AIRPORTS OF MAURITIUS CO LTD

Starting Your Journey With a Smile

TERMS OF REFERENCE

Consulting services – Firms selection for financial audit of RAP for 3 fiscal years: FY 2025/2026, FY 2026/2027 and FY 027/2028

Reference: MU-AML-543682-CS-LCS

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1. BACKGROUND AND CONTEXT

The Government of Mauritius has received a loan from the International Bank for Reconstruction and Development (IBRD) and a grant from the European Union towards the financing of a Rodrigues Airport Project.

The project aims to improve air transport access to Rodrigues Island by expanding direct connections and enhancing operational reliability; strengthen the airport's climate resilience and operational safety in line with international standards; leverage sector reforms and complementary investments in tourism, water, and food systems to secure sustainable, long-lasting benefits; and boost local productivity and economic growth through the creation of direct jobs, with a strong focus on gender equality. To achieve these objectives, the project will be implemented through five components:

- **Component 1 — Infrastructure Development.** Financing the construction of a new airport runway and associated facilities on Rodrigues Island. In addition to the new runway, the project will fund new taxiways linking the existing and new runways, strengthening part of the existing runway for use as a taxiway, and three new aircraft parking stands for jet aircraft. It will also finance storm water drainage, airfield ground lighting, control systems, floodlighting, and navigational aids.
- **Component 2 — Technical Assistance for Project Implementation and Sector Reforms.** (i) Support to aviation sector development, providing technical assistance to the government to enhance sector growth and resilience; and (ii) support project implementation, including financing for consultancy services, studies, equipment, training, and other implementation support activities.
- **Component 3 — Support for Rodrigues' Sustainable Integrated Development with a Focus on Water Access and Food Security,** to support local governments, rural communities, and the private sector to carry out targeted investments and implement a sustainable territorial development strategy. Subcomponents include: (i) strengthening local food systems and (ii) supporting improved water management and development.
- **Component 4 — Supporting the Sustainable Development of the Tourism Sector in Rodrigues.** Through (i) tourism promotion and the attraction of investment; (ii) Skills development to support the tourism sector; (iii) advancing sustainable tourism among MSMEs; and (iv) strengthening sustainable tourism infrastructure (e.g., site enhancements, trails, signage).
- **Component 5 — Contingent Emergency Response (CERC).** Enabling rapid access to financing by allowing the reallocation of uncommitted project funds in the event of an eligible emergency, either following a formal declaration of a national emergency or upon a formal government request.

Regarding implementation arrangements, Airport of Mauritius Co. Ltd. (AML) is the executing agency responsible for project implementation and is establishing a dedicated Project Implementation Unit (PIU) based on Rodrigues Island**.** AML's role covers technical, procurement, financial management, monitoring and evaluation, and implementation of the World Bank's Environmental and Social Framework (ESF)

requirements. The PIU will be housed within Airport Rodrigues Co, Ltd (ARL) offices for seamless collaboration. A Project Compliance Unit[1] will be established to ensure adherence with national regulations and conformance with fiduciary and safeguards management requirements of the World Bank. Two technical units will be established in the PIU. "Project Technical Unit-I" (PTU-I) is responsible for the technical aspects of Components 1 and 2; "Project Technical Unit-II" (PTU-II) is responsible for Components 3 and 4 of the Project, in collaboration with the Rodrigues Regional Assembly (RRA). A Project Manager oversees the full PIU and will lead PTU-1, with the support of an Aviation Construction Specialist; A Project Coordinator will support the Project Manager and will lead PTU-2.

2. JUSTIFICATION

The Rodrigues Airport project is financed by a World Bank loan and a grant from theEuropean Union. The financing agreements stipulate a financial audit at the end of each fiscal year ending June 30th. The final financial audit reports for the project must be submitted to the World Bank no later than December 31st for each fiscal year.

3. OBJECT OF THE ASSIGNMENT

The objective of this assignment is to recruit a qualified and independent audit firm to conduct the financial audit of the Rodrigues Airport Project (RAP) for three (03) fiscal years 2025/2026, 2026/2027 and 2027/2028.

4. OBJECTIVE OF THE ASSIGNMENT

The objective of the audit is to enable the auditor to express an independent professional opinion on the Project's financial statements as of 30th June 2026, 30th June 2027 and 30th June 2028, and on the funds received and expenditures incurred for the respective fiscal periods, in accordance with the applicable financial reporting framework. The project's books of account provide the basis for preparation of the financial statements and are established to reflect the financial transactions in respect of the project.

5. RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

Project Management is responsible for the preparation and fair presentation of the financial statements, including the maintenance of adequate accounting records, internal controls, and the application of appropriate accounting policies. This responsibility also includes safeguarding project assets and ensuring adequate disclosure.

