



ISLAMIC REPUBLIC OF PAKISTAN

GOVERNMENT OF SINDH (GOS)

DEPARTMENT OF HEALTH (DOH)

“Sindh Integrated Health and Women’s Empowerment Project”

Project ID: PAK1057

CONSULTANCY SERVICES FOR FINANCIAL AUDIT

Reference No:

IKB-DH-01

Tender ID: 8470

TERMS OF REFERENCE

“For Financial Audit”

Issued on: December 2025

I. Introduction and Background

The **Sindh Integrated Health and Women Empowerment Program (SIHWEP)** is being implemented by the **Health Department, Government of Sindh**, with financial support from the **Islamic Development Bank (IsDB)** under **Financing Agreement No. PAK-1057**. The Program forms part of the Government of Sindh’s broader human capital development agenda, with a focus on improving maternal, neonatal, child, and adolescent health and nutrition outcomes, strengthening family planning services, and enhancing women’s empowerment and socio-economic resilience across targeted districts of Sindh.

The Program builds on the **Sindh Human Capital Investment: 1000 Days Integrated Health and Population Program**, recognizing the critical importance of the first 1,000 days of life in shaping long-term health, nutrition, and development outcomes. SIHWEP adopts an integrated approach that combines investments in health service delivery, institutional strengthening, community-level interventions, and women-focused economic and skills development initiatives.

Under the Financing Agreement, the **Health Department, Government of Sindh** serves as the Governing Body and is responsible for the overall execution, coordination, and supervision of the Program through a **Project Management Unit (PMU)**. The Program is implemented in accordance with the terms and conditions set out in the Financing Agreement, supplemented by relevant project documents, including the Project Appraisal Document (PAD).

In line with **Article 4 (Disbursement)** of the Financing Agreement, the Governing Body is required to maintain an adequate financial management system, ensure proper accounting and record-keeping for all Program expenditures, and prepare annual **Project Financial Statements (PFS)** in a format acceptable to the Islamic Development Bank. To ensure transparency, accountability, and compliance with IsDB fiduciary requirements, the Financing Agreement further requires that the Program’s financial statements be subject to **independent external audit** conducted in accordance with internationally accepted auditing standards and IsDB guidelines.

Accordingly, these Terms of Reference have been prepared to engage a qualified and independent audit firm to conduct the annual financial audits of SIHWEP and to provide assurance on the proper use of IsDB financing, compliance with applicable financing and procurement requirements, and the reliability of the Program’s financial reporting.

II. Project Objectives

The Project Development Objective is to sustainably (i) improve utilization and quality of reproductive, maternal, neonatal, child adolescents, health services and family planning services, uptake and delivery, and (ii) enhance the empowerment and economic resilience of women and vulnerable segments of the population in the project areas.

The project encompasses five core components: strengthening public health access and resilience, promoting socio-economic capacity building and women’s empowerment, supporting effective project management, conducting financial audits, and establishing a Contingency Emergency Response Component (CERC) for quick mobilization during emergencies. The project aims to reduce maternal and child mortality in targeted areas by upgrading 392 Government Dispensaries (GDs) and expanding Reproductive, Maternal, Neonatal, Child, and Adolescent Health and Nutrition (RMNCAH&N) services, with an emphasis on family planning and counseling services for over 1.5 million beneficiaries. Additionally, a strengthened referral system,

including ambulances, mobile medical vans, and mobile laboratories, will facilitate health service delivery in hard-to-reach areas.

III. Scope of Services

According to relevant clauses of the Financing Agreements of the Project shall always maintain a financial management system, including records and accounts, and prepare financial statements for the project in a format acceptable to the Islamic Development Bank and adequate to reflect the operations, resources and expenditures related to the Project. Also, the Governing Body shall maintain records and supporting documents for all expenditures with respect to which withdrawals from the financing were made (the records should reflect all categories of withdrawals SOEs, direct payments).

