

TERMS OF REFERENCE

World Bank – Centre for Financial Reporting Reform (CFRR)

Short-Term Local Consultant (STLC)

1. BACKGROUND

The Road to Europe Program of Accounting Reform and Institutional Strengthening for Small and Medium Enterprises (REPARIS for SMEs) aims to support: (i) further improving access of SMEs in the Western Balkans to professional accounting and financial management services, and (ii) alignment of Western Balkan countries' corporate financial reporting frameworks with relevant directives and regulations of the European Union (EU). Project beneficiaries are the Western Balkan countries: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia.

REPARIS for SMEs builds on progress made under the completed EU-REPARIS Program (2015-2019). It is delivered by the **World Bank Centre for Financial Reporting Reform (CFRR)**, based in Vienna, Austria, in close cooperation with World Bank Country Offices in the beneficiary countries. Project activities include training, learning events, technical assistance provided to public officials, regulators, accountants, auditors, professional accounting organizations, business support organizations, and chambers of commerce. The main components of the project are:

- (A) Supporting the development and implementation of sustainable education and training programs.
- (B) Support for the transposition and alignment of national legal frameworks and practices in financial reporting and auditing with the EU requirements.
- (C) Supporting a regional approach to the implementation of completed accounting and audit reforms.
- (D) Landscape assessments of accounting advisory services and the Accounting and Auditing Reports on the Observance of Standards and Codes.

Activities under Component C aim at supporting the audit quality assurance systems, sharing experiences and findings from the review of external audits during regional events and pooling country level-resources to create a shared pool of experts for the Western Balkans.

Although a Public Oversight Board (POB), which functions as the executive branch of the Kosovo Council for Financial Reporting (KCFR) has been established in Kosovo, due to lack of adequate resources and financing, the POB cannot fulfill all its responsibilities, as foreseen by the law. In response to this, the KCFR and the POB requested tailored technical assistance to initiate quality assurance inspections. This request is outlined in a letter No.22/2023 dated September 29, 2023. In parallel, the KCFR will receive assistance under the REPARIS for SMEs regarding amending current legislation with a final aim to introduce a proper financing mechanism for public oversight and quality assurance and continue performing inspections on a regular basis.

2. OBJECTIVE

The objective of this assignment is to provide support to the Public Oversight Board (POB) in performing quality assurance inspections over audits of large and public interest entities. The technical assistance will consist in hiring of two local experts, who will support the existing staff and members of the POB in the process of review the planning and performing the implementation of planned inspections for the quality

(management) control of the audit firms and statutory auditors, including providing inputs for inspection reports. The consultants will be under direct management of the POB Head.

3. TASKS TO BE PERFORMED

Within this assignment, the Consultant will be responsible for performing the following tasks:

1. Provide assistance to the POB in developing and implementing a comprehensive quality assurance program. The methodology will include a risk-based approach to prioritize inspections of audit firms and engagements (at least 6 audit firms and 4 statutory auditors should be inspected as part of this assignment) based on inspection plan approved from POB.
2. Support the POB staff and members in performing quality assurance inspections based on the existing quality assurance methodology, approved by the POB and considering the guidance provided by the international consultant (the Institute of Chartered Accountants in England and Wales, ICAEW) which is supporting the POB on the regional basis.
3. Support the POB staff and members in identifying relevant risk factors with materiality within the local context. The Consultant will review questionnaires and provide advice to the team on necessary improvements to current processes.
4. Assist the POB team during the pre-inspection phase, including the preparation of the inspection plan and timetable. The Consultant will also review the inspection notification letter with the audit firm and the pre-inspection questionnaire. Furthermore, the Consultant will participate in the fieldwork and provide technical support to the POB staff and members in reviewing both the audit firm's Quality Control System and the selected audit engagements.
5. Assist the POB staff and members in improving the structure of the inspection file and implementing a reference system.
6. Support the POB staff and members and attend discussions regarding the findings in the exit meeting with the audit firm. The Consultant will assess comments from the audit firm/audit team and ensure that any findings, observations, or potential deficiencies are noted in the comments form.
7. Assist the POB staff and members in preparing the draft inspection report, which will highlight findings, recommendations, and areas of concern. The Consultant will also provide assistance in the final communication with the audit firms and in finalizing the inspection report.
8. Collaborate with the POB inspection team to review a follow-up inspection program.
9. Support the POB staff in processing the information provided from statutory auditors on the audits conducted in the public interest entities.
10. Regularly meet the POB staff and members (at least one per months) to discuss the progress of tasks and inform regarding the existing issues, if any.

