

## **Terms of Reference For Internal Auditor**

### **Higher Level Objective**

To contribute in the effective implementation of the Accelerated Action Plan by strengthening the payments procedure, financial management and accounting within the Task Force Secretariat and the Sectoral hubs; and to manage finances of the Project and AAP conforming to the GOS stipulated guidelines and rules/regulations

### **Objectives of the Assignment**

The objective of this engagement is to conduct internal audit of the funds and resources contributed by the Government of Sindh and other stakeholders for the implementation and in achieving project Development Objectives, managed by the Task Force Secretariat, Accelerated Action Plan for Reduction of Stunting and Malnutrition in the Planning & Development Department, Government of Sindh.

### **Introduction**

Internal audit should be carried out as an independent examination of activities and financial transactions to appraise: (i) reliability and integrity of records and information; (ii) compliance with regulations, policies, and procedures; (iii) proper safeguarding of assets; (iv) economic and efficient use of resources; and (v) accomplishment of Project objectives.

### **Scope of work**

#### **Financial Control and Accounting:**

- Examine monthly transfer of funds from the provincial government to the respective Department PIUs through AG Office Sindh or through Bank accounts, opened for the purposes of the Project, are on the basis of approved forecasts. Ensure that each PIU submit proper statement of account of funds received and spent to their respective PMU within fifteen days of the month end.
- Examine that payments are for specific to the Project implementation. Ensure all payments to suppliers/vendors/consultants and for meeting operational expenses, if any, must be through ‘Cross Cheque – A/C Payee Only’ and paid on timely basis and through courier.
- Examine receipt of funds from various sources are timely deposited the designated accounts. Ensure payments from these bank accounts are specific to the Project implementation.
- Verify payments are properly approved and supported with documentation and are for implementing project activities.
- Examine related accounting transactions are appropriately classified and recorded in the relevant accounting head of account, maintained by the PMUs.

### **Financial Reporting**

- Examine financial data reported in the six monthly interim Financial Reports (IFRs) are in agreement with the books of account and in agreement with the DA bank books maintained by the implementing agencies.
- Ascertain that IFRs, showing sources and uses of funds, expenditure by activity, DA activity statement .

### **Planning and Budgetary Controls**

- Ascertain Project annual budget is prepared and approved by the competent authority (s). Ensure annual budget is in line with the Project approved objectives.
- Examine appropriate comparison of budgeted and actual expenditure is done on monthly basis and proper explanations are given for significant variances.

### **Inventory Management**

- Examine in inventory management arrangements at the sub-project level are adequate to record all inventory items, receipts, issues, balances and periodic physical stock taking.
- **Implementation arrangements:** Examine the risk mitigation measures are in place for acceptable implementation arrangements for smooth execution of the Project and achievement of Project objectives.
- **Procurement Process:** Examine that procurement activities are processed as per the SPP Rules and approved Procurement Plan.
- **Contract management:** Examine that the Project Procurement designated officials are being involved at all stages of procurement of goods, works and services under the Project, to ensure compliance with SPP Procurement Rules. (Contract Management: is a joint responsibility of technical and Procurement and Financial Management teams. All concerned staff should work together in their respective roles for achieving the overall desired results.)

### **Verification of Project Assets**

- Verification of all assets of the Project on annual basis and agree their existence with fixed assets register. Also on test basis verify Project during field visits.
- Ascertain that proper codification and tagging of the Project assets have been done the adequately safeguard assets.
- Examine adequate procedures are in place for the maintenance of assets.
- Ascertain that assets are being used for the intended purposes.
- Examine costs of assets are reasonable.

### **Other Procedures to be performed**

- Monitoring and evaluating the effectiveness of Project's Risk Management and Governance Systems. Ensure that monitoring activities is done at three levels i.e. Taluka, District and Provincial Levels by the Sectors/Departments respective Secretaries and the Project Steering Committee.
- Examine that project activities are in compliance with the existing country's laws including tax laws.
- Conducting specific Reviews or tasks requested by the Project management.

- Internal audit team should undertake field visits regularly/periodically on monthly or quarterly basis to assess Project implementation progress. Check and verify all relevant record and also conduct staff interviews where required.
- Trainings and Capacity Building, All the above threads will have the component of trainings and capacity buildings of the officers and staff of all the participating sectors.

### **Audit Planning**

Internal Auditors shall submit Bi-annual Audit Work Plan based on a risk assessment with completion time lines for each activities summarized in the scope of work must be agreed upon at an entrance meeting with the respective Project Director/Program Coordinator to be attended by PMUs Financial Management specialist and Procurement Specialists among other Project officials.

### **Reporting**

The internal Audit Report shall be structured to indicate for each audit observation: a) cause; b) implication; c) recommendation; d) management response; and e) time line action for corrective measures by the respective/concerned Project Management. Internal Audit shall submit a 'Bi-annual Internal Audit Report' within forty five days at the end of every six months of the financial year i.e. July 1-December 31 and January 1-June 30. The Report will be distributed to all stake holders as appropriate; a copy of each report will be forwarded to the Program Coordinator AAP and Program Coordinators of the respective Sector within the time frame.

The Report shall also indicate as a separate section showing Action Taken on the last Internal Audit Report Agreed upon Action.

### **Contract Period**

The duration of service of Internal Audit shall be for One (01) year and contract may be extended further on need-cum performance basis.