The Project Financial Statements (“PFS”) are comprised of (i) Project balance sheet at the fiscal year closing date (ii) Statement of funds receipts and expenditures incurred on the Project for the year then ending (iii) Reconciliation statement for the balance of the Project’s Account as of year-end. For procurements of goods, works and services to the Project, the Governing Body is required to comply with the Islamic Development bank’s Procurement Guidelines. The Financing Agreement requires that the records, accounts and financial statements mentioned above for each fiscal year to be audited, in accordance with auditing standards acceptable to the Bank, consistently applied, by independent auditors acceptable to the Bank. Audited PFS along with its Auditor’s report should be submitted to the Islamic Development Bank as soon they become available but not later than six months after the end of the fiscal year. In fulfillment of this statutory (or Financing Agreement) requirement, the Governing Body should engage a qualified independent audit firm according to terms of reference and scope of work acceptable to the Islamic Development Bank, as summarized below.

IV. Description of the Consultant’s Tasks

The primary objective of the audit engagement is to enable the auditor to express a professional opinion as to whether (i) the Project Financial Statements (PFS) show true and fair view of the Project’s financial position as of the project effectiveness date and funds receipts and expenditures incurred during the period then ending. (ii) Expenditures reimbursed on basis of Statements of Expenditures are eligible to Bank financing and are reflected on the PFS, and for this purpose, the auditor shall carry out whatever necessary examinations of the statements and underlying records and control systems. The Audit opinion should also state whether the Procurement Guidelines of the Islamic Development Bank have been properly applied and in accordance with the Project’s Financing Agreements.

Task 1: Conduct Project’s Financial Audit

The audit subject of this Terms of Reference is considered as a special purpose contractual agreement audit for which, in addition to compliance with international standards as explained below, the auditor needs to take into consideration the Islamic Development Bank’s reporting requirements and compliance with Islamic Development Procurement Guidelines.

The audit will be carried out in accordance with Generally Accepted Auditing Standards (GAAS) such as the International Standards on Auditing (IAS) issued by the International Federation of Accountants (IFCA) or the Audit Standards issued by the International Organization of Supreme Audit Institutions (INTOSAI), having regard to relevant financing agreements and Islamic Development Bank’s particular requirements, and should pay special attention to the following:

- a) All funds provided for the Project have been used, accounted for and classified in accordance with the relevant financing agreements.
- b) All the transactions related to the project are reflected in the PFS issued according to Generally accepted Accounting Policies.
- c) Goods, work and services financed have been procured in accordance with the relevant financing agreement.
- d) All necessary copies of supporting documents, records, and accounts have been kept in respect of all projects. Clear linkages should exist between the books of accounts and reports presented to the Bank.
- e) Compliance with specific covenants of the Financing Agreement, Project Agreement and Subsidiary Financing Agreement (e.g., compliance with the short-term and long-term borrowing conditions, cash flow covenant).

- f) Eligibility of expenditures claimed under Statement of Expenditures submitted to the Islamic Development Bank for replenishment. This is in addition to substantiation of these expenditures.
- g) External funds have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided.
- h) Counterpart funds have been provided and used in accordance with the relevant financing agreements, and only for the purposes for which they were provided.
- i) The PFS have been prepared in accordance with generally accepted accounting principles and practices and give a true and fair view of the financial position of the Project as of project effectiveness date and of the resources and expenditures for the end of the fiscal year.

The auditor will be expected to review all correspondences with the Islamic Development Bank in relation to the Project including copies of the Aide Memoires, Mission Reports, and assess progress on all financial issues. The auditor will pay special attention to any specific risk area as mentioned in the project documents (such as PAD, etc.).

General Principles for Audit: The auditor should be registered as certified public accountant with the appropriate professional body in the country and have substantial experience in auditing major projects in the country. In case of government auditing, the audit team should be adequately staffed with qualified auditors having relevant background and experience in auditing. The same audit principles should be applied if the audit is conducted by private or government auditors.

Irregularities Including Fraud: The Executing Agency is responsible for ensuring the establishment and maintenance of an adequate system of internal control. It is also responsible for ensuring compliance with statutory and other regulations, and for the prevention and detection of irregularities, including fraud. Although the Auditors are not required to search specifically for such matters, the audit shall be planned and conducted so that the Auditors have a reasonable expectation of detecting material misstatements in the accounts resulting from irregularities, including fraud, or breach of regulations.

The Auditors will report in writing any serious weaknesses, fraud, irregularities or accounting breakdowns that they come across in the normal course of their duties to the designated office holder, Executing Agency, and the Islamic Development Bank without delay.