As part of the audit process, the auditor shall obtain written representations from management confirming its responsibilities and key assertions related to the financial statements.

[1] The compliance unit comprises the following full-time roles; Procurement specialist, Financial management specialist, Project Accountant, Lead environmental specialist, Social specialist, Health and safety specialist, Monitoring and evaluation specialist, Communications officer, and an Internal auditor.

6. SCOPE OF SERVICES

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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In complying with International Standards on Auditing, the auditor is expected to pay particular attention to the following matters, including special considerations for public sector entities:

a) In planning and performing the audit to reduce audit risk to an acceptably low level, the auditor should consider the risks of material misstatements in the financial statements due to fraud, as required by International Standard on Auditing 240 (revised).
b) When designing and performing audit procedures and in evaluating and reporting the results thereof, the auditor should recognize that noncompliance by the entity with laws and regulations may materially affect the financial statements, as required by International Standard on Auditing 250.
c) The auditor should communicate audit matters of governance interest arising from the audit of financial statements to those charged with governance of an entity, as required by International Standard on Auditing 260.
d) The auditor should appropriately communicate to those charged with governance and to management any deficiencies in internal control that the auditor has identified in an audit of financial statements, as required by International Standard on Auditing 265.
e) To reduce audit risk to an acceptably low level, the auditor should determine overall responses to assessed risks at the financial statement level and should design and perform further audit procedures to respond to assessed risks at the assertion level, as required by International Standard on Auditing 330.
f) When certain aspects of an entity's operations are performed by a third-party service provider, the auditor is expected to include an understanding and assessment of the internal control environment of the service provider during the audit process, as required by International Standard on Auditing 402.
g) As part of the audit process, the auditor is expected to obtain written representations from management and, where appropriate, those charged with governance, as required by International Standard on Auditing 580.
h) When the external auditor decides to use the work of an entity's internal audit function to modify the nature or timing, or reduce the extent, of audit procedures to be performed directly by the external auditor, the determination shall be in accordance with International Standard on Auditing 610.

i) In determining whether to use the work of an auditor's expert or the extent to which the work of an auditor's expert is adequate for audit purposes, the determination shall be made in accordance with International Standard on Auditing 620.

In evidence of compliance with agreed project financing arrangements, 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, with due attention to economy and efficiency, and only for the purposes for which the financing was provided. Relevant financing agreements include IBRD Loan and EU Grant Agreements].
b) Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided.
c) Goods, work, and services financed have been procured in accordance with relevant financing agreements,[2] including specific provisions of the World Bank Procurement Framework.
d) All necessary supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported using Statements of Expenditure (SOE) or Interim Unaudited Financial Statements (IFS) . The auditor is expected to verify that the respective reports issued during the period were in agreement with the underlying books of account.

Project financial statements

The auditor should verify that the financial statements have been prepared in accordance with International Public Sector Accounting Standards [or refer to relevant national standards or practices]. The financial statements should include:

a) A statement of financial position;

b) A statement of financial performance;

c) A statement of changes in net assets/equity;

d) A cash flow statement;

e) When the entity makes its approved budget publicly available, a comparison of the publicly available budget and actual amounts should be presented either as a separate additional financial statement or as a budget column in the financial statements; and

f) Notes, comprising a summary of significant accounting policies and other explanatory notes.

[2] Depending on the complexity of procurement activities, the auditor may consider involving technical experts during the audit engagement, in compliance with provisions of International Standard on Auditing 620. Consideration of using of the work of experts should be brought to the early attention of the borrower and the World Bank for mutual agreement and appropriate guidance.

The explanatory notes should include reconciliation between the amounts shown as "received by the project from the World Bank" and those disbursed by the Bank and a summary of movements on the project's designated account.

In situations where a simplified **cash basis** form of financial statements is prepared, items (a), (b), (c) and (d) above may be represented by the information below while items (e) and (f) remains applicable:

a) A summary of funds received from the World Bank, other financiers and counterpart contributions from the borrower, all presented separately;
b) A summary of expenditures paid, presented under project account headings and main categories of expenditures; and
c) Additional disclosures in explanatory notes, including details of statements of expenditures (SOE) supporting Withdrawal Applications submitted during the period, a reconciliation of movements on the Designated Account, and a statement of fund balances.

Review of Statements of Expenditure and Interim Unaudited Financial Statements

The auditor is required to audit all SOEs/IFS submitted to the World Bank in support of requests for periodic replenishment of the project designated account(s). Expenditures should be examined for eligibility based on criteria set out in the terms of the financing agreement and detailed in the Project Appraisal Document. The auditor should report any ineligible expenditures identified as having been included in withdrawal applications and reimbursed.