11. Provide the POB staff recommendations on improvement their internal processes and regulations related to quality assurance system.
12. Work in close cooperation with other local and international consultants hired under this project (the WB team will facilitate the first meeting with the international consultant)
13. Perform any other task considered relevant from POB under this assignment.

4. DELIVERABLES, TIMETABLE AND ESTIMATED DAYS

All the activities performed will be summarized by the Consultant in a monthly report prepared in the English language. This report will be submitted along with the payment claim.

The key deliverables, indicative delivery date, and estimated effort for this assignment are summarized in the table below:

Key Deliverables/outputs to which the Consultant should contribute	Indicative Timetable/Level of effort
1. Participate in quality assurance inspections (starting with pre-inspection phase and finalizing with final inspection report, as per detailed tasks described in section 3) for at least 6 audit firms and 4 statutory auditors (the number of audit engagements will be determined in consultation with the POB) and provide inputs for draft inspection reports (the Consultant will not be involved in the decision-making process).	As per working plan agreed with the POB (estimated level of efforts 95 days)
2. Conceptualize recommendations on improvement internal processes and regulations related to quality assurance system by the POB and include these in the Consultant’s monthly reports.	During the period of assignment (estimated level of efforts 15 days)
Total level of effort	110 days

All deliverables will be drafted by the Consultant in Albanian language.

The assignment is expected to commence on December 01, 2023, and be completed by the end of June 2024.

5. SPECIFIC REQUIREMENTS

In addition to the standard conflict of interest restrictions specified in the consulting contract, on the commencement of the assignment, the Consultant will jointly prepare with the POB a Statement of Confidentiality that will bind the Consultant to nondisclosure of any sensitive information that the Consultant may become knowledgeable of in the course of the assignment.

The Consultant should adhere to strict confidentiality requirements to protect sensitive information and maintain independence and objectivity in performing inspections and activities under this assignment. The consultant will not be involved in any decision-making process.

The terms of this agreement shall be made consistent with the relevant privacy laws of Kosovo.

The consultant will prepare inputs, reports and other materials on the basis that the POB shall the right to use it without additional contract or remuneration, at the same time all inputs or materials created under this Contract will remain the property of the World Bank. The reuse of these materials and inputs by the Consultant for other engagements requires the formal, written approval from the World Bank.

6. CONSULTANT QUALIFICATIONS

In order to ensure an adequate capacity and appropriate combination of education and experience, the Consultant must meet the following qualifications:

- to be a certified auditor who has not exercised the profession in the last three (3) years
- at least four (4) years of auditing experience in a licensed auditing
- at least 8 years of combined relevant professional experience/education in accounting, auditing, financial reporting
- demonstrated ability to assess professional judgements made by the auditors
- unquestionable integrity and ethics background
- not to have conflict of interest
- have a good understanding of international auditing and financial reporting standards (ISA, IFRS, ISQM/ISQC)
- Albanian language literacy and English language skills
- work experience in medium and larger audit firms, including networks will be considered as an asset (e.g., experience in peer reviewing and internal quality reviewing experience)

7. CONTRACTUAL LOGISTICS AND REPORTING ARRANGEMENTS

The assignment shall be performed under the direct supervision of Ms. Iwona Warzecha, task team leader of this assignment.

The Consultant will reside at the premises of the Public Oversight Board during the work on site and report to the POB Head or another person assigned from the POB. The POB shall provide the Consultant with the required office space, logistics, administrative support, communication means (excluding mobile means), premises for meetings and other similar resources needed to set up the activities in the framework of this assignment.

Consultant's inputs to the main deliverables under this assignment will be primarily approved by the World Bank/CFRR in consultation with the POB.

Contractual arrangements such as the Consultant's daily rate will be detailed in the letter of appointment.

Payment will be made upon receiving the final versions of the key deliverables, and the brief report prepared in English language on the performed activities and approved by the WB task team leader.

These terms of reference will form part of the Consultant's contractual obligation to the World Bank.

8. Submission of CVs

Interested and qualified individual consultants should submit CVs and motivational letters
by November 6, 2023 to email: iwarzecha@worldbank.org Ms. Iwona Warzecha, REPARIS for SMEs Task
Team Leader, Sr. Financial Management Specialist, The World Bank.