Access: The Auditors shall have rights of access to books, accounts, vouchers, Financing Agreement, Project Agreement and related Supplemental Letters, Project Appraisal Document, correspondence, and all other documents in relation of the Project and to such information and explanations as auditors consider necessary to perform their duties and fulfill their responsibilities.

In addition, the auditors will be provided with copies of the Islamic Development Bank’s relevant publications that the governing body has to recognize, including the Islamic Development Bank’s “Procurement Guidelines”.

In turn, on occasions the Islamic Development Bank’s representatives may wish to meet with Projects’ auditors, in connection with a visit to the auditor’s office, review of the audit working papers files and discussion of the work performed and conclusion reached by the auditors. The Auditor should not limit access in any way and must reply to all inquiries raised by the Islamic Development Bank’s representative. Failure to comply with this provision may disqualify the auditors from dealing with all projects funded or administered by the Islamic Development Bank. Formal discussion should normally be arranged through the Project’s designated office holder or representative. The Islamic Development Bank will have this exclusive right during performance of the audit and within two years after completion of the audit engagement.

Annual Meetings: The Auditor will be requested to attend the meeting of the Executing Agency to which the Project’s annual reports and financial statements of account are presented. The Auditor will receive all notices and other communications relating to that meeting which any member of the Executing Agency is entitled to receive. The Auditor will discuss the audit report and management report and any part of the business which concerns the auditor.

Termination of Appointment: If there are serious shortcomings on the part of the Auditor, the Governing Body, after consultation with the Islamic Development Bank, may pass a resolution to remove the Auditors before the expiry of their assignment.

Restriction of Auditor's Liability: There is no limitation of the auditors' liability in respect of audit opinions given under this assignment. The Project’s Executing Agency will not agree to any such restriction in liability.

The responsibility for the preparation of financial statements including adequate disclosure is that of the management of the Executing Agency. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguarding of the assets of the entity. As part of the audit process, the auditor will request from management written confirmation concerning representations made to the auditor in connection with the audit.

Deliverables for this Task:

There are three main deliverables of the audit engagement:

- i) **The Auditor’s Statement** serves as an official certification prepared by the Consultant to confirm the proper utilization of funds disbursed under the Special Account (SA) modality prior to replenishment requests. It includes a detailed account of the total amount received from the Islamic Development Bank (IsDB), the portion of funds disbursed to eligible recipients in line with project requirements, and the remaining unutilized balance. The statement must reflect accurate financial data in both project currency and local currency, based on verified bank records. Additionally, the Consultant is responsible for compiling a Summary of Expenditures (SOE), categorizing payments by installment and project components, and ensuring full compliance with IsDB’s financial reporting standards and replenishment procedures.
- ii) **Annual Audit** which shall include an explicit professional opinion whether (a) the project financial statements give a true and fair view of the state of the Project's affairs, (b) expenditures reimbursed on basis of Statements of Expenditures are eligible to Bank financing and are reflected on the PFS. The Auditors should consider relevant statutory and other mandatory disclosures and accounting requirements stipulated in the Financing Agreement and express in the report any relevant exception and the impact of the exception on the PFS.
- iii) **Management Letter** which should report any significant accounting and control issues arising from the audit, as identified during the internal control mechanisms review together with the related risk. The letter, with management responses, and recommendations to address the situation and insufficiencies, should be made available to the Project's governing body in time. As annex of the Management Letter the auditor will mention whether recommendations issued in the previous Management Letter have been considered by the PIU and/or Executing Agency.

V. Timeline

This assignment is expected to be initiated in the **first quarter of 2026** and finalized in a period of **eighteen (18) months** period. Accordingly, the completion of services is projected for **30 June 2027**, aligning with the current Last Date of Disbursement for the Project.

VI. Time Schedule for Deliverables

The Consultant is required to submit all necessary documentation promptly to ensure timely completion of the services. Each deliverable must be submitted to the Client for review and formal approval prior to proceeding to the next task. The table below outlines the deliverables associated with each task, along with indicative timelines and the corresponding payment schedule. All deadlines are expressed in calendar days from the effective date of the contract.