Review of designated accounts

During the audit of the project's financial statements, the auditor is required to review the activities of the project's designated account(s). The activities to be examined will include deposits received, payments made, interest earned, and reconciliation of period-end balances.

7. REPORTS AND DELIVERABLES

The Consultant shall submit the following deliverables for each fiscal year:

(a) Draft Audit Report

The draft audit report shall be submitted no later than 1st November of each audit year. The report shall be submitted electronically for review and comments by the Client.

(b) Final Audit Report

The final audit report, incorporating all comments received, shall be submitted no later than 1st December each audit year.

All reports shall be prepared in English and submitted in both hard copy (three (3) copies) and electronic format (Microsoft Word and PDF).

The audit report shall include:

- Independent Auditor's Opinion on the Project Financial Statements
- Financial Statements of the Project
- Notes to the Financial Statements
- Management Letter outlining internal control weaknesses and recommendations
- Statement of Expenditures (SOE) Review
- Designated Account Reconciliation Statement

The final audit reports must be submitted to the World Bank no later than six (6) months after the end of each fiscal year, in accordance with the Financing Agreement. The final deliverables for each year shall be submitted in English in report form, printed on A4 paper, properly numbered and bound, in three (3) hard copies and one (1) electronic copy. Draft reports will be sent electronically.

Audit opinion

The auditor will issue an audit opinion on the financial statements. The auditor's opinion shall be based on an evaluation of the conclusions drawn from the audit evidence obtained and shall be expressed clearly in a written report that also describes the basis for that opinion. The audit report shall be prepared in accordance with International Standard on Auditing 700.

A modified audit opinion shall be expressed in the financial statements when the auditor concludes, on the basis of the audit evidence obtained, that the financial statements as a whole are not free from material misstatement; or the auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement. Modified audit opinions shall be in accordance with International Standard on Auditing 705.

The auditor will include emphasis of matter paragraphs or other matter paragraphs in the audit opinion where the auditor, having formed an opinion on the financial statements, seeks to draw users' attention, when in the auditor's judgment it is necessary to do so, by way of clear additional communication in the auditor's report. The paragraphs will refer to either a matter that, although appropriately presented or disclosed in the financial statements, is of such importance that it is fundamental to users' understanding of the financial statements; or as appropriate, any other matter that is relevant to users' understanding of the audit, the auditor's responsibilities, or the auditor's report. This form of opinion will be presented in accordance with International Standard on Auditing 706.

Other audit reports

In addition to the audit opinion, the auditor will also, either in the audit report or in the report to management:

a) provide comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;

b) identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;

c) report on instances of noncompliance with the terms of the financial agreement(s);

d) quantify and report expenditures that are considered to be ineligible and either paid out of the designated account(s) or claimed from the World Bank;

e) communicate matters that have come to attention during the audit that might have a significant impact on the implementation of the project;

f) draw to the borrower's attention any other matters that the auditor considers pertinent; and

g) responses from management, including implemented and proposed remedial actions.

The auditor's opinion on the financial statements and management letter should be received by the Bank no later than [three to six] months after the end of [the audit reference date].

General

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, reports of reviews and investigations, correspondences, and credit account information. The auditor may also seek written confirmation of amounts disbursed and outstanding in the Bank records.

The auditor is encouraged to meet and discuss audit-related matters, including input to the audit plan, with the World Bank project task team.

It is highly desirable that the auditor reviews the Bank's financial reporting and auditing requirements contained in the **Bank Policy: Investment Project Financing** (last updated August 2024). The auditor should also be familiar with the **Disbursement Guidelines for Investment Project Financing** (February 2017), the **Loan Handbook for World Bank Borrowers** (February 2017), and the **World Bank's Procurement Framework** (effective July 2016, with subsequent updates including revisions in March 2025).

8. LOCATION OF SERVICE DELIVERY

The assignment will be carried out in Port Louis (Mauritius) at the head office of Airport of Mauritius Co Ltd (AML). The consultant may conduct field works on Rodrigues Island to

oversee accomplishments in the construction of the runway for the fiscal years 2026/2027 and 2027/2028.

9. DURATION OF THE ASSIGNMENT

The assignment shall be carried out on an annual basis for each fiscal year audit. Each audit engagement is expected to be completed within one (1) month from the commencement date.

For FY 2025/2026:
- Start Date: 1st October 2026
- Draft Report: 1st November 2026
- Final Report: 1st December 2026

For FY 2026/2027:
- Start Date: 1st October 2027
- Draft Report: 1st November 2027
  Final Report: 1st December 2027

For FY 2027/2028:
- Start Date: 1st October 2028
- Draft Report: 1st November 2028
- Final Report: 1st December 2028

A site visit to Rodrigues Island for the construction site of the runway will only be required for the FY 2026/2027 and FY 2027/2028 audit.

