

TERMS OF REFERENCE (TOR)

HIRING OF FIRM FOR INTERNAL AUDIT

BACKGROUND:

Program Support Unit (PSU) established in the P&D Board to implement Punjab Resource Improvement and Digital Effectiveness (PRIDE) Program. It is a five-year program (PforR) funded by International Bank for Reconstruction and Development (IBRD) – World Bank Group with objectives to strengthen Public Financial Management (PFM) Systems and revenue mobilization in the Punjab Province to promote coherent PFM systems. The Program will also support the GoPb's Development response to COVID-19 challenges. The Program Support Unit (PSU) in the P&D Board is responsible to coordinate implementation of activities under the P&D Board.

PSU is looking to improve and strengthen its internal accounting control environment and is looking to hire a firm to conduct an internal audit. The firm will be responsible for conducting an in-depth internal audit of PRIDE Program including technical assistance component (PSU & PMFU) and selected implementing agencies of the program, as and when required. The program funding LO/LQs/Heads of budget being used for expenditure purposes will be shared with the audit firm by PSU, P&D Board, as per expenditure framework of the program.

OBJECTIVES:

The Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Internal Audit helps an organization accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The "independence" of Internal Auditor means that its activities are conducted in a manner free from conditions that threaten its ability to carry out its responsibilities in an unbiased manner.

The purpose of hiring the Internal Auditor is to help the program accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the

effectiveness of risk management, control, and governance processes. The management perceives that Internal Auditor shall:

- provide assurance that financial and operational risks are understood and appropriately managed;
- Identify gaps and promote the establishment of best practices with respect to Public Funds Management;
- identify opportunities for pragmatic efficiency and effectiveness improvements, primarily in internal controls and risk analysis;
- advise on matters regarding internal controls and risk management;
- evaluate risk management procedures and internal controls;
- provide comprehensive process assurance services.
- Provide trainings for the capacity building of Program staff as well as audit staff of the AGP in order to conduct annual audit of the Program in accordance with the Cash basis International Public Sector Accounting Standards (IPSAS).

TASKS AND RESPONSIBILITIES:

The Internal Auditor shall provide the internal audit services to PRIDE Program including technical assistance Component (PSU & PMFU). The following is the scope of work, duties and responsibilities of the consultant. These include but are not limited to:

- The firm is required to provide a detailed review of current systems including an analysis of current controls and procedures and provide an overview of systematic risks arising due to current systems. The firm is expected to do this with respect to current best practices. This extends to evaluating accounting controls, procedures and policies.
- The firm is required to conduct a program level internal audit including technical assistance component (PSU & PMFU) which will include yearly internal audits for randomly selected program implementing agencies, as and when required.
- The firm is required to provide solutions with respect to any control gaps found between practices followed at the PSU & PFMU and selected implementing agencies with respect to best practices under PRIDE Program

- The firm is required to have a clear understanding of Government accounting policies and procedures and audit requirements when proposing solutions or improvements to PSU / PFMU's systems and/or selected implementing agencies under PRIDE Program.
- The firm is to propose and implement adequate monitoring mechanisms at PSU & PFMU and all implementing agencies under PRIDE Program in order to ensure best practices. It is expected that solutions provided by the firm will be in complete compliance with Government policy, standards and requirements.
- The firm is to provide an opinion on financial information provided to management and assess any risks arising from the operations of the current system. The firm will also provide solutions in cases where the reliability, relevance or timeliness of information provided to management is at risk.
- The firm may be asked to provide sources and procedures for maximizing information flows to upper management. This may include establishment of processes to provide relevant information streams to upper management at the end of each pre-defined period.
- The firms may be asked to assess current procedures regarding fixed assets.
- The firm may be asked to conduct verification of Physical assets and stock of PSU & PFMU as well as implementing agencies of the Program.
- The firm is to evaluate and review internal controls with a focus on identifying gaps that might result in any sort of irregularities or malpractices. The firm will be expected to provide a solutions and/or mitigating measures to such gaps.
- The firm is required to develop, in consultation with higher management, a strategic Internal Audit Plan of PRIDE Program based on assessment of key risk factors facing PSU & PFMU and implementing agencies, with regard to its current operations, specifications and requirements for future audits and schedule of audits to be conducted at the organization.
- The firm is responsible to prepare annual audit reports in line with the approved audit plan under PRIDE Program including technical assistance component (PSU & PMFU).
- The firm shall provide trainings to the audit staff of Auditor General of Punjab (AGP) under PRIDE (P4R) program in order to conduct annual audit in each financial year.

- The firm shall also train the audit staff of AGP to prepare the annual financial statements of PRIDE program to be submitted to the World Bank in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS).
- The firm shall also conduct training sessions for the staff of PSU & PMFU for the preparation of Annual Financial Statements of PRIDE Program both P4R and TA components
- The firm may be asked to perform other tasks as and when required by upper management.

Team of Experts:

The qualifying firm is expected to have following team members for this assignment:

Sr. No.	Description	Total No of Consultant	Criteria	Program
1.	Team Lead	01	CA/CPA/ACCA with 10 years' work experience	PRIDE Program (PSU, PMFU and all Implementing agencies)
2.	Coordinator	02	16 year education with 7 year relevant experience	One Coordinator for PSU and one for PMFU including all implementing agencies under PRIDE Program
3.	Associates/ Experts/ Accountants	4	CA/CPA/ACCA with 4 years' work experience	2 Associates/Expert/ Accountants each for PSU and PFMU including respective implementing agencies

Deliverables:

The firm is required to conduct the Internal Audit of Program Units i.e. PFMU and PSU as well as Implementing Agencies, on yearly basis for the period of 5 years & submit yearly audit reports. The firm is expected to deploy its resource for 3-4 months for each year. The deliverables shall include;

Project Inception Report

Annual Inception Report/ Audit Plan

Draft Audit Report on yearly basis (4 in number)

Final Annual Audit Report (4 in number)