

## **TERMS OF REFERENCE**

Selection of a consultant to conduct a Forensic Audit

For the

**Sri Lanka Export Credit Insurance Corporation**

Under the Purview of the Ministry of Finance, Economic Stabilization  
and

National policies

# TERMS OF REFERENCE

## 01. Introduction

Sri Lanka Export Credit Insurance Corporation (SLECIC) is an enterprise established by the Act No 15 of 1978 and commenced operations on 08<sup>th</sup> February 1979. The corporation is a statutory body that falls under the purview of Ministry of Finance, Economic Stabilization and National Policies. Also, the SLECIC is a member of the International Union of Credit & Investment Insurers (The Berne Union). As an Institute the corporation main objectives are providing protection, support and information for exporters, banks and other financial institutions and importers.

Objectives of the business are;

- I. To issue insurance policies to exporters of goods and services against non – receipt or delay of payments resulting from commercial and non – commercial risk.
- II. To issue guarantees to banks and other financial institutions to facilitate the granting of pre-shipment and post – shipment finance.
- III. To issue guarantees to persons or institutions abroad in connection with goods exported by any person or institution from Sri Lanka or for the due performance of any services to be rendered to such persons or institutions within or outside Sri Lanka.

In this modern era of economic uncertainty and turbulence, SLECIC's policies enable exporters to penetrate and develop new export markets in hitherto uncharted territories with confidence and assurance. Many exporters hesitate to do business with previously unknown customers on credit terms due to uncertainty and insecurity. However, with SLECIC's insurance policies exporters can grant credit to foreign buyers to attract new businesses without having any fear about the payments. Natural calamities and unexpected economic recessions can affect payments even from well known, long standing customers. The solution for such events is to have an insurance from SLECIC. Our insurance policies enable the exporters to borrow at attractive terms from banks. While being accountable to the parliament annually for this relating overall activities in the Sri Lanka Export Credit Insurance Corporation and those activities are as appropriately reviewed from time to time by the Committee on Public Enterprise (COPE) at the parliament in Sri Lanka. In the last COPE committee meeting, it has been ordered to conduct a forensic audit and give a report promptly regarding the corruption and irregularities that have occurred in the Institutional, Administrative, Financial and procurement activities of the Sri Lanka Export Credit Insurance Corporation during the last 12 years.

Forensic audit also includes asset verification, accuracy and effectiveness of financial and administrative management systems, comprising input, processing, output and master file controls, end – use audit, price comparability, and reporting any indication of irregularities, and technical review.

## **02. Legal Background**

Institutional, Administrative, Financial and Procurement activities of the Sri Lanka Export Credit Insurance Corporation are governed in accordance with the following rules and regulations.

- I. Sri Lanka Export Credit Insurance Act No. 15 of 1978
- II. The Financial Regulations of the Democratic Socialist Republic of Sri Lanka
- III. The code of Establishment of the Democratic Republic of Sri Lanka
- IV. The Procurement Guidelines and Manual issued by the Democratic Socialist Republic of Sri Lanka
- V. Circulars and guidelines issued by Government of Sri Lanka.

## **03. Objectives of the Assignment**

The objective of the hiring of a consultant to conduct the forensic audit is to review following transactions made by the SLECIC during the duration from 2003 to 2023.

- I. To review the income, earned by the SLECIC by various types of investments received by the Corporation in due course & recorded in proper manner.
- II. Whether any irregularities had occurred during Payments relevant to the insurance claims for exporters in 2017.
- III. To ascertain bill discounting facility disbursed within proper manner & relevant authorizations & no any irregularities on the process & reasons for not recovery.
- IV. To identify the responsible officers related to all the above activities and documenting and submitting all supporting evidence.

## **04. Scope of Forensic Audit**

In the Scope of the Forensic Audit the above objectives should be fulfilled with the following matters and any additional areas that the consultant might consider necessary during the review.

- I. Review and analyze inappropriate use of investment income, accuracy of received investment income, review investments & effect on conflict of interest on authorized persons focusing on below two points.

### **Minimum points to review**

- Receivable of Rs. 67.1 million due from Treasury Bills/Bonds investment as per the balance sheet 2022
  - Alleged investment income which is credited to private accounts for investment made by SLECIC in 2013
- II. Determine total expenditures for claims & Bill discounts of the SLECIC in the last years focusing on below two points.

### **Minimum points to review**

- Payments relevant to the insurance claims for exporters in 2017.
- Rs. 34.9 million has been shown as bill discounts of exporters over 15 years up to 2022, Total is about Rs. 53.4 million out of this 65.4% given to one exporter.