10. TECHNICAL TEAM SPECIFICATIONS

The Consultant shall propose a qualified, multidisciplinary team with the expertise and experience necessary to deliver the assignment's objectives and outputs. All experts must possess strong analytical, communication, and teamwork skills, and be proficient in English and French. Knowledge of Creole will be considered an advantage. The table below summarizes key specialists to align for this assignment;

No	Position	Academic Background	Required Experience
1	Team Leader	Minimum: Master's degree in finance and accounting certification (ACCA, CPA, etc) is required	- Master's degree in accounting, Finance, or related field - Professional certification (ACCA, CPA or equivalent) is required - Minimum of ten (10) years of experience in financial auditing - Demonstrated experience in auditing World Bank or donor-funded projects - Experience as Team Leader in at least five (5) similar assignments.

No	Position	Academic Background	Required Experience
2	Senior Financial specialist	Minimum: Master's degree in finance and accounting certification (ACCA, CPA)	- Master's degree in accounting, Finance, or related field - Professional certification (ACCA, CPA or equivalent) is required - Minimum of ten (10) years of experience in financial auditing - Demonstrated experience in auditing World Bank or donor-funded projects - Experience as Senior Financial specialist in at least five (5) similar assignments
3	Procurement specialist	Minimum: Master's degree in engineering, finance, law, etc with certification in procurement	- Master's degree in engineering, finance, law, etc - Certification in procurement - At least ten (05) years of experience in procurement processes and a good understanding of World Bank procurement guidelines and procedures. - The candidate must have participated as senior procurement specialist in at least three (05) audit assignments for projects funded by multilateral
4	Civil Engineer	Civil Engineer degree in construction	- Civil Engineer degree in construction - At least ten (10) years of experience in civil engineering construction projects. - Experience with at least three (03) references within the last five years in supervising the construction of projects of comparable or greater size than the Rodrigues runway construction project.

In addition to the updated and signed Curriculum Vitae, each aligned specialist (expert) must attach a certified/notarized copy of the diploma as well as certificates of employment.

The Civil Engineer will not be required for the first audit assignment for the fiscal year 2025/2026 but will be required for fiscal years 2026/2027 and 2027/2028.

11. SUPERVISION OF SERVICES AND ACCEPTANCE OF EXPECTED RESULTS AND/OR DELIVERABLES

The reports (deliverables) in hard copy (3 copies) shall be submitted to AML and sent on all the following emails addresses:

- navin.bhobun@aml.aero (Navin BHOBUN)
- vijay.boolbah@aml.ero (Vijay BOOlBAH)
- fredy.panganayi@aml.aero (Fredy PANGANAYI)

The AML Project Manager and the PIU Project Manager of the Rodrigues Airport Project (RAP) will share them with the relevant PIU Specialists for comments.

12. AVAILABLE INPUTS

Each deliverable shall be reviewed by the Client within ten (10) working days. The Consultant shall address all comments and resubmit the revised deliverable within five (5) working days. The Client will make available to the Consultant all relevant information, project documents, financing agreements, financial statement, bank statement, invoices, contracts, other reports, etc and reference materials necessary to carry out the assignment effectively. These materials will be provided primarily by the Project Implementation Entity (AML).

13. ETHICS AND ANTI-CORRUPTION

The Consultant shall comply with the World Bank's Anti-Corruption Guidelines and observe the highest standards of ethics during the selection and execution of the assignment.

14. SELECTION METHOD OF THE CONSULTANT

The Consultant will be selected using the Least Cost Selection (LCS) method, in accordance with the Procurement Regulations for Borrowers under Investment Project Financing (IPF), Sixth Edition of February 2025 and available on the World Bank website: www.worldbank.org and in accordance with the criteria required under these Terms of Reference.

15. CONFIDENTIALITY AND INTELLECTUAL PROPERTY RIGHTS

Unless otherwise stated, all reports, data, and relevant information such as maps, diagrams, designs, databases, documents, software programs, supporting records, or materials compiled or prepared by the Consultant for the Client shall be confidential and remain the exclusive property of the Client.

The Consultant shall deliver all such documents to the Client, along with a detailed inventory. The Consultant may retain one copy for its records but shall not use it for any purpose unrelated to this contract without the Client's prior written consent.

16. PAYMENT

The Payments shall be made upon submission and acceptance of deliverables as follows:

- 30% upon submission of the draft report;
- 70% upon submission and approval of the final report.