Table 1: Table of Deliverables

Task	Deliverables	Number of Submissions	Payment Schedule	Deadline	Submission Requirement
1	The Auditor’s Statement	8	%3.75 per submission %30 total	Prior to each SA replenishment request.	<ul style="list-style-type: none"> • All reports must be initialed. • Prepared in two hard copies (English and local language)
	Annual Audit	4	%15 per submission %60 total	To be received by the Project’s Executing Agency no later than six (6) months after the end of the audited fiscal year	
	Management letter	4	%2.5 per submission	Together with Annual Audit	

			%10 total		
--	--	--	-----------	--	--

VII. Facilities provided by the consultant

The list of facilities or resources that should be provided by the Consultant to effectively carry out the audit engagement and deliver the required reports are below:

- **Qualified Audit Team:** The Consultant must deploy a team of qualified professionals with expertise in financial auditing, donor-funded project compliance, and familiarity with international standards such as ISA and IFRS. The team should include at least one senior auditor responsible for signing off on the reports.
- **Audit Methodology and Tools:** The Consultant should utilize a structured audit methodology, supported by appropriate tools and templates for data collection, analysis, and reporting. This includes software for financial analysis, documentation management, and report generation.
- **Internal Quality Assurance Mechanisms:** To ensure the accuracy and reliability of audit findings, the Consultant must implement internal review and quality control procedures before finalizing any deliverables.
- **Communication and Coordination Capacity:** The Consultant should maintain effective communication channels with the Project Implementing Unit (PIU), Executing Agency, and the Bank. This includes assigning focal points for coordination and ensuring timely responses to queries and document requests.
- **Secure Data Handling and Confidentiality Protocols:** The Consultant must ensure secure handling of sensitive financial data and maintain confidentiality throughout the audit process. This includes secure storage of documents and controlled access to audit files.
- **Reporting and Documentation Standards:** All reports must be prepared in accordance with the standards and formats required by the Islamic Development Bank (IsDB), including clear presentation of findings, professional opinions, and actionable recommendations.

VIII. Support to be provided by the client to the consultants

To properly prepare the three main audit deliverables, Consultant should be provided with the following essential facilities and resources:

- **Access to Financial Records and Bank Statements:** Complete and timely access to project bank accounts, including statements for the Special Account (SA) and any sub-accounts used for disbursements.
- **Project Financial Documentation:** Detailed records of all disbursements, Statements of Expenditures (SOEs), payment vouchers, contracts, and supporting documentation for transactions made to eligible recipients.
- **Accounting and Reporting Systems:** Access to the financial management system used by the Project Implementing Unit (PIU) or Executing Agency to retrieve and verify financial data.
- **Internal Control and Compliance Documentation:** Documentation of internal control procedures, risk management frameworks, and previous audit findings to support the review for the Management Letter.
- **Project Agreements and Guidelines:** Copies of the Financing Agreement, IsDB financial reporting guidelines, and any relevant statutory or regulatory requirements applicable to the audit.
- **Coordination and Logistical Support:** Designated focal points within the PIU or Executing Agency to facilitate communication, provide clarifications, and coordinate access to necessary documents and personnel.
- **Workspace and IT Infrastructure (if on-site):** If the audit is conducted on-site, the Consultant should be provided with a secure and functional workspace, internet access, and printing/scanning facilities.
- **Historical Audit Reports and Management Letters:** Previous audit reports and management letters to assess follow-up actions and track implementation of recommendations.

IX. Team Composition & Qualification Requirements for Key Staff

i) Consultant Profile:

The Consultants should be in consulting business, have similar previous experience in the scope of services, demonstrate sound administrative and financial capacity and availability of the key experts for the performance of the services described in this TOR.

The attention of interested Consultants is drawn to paragraphs 1.12.1 and 1.12.2 of the Procurement Policy of the Guidelines for the Procurement of Consultancy Services under Islamic Development Bank Project Financing (the ‘Procurement Guidelines’), setting forth IsDB’s policy on conflict of interest.

Consultants may associate with other firms to enhance their qualifications but should indicate clearly whether the association is in the form of a joint venture and/or a sub-consultancy. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected.

