement and written consent of the Minister of Finance and Planning.

The Minister of Finance and Planning will appoint a Steering Committee for this audit engagement, with whom the selected auditor will have primary contact after awarding the contract.

1. Description of the methodology and work plan

The auditor will have to draw up a note in which they will present the capacity of their structure to accompany the State in the assessment and audit of budget arrears according to International Standard on Assurance Engagements (ISAE) 3000A Assurance Engagements other than Audits or Reviews of Historical Financial Information.

2. Information required from auditors

- The Auditors are requested to share observations on the factors that deserve to be taken into account by the Government in this exercise, in particular on considerations related to the various risks associated with the audit of budget arrears.
- To this end, they will have to provide their view on the financial, legal, operational and reputational risks linked to the operation.
- The firms consulted will have to designate, if any, their partners in the context of this operation and will give indications on the rules of their association.
- They will propose a working timetable from the date of they are contracted until the closure of the audit.

3. Duration

The duration of the execution of the services extends from the date of signature of the mandate until August 31, 2022, date of closure of this audit mission. The audit engagement will be carried out from mid-March-August 2022. This period covers the following phases:

- i. First phase (1 week): The Auditor shall meet with the competent authority and Steering Committee, for the audit engagement. During this period, the auditor becomes acquainted with the information systems and presents a preliminary PBC (prepared by client)- list.
- Second phase (1 week¹): After receiving the information from the preliminary PBC list, the auditors will present a detailed Audit Plan.

¹ One week equals seven calendar days.

- ii. Third phase (1 week): the Steering Group will review the detailed work plan and meets with the auditor to discuss the result.
- Fourth phase (4 weeks): The Auditor collects, examines debt files and organizes meetings with administrations and public institutions.
- Fifth phase (10 weeks): The Auditor carries out on-the-spot checks and produces progress reports which he transmits to the supervisory body as and when necessary.
- Sixth phase (2 weeks): The Auditor discusses the results of the mission and validates the report with the Steering Committee before presenting it to the Minister.
- Finalization (3 weeks): The Auditor submits the final audit report to the competent departmental authorities after the closing date of the last phase of the mission.

V. AUDITOR REQUIREMENTS

(a). General Requirements

The Auditor must be an international or sub-regional accounting firm composed of chartered accountants with proven experience in auditing public accounts and with a good working knowledge of the Dutch language.

The head of the firm must be a member of a professional order of accountants that is a member of the International Federation of Accountants (IFAC).

(b). Previous experience

- References of previous audits carried out;
- References of previous audits in the area of (state) budget engagements carried out.

(c). Composition of Audit Team

The proposed Audit Team must consist of:

- Head of Mission (Manager) that is a qualified accountant (member of a professional order of accountants recognized by the IFAC);
- Team member with a bachelor's degree in accounting, with good knowledge of public administration procedures;
- Team member that is a Certified Fraud Examiner (CFE) or similar certification;
- Team member that is a Master of Laws (LLM);
- Audit staff and, where appropriate, specialists in other fields with at least Bachelor.

The Head of Mission must have at least 10 years and other team members at least 5 years of experience in the area of auditing.

VI. COMPOSITION OF THE PROPOSAL

Technical Proposal

The Technical Proposal shall consist of the following sections:

1. A cover letter signed by the Head of the firm and addressed to the Minister of Finance and Planning (max 1 page);

2. Description of Auditor showing compliance with general requirements under section V(a) (max 1 page);
3. Description of previous experience as required under section V(b) (max 3 pages);
4. Table showing proposed team and compliance with requirements under section V(c) (max 1 page);
5. Suggested approach towards completion of the assignment' (max 3 pages);
6. Table showing estimated hours per team member (1 page);
7. Curricula Vitae (CV) of all team members proposed, highlighting the profile, qualifications and professional experience of the person concerned.

Additional information insofar relevant may be included as Annex.

Financial Proposal

The Financial Proposal shall consist of the following sections:

1. Table showing estimated hours per team member (corresponding to the technical proposal) and the proposed hourly rates (1 page);
2. Table showing proposed hourly rates per team member in case of any additional work (1 page);
3. Table showing proposed total proposed price with breakdown between fees and expenses.

Please note the following:

- The maximum available budget for this project is SRD 5 million and payments will take place in SRD currency;
- It is allowed to quote USD prices, in which case the Central Bank of Suriname exchange rate on the date of bid closing will be used for conversion to SRD.

VII. OTHER PROVISIONS

1. Client and Counterpart
 - The Client is the Minister of Finance and Planning.
 - The Steering Committee is responsible for the day-to-day coordination and management of the project from the Client's side. The auditor will work closely with the staff from the Ministry's relevant departments.
2. Confidentiality
 - All information provided to the auditor as part of the engagement should remain confidential. Hence, the auditor should be willing to sign a Non Disclosure Agreement with the Client.
3. Location of work

- The location of work is Paramaribo at the offices of the Ministry as well as other government offices in Paramaribo as applicable.

4. Language of work

- The working language for the submission of the proposal, relations with the client, the execution of the mission and the production of mission documents shall be Dutch.

EVALUATION CRITERIA

TECHNICAL EVALUATION			Score
Cover letter			10
General requirements			20
Previous experience			30
Understanding and approach			15
			75
	<i>Qualifications</i>	<i>Experience</i>	
Head of Mission	15	15	30
Accountant	15	10	25
CFE or similar	15	10	25
Masters of Law	15	10	25
Audit staff	10	10	20
			125
MAX TECHNICAL SCORE			200
FINANCIAL EVALUATION			Score
Hourly rates			
Head of Mission			10
Accountant			10
CFE or similar			10
Masters of Law			10
Audit staff			10
			50
Total price			50
			50
MAX FINANCIAL SCORE			100
MAXIMUM TOTAL SCORE			300