## **05. Required qualification of the consultant**

- I. Professionally qualified Chartered Accountant of Sri Lanka (CASL) or the Association of Chartered Certified Accountant (ACCA) with professional forensic audit experience with practical experience in the field of investigation, asset / inventory management.
- II. Minimum 10 years' experience after completion of his/her membership.
- III. Minimum of (1) Assignment should be completed on Forensic audit area
- IV. The auditor should be able to apply special skills in accounting, auditing finance, quantitative methods, certain areas of law, research, and investigative skills, to collect, analyze and evaluate evidential matter, and to interpret and communicate findings.

## **06. Duration of Assignment, Duty Station**

1. The period of consultancy will be 03 months from the date of signing of the Contract Agreement.
2. SLECIC will provide office space for the consultant and if any assistant he /she need and all other equipment, Internet communication facilities & Transport facilities should be borne by the consultant.
3. Provide time line for the key deliverables specified in this TOR.

## **07. Timeline for reporting**

<b>Deliverable</b>	<b>Anticipated Date</b>
Inception Report	15 days from date of Signing Contract Agreement.
Audit field work	60 days from date of Signing Contract Agreement.
Draft Report	75 days from date of Signing Contract Agreement.
Final Report	90 days from date of Signing Contract Agreement.

## **08. Terms of payment**

The SLECIC pay the contract amount as per the following schedule, all the payments will be made after the review committee approved the relevant deliverables.

<b>No. of Installment</b>	<b>Reports</b>	<b>Payment percentage of contract price</b>	<b>Milestone</b>	<b>Deadline</b>
Installment 1	Inception Report	25% of the contract amount	Submission of Inception Report	After 15 Days from date of Signing the Contract Agreement.
Installment 2	Draft Report	40% of the contract amount	Submission of Draft Report	After 75 days from date of Signing the Contract Agreement.
Installment 3	Final Report	35% of the contract amount	Submission of Final Report	After 90 days from date of Signing the Contract Agreement.

If any delay in the given timeline from the consultant, he/she liable for a penalty which is maximum up to 10% deducting 1% of the contract value per one delayed week, this penalty will be calculated from the consultant's due payments.

## **09. Procedures for Review of Outputs**

1. A review committee will be appointed by the Chairman (MD) SLECIC.
2. The Review Committee will review and provide comments on the Inception report, Draft report & Final report within 1 week from the submission of the each reports.

## **10. Reporting requirements**

The consultant will be engaged with SLECIC and, initially the consultant need to report to the Chairman of the SLECIC

## **11. Application procedure**

Interested qualified consultants are invited to submit a proposal inclusive of the following.

- 1) Technical proposal
  - a. Detailed Curriculum Vitae
  - b. Methodology and work plan for completing the assignment
  - c. Delivery plan / time schedule
  - d. Assignment undertaken in the past five(5) years in the relevant field
  
- 2) Financial proposal

Technical and Financial Proposals need to be submitted as separate documents **in two different envelopes**. In the technical evaluation, the Consultant who scoring less than 60 points as per the evaluation criteria shown below in **Section 13** shall not be open for the financial proposals.

Further, Individual Consultant is the lead person in this assignment and he/she can get the technical assistance from one others if necessary. All relevant estimated cost in this regard should be included in the financial proposal.

## **12. Provisions for the Consultant, Ownership of Materials**

- I. The Consultant will be expected, non-conflict of interest with other assignments or its own corporate interests and acting without any consideration for future works.
- II. The consultant has no personal or business relationship with senior management of procuring entity.
- III. A consultant or an individual has not been sanctioned by the Government.
- IV. The Consultants shall not, during the term of this Contract and after its expiration, disclose any proprietary or confidential information relating to the Services, this Contract or the Client's business or operations without the prior written consent of the Client.
- V. Any studies, reports or other materials prepared by the Consultant for the Client under the Contract shall belong to and remain the property of the Client. The Consultant may retain a copy of such documents, Soft wares and any use of documents, soft wares need to get permission from SLECIC.

### 13. Evaluation Criteria

Applications from qualified candidates will be reviewed by a selection panel. Marks will be given based on the following criteria's.

<b>Evaluation Criteria</b>	<b>Weight</b>	<b>Max points</b>
Additional Qualifications <ul style="list-style-type: none"><li>• Member of Chartered Accountants of Sri Lanka (CASL) or Association of Chartered Certified Accountant (ACCA) – 15 marks for additional membership</li><li>• 10 marks for PhD Or 08 marks for Post graduate degree in relevant field</li><li>• 05 marks for Post graduate Diploma in relevant field</li></ul>	30%	30
Additional Experience <ul style="list-style-type: none"><li>• 03 marks per every additional year of experience</li></ul>	30%	30
Methodology	15%	15
Work-plan with audit programme and time period for completing the assignment	15%	15
Reporting Format	10%	10
<b>Total</b>	<b>100%</b>	<b>100</b>

All copies of the qualifications & experience should submit along with the proposal.