Please note that the procurement process will be conducted in accordance with the “*Guidelines for the Procurement of Consultancy Services under IsDB Project Financing*”, with specific reference to the provisions outlined in Sections 1.11, 1.14, and 1.6.

ii) Team Composition:

The working language of the project is English. All the team members assigned by the Consultant must possess proficiency in English language. Day-to-day communication language will be local language or English to ensure smooth communication among all participants, direct and indirect of the Project.

All key staff and support staff shall be mobilized immediately after the contract signature in way to ensure the timely deployment of a qualified audit team, implementation of a structured audit methodology, and establishment of internal quality assurance mechanisms, communication protocols, and secure data handling systems necessary for the preparation and submission of all required audit deliverables.

All expatriate staff engaged under this Contract must obtain the necessary work permits and visas in accordance with the laws and regulations of the host country. The Consultant shall be solely responsible for securing all required permits, visas, and authorizations for their personnel, at their own cost. Furthermore, the Consultant must ensure that all proposed staff are eligible to obtain such documentation. Information regarding visa and permit requirements should be obtained from the relevant embassies or consulates of the host country.

Key and support staff qualifications shall include but not limited to the following table.

Table 2: Staff Qualification Requirements

Tasks	Position (Min. Number of Staff Required)	Required Experience
All Tasks	Senior Auditor (1):	<ul style="list-style-type: none"> • CPA or equivalent • 10+ years in financial audit • Experience with donor-funded projects and international standards
	Auditors (2):	<ul style="list-style-type: none"> • 5+ years in auditing • Familiarity with international audit standards • Experience in project financial reviews
Support Staff	Technical Support Staff Requirement	<ul style="list-style-type: none"> • Proposed as needed (e.g., analysts, officers) • Experience in financial documentation and audit tools
	Administrative Support Staff Requirement	<ul style="list-style-type: none"> • Proposed as needed (e.g., clerks, drivers, secretary) • Experience in office and logistical support

AUDITOR'S STATEMENT

To: [Funding Institution Name]

Purpose: Certification for the utilization of funds disbursed under the [Funding Modality]

Project: [Project Code] – [Project Title]

Period Covered: [Start Date] to [End Date]

Special Account: [Instalment Number and Type]

Account No: [Bank Account Number]

Certification Statement

We hereby certify the following:

- IsDB has disbursed [Project Currency] [Total Disbursed Amount] to the above-mentioned Special Account.
- According to the bank statements from [Bank Name], the local currency equivalent of the disbursement is [Local Currency] [Total Local Amount].
- Out of this, [Local Currency] [Utilized Amount] / [Project Currency] [Utilized Foreign Amount] was disbursed to end recipients for eligible purposes as per the project requirements.
- As of the reporting date, [Local Currency] [Unutilized Amount] / [Currency] [Unutilized Foreign Amount] remains unutilized.

Summary of Disbursement:

Currency	Amount (Project Currency)	Amount (Local Currency)
Disbursement from IsDB	[Total Disbursed Amount]	[Total Local Amount]
Disbursement for Project Purposes	[Utilized Amount]	[Utilized Amount]
Remaining Amount	[Unutilized Amount]	[Unutilized Amount]

This audit statement has been prepared in accordance with the requirements of IsDB regarding special account replenishment requests. The Independent Auditor's Certificate on the Summary of Expenditures (SOE) of the Project is attached as **Annexure A**.

Very truly yours,
 [Auditor Name]
 [Auditor Firm Name]
 [Contact Information]
 [Date]

Annexure A – Summary of Expenditures (SOE)

Instalment	Recipient Name	Amount (Project Currency)	Amount (Local Currency)	Confirmed
1 st Instalment	[Name]	[Utilized Amount]	[Utilized Amount]	[Yes/No]
2 nd Instalment	[Name]	[Utilized Amount]	[Utilized Amount]	[Yes/No]
3 rd Instalment	[Name]	[Utilized Amount]	[Utilized Amount]	[Yes/No]
4 th Instalment	[Name]	[Utilized Amount]	[Utilized Amount]	[Yes/No]
Total	—	—	—	

Total Amount Received from IsDB [Currency] [Total Received] / [Local Currency] [Total Received]

Remaining Balance: [Currency] [Remaining] / [Local Currency] [Remaining]