



**TERMS OF REFERENCE**  
**QUALITY CONTROL OFFICER – AUDIT OUTSOURCING PROJECT (AOP)**  
**AUDIT GENERAL’S DEPARTMENT**

**1.0 BACKGROUND**

The responsibilities and authority of the Auditor General are detailed in the Constitution and the Financial Administration and Audit Act. The Auditor General and the employees of the Auditor General’s Department (AuGD) are tasked with conducting independent audits in accordance with acceptable, professional and ethical standards and issue appropriate reports on the use of public resources.

The role and functions of the Auditor General are defined in the following legislations and regulatory framework:

- The Jamaican (Constitution) Order in Council (Act), July 23, 1962
- Public Bodies Management and Accountability Act, 2001
- Financial Administration Audit Fiscal Responsibility Framework Amendment Regulations 2015
- Financial Administration and Audit Act, 2011
- The Executive Agencies Act

**Audit of Appropriation Accounts and Financial Statements**

The Auditor General is mandated by Section 122 of the Jamaican Constitution to audit the accounts of all government bodies. Section 25 of the Financial Administration and Audit (FAA) Act expounds on the specific responsibilities of the Auditor General. This legal mandate sees the Auditor General’s Department (AuGD) conducting financial statement audits of 43 of the 251 entities, 83 Appropriation Accounts of Ministries, Departments and Agencies, 14 Municipal Authorities, 14 Internationally Funded Projects and 11 Statements for the Accountant General’s Department.

However, the fulfilment of this task is hampered by the delays faced by executives in preparing financial statements for audit resulting in a serious backlog, as many entities have not submitted accounts for several years. Consequently, Parliament is not provided with actual and recent information on the financial performance of the Executive. Further, because the audits relate to accounts of several years ago, the relevance of these audits are undermined. A significant part of the audit capacity of the AuGD is allocated for this effort.

The aggregate unaudited financial statements for Ministries, Departments and Agencies are four hundred and thirty-three (433). Of this amount, approximately one hundred and sixty three (163) of these statements represent the financial statements of Statutory Bodies, Executive Agencies and Local Authorities in backlog<sup>1</sup>.

The remaining two hundred and seventy (270) backlog statements represent Appropriation Accounts. The AuGD Strategic Audit Plan for the period 2018 – 2021 indicates that the total number of audits to be undertaken over the three-year period is five hundred and twenty (520), however this amount does not include the backlog mentioned previously. All the backlog of unaudited financial statements must be cleared in order to facilitate:

1. Compliance with the law for all stakeholders.
2. Improve the public financial management (PFM) landscape in the GOJ.

To achieve this, the Auditor General’s Department will utilize the provision of the law to outsource the external audit function.

### **STRATEGIC PUBLIC SECTOR TRANSFORMATION PROJECT (SPSTP)**

The Project Development Objective (PDO) of the SPSTP is to strengthen public resource management and support selected public sector institutions in facilitating a more enabling environment for private sector growth. The project has six components. This consultancy falls under Component III: Adaptive Public Sector Approaches to Promote Fiscal Sustainability. The components of the SPSTP are:

- Component I: Strengthening the Public Investment Management System
- Component II: Strengthening the Budget Preparation Process & Results-Based Budgeting
- Component III: Adaptive Public Sector Approaches to Promote Fiscal Sustainability
- Component IV: Strengthening Property Tax Compliance and Administration.
- Component V: Fostering Industrial Growth and Trade Facilitation
- Component VI: Project Management

#### **Component III**

The outsourcing of the audits will provide support to the Public Financial Management systems under Component 3 of the Strategic Public Sector Transformation Project. This component will support activities that will contribute to the sustainability of GOJ's reform process in public administration, fiscal sustainability and growth.

The objective of this component is as follows;

- a) To support measures to institutionalize the process of behavioral change to support new policy processes,

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<sup>1</sup> Backlog financial statements are those that are in arrears for four or more years.

- b) Provide just in time technical assistance to take into account ad hoc needs of the government and to,
- c) Effectively take advantage of opportunities when they arise, to bridge policy and implementation gaps revealed in the course of project implementation.

## **2.0 EXPECTED OUTCOME OF THE AOP**

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The objective is to strengthen the accountability and transparency of the Government of Jamaica (GOJ) operations. The specific objective in relation to the AOP is to eliminate the backlog of 163 unaudited financial statements. The Project will be implemented over an eighteen (18) month period.

## **3.0 OBJECTIVES OF THE CONSULTANCY**

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The objective is to ensure that the Quality Control Officer is responsible for providing reasonable assurance to the Project Manager for the AOP that outsourced audits are conducted in accordance with applicable professional standards, AuGD policies and legislative requirements at an acceptable level of audit risk and adds value to the respective MDA.

## **4.0 SCOPE OF WORK**

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In order to achieve the stated objectives of the assignment the Quality Control Officer will be required to:

- Manage and direct multiple audits ensuring the processes comply with the AuGDs policies and procedures.
- Review the planning process to ensure that there is a thorough understanding of the relevant assignments, the Agency's objectives, internal controls, policies and processes, financial reporting framework, and applicable laws & government regulations,
- Provide guidance to Consultants to ensure that significant risk areas are identified and an appropriate audit strategy is developed.
- Implement financial statements quality assurance guidelines by reviewing and signing working papers for all audits undertaken by the audit firm; and provides milestone updates to the Project Manager.
- Liaise with officers within Agencies to provide information address their concerns, and escalates problems when they arise.
- Meet with Heads of Department and Representatives from the Audit Firm (Audit Manager/Partner) to discuss audit findings;
- Review and submit audit completion reports/management letter to Principal Auditor at AuGD.

## 5.0 DELIVERABLES OF THE CONSULTANCY

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	Main Deliverables	Description
1	18 monthly Reports - Monitoring and Reporting	<ol style="list-style-type: none"><li>1. Reports outlining the audit activities reviewed for the period, and proposed activities for the next month.</li><li>2. Evidence of Reviews conducted on each component of the financial statement audited in keeping with International Standards on Auditing.</li></ol>
2	A final report on assignment completion	Summarise work done, results achieved and proposals for next steps to be implemented by the GoJ.
3	Ad Hoc reports	Additional informal reports may be requested by stakeholders from time to time

## 6.0 CHARACTERISTICS OF THE CONSULTANCY

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- Level of effort: Full time level of effort
- Duration of contract: Eighteen (18) months
- Location: Jamaica
- Type of Consultancy: Individual Consultant
- Type of contract: Lump sum payments

## 7.0 OFFICE ACCOMMODATION

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The work will be carried out in Jamaica and be housed within the Auditor General's Department. There will be instances where arrangements will have to be made with the Consultant in order to review work. This may necessitate visits to the premises of the audited agency.

## 8.0 REPORTING AND ACCOUNTABILITY

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The Quality Control Officer will report to the Project Manager located at the AuGD and work in conjunction with designated personnel from the office of the AuGD

The Quality Control Officer will be required to submit status reports on the work plan with any proposed changes at monthly intervals up until the end of the assignment.

## **9.0 QUALIFICATION AND EXPERIENCE**

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- ACCA/CPA Certified
- At least three years' experience in an external audit environment
- At least two years' experience in quality assurance
- Must have knowledge of and proficiency in at least one auditing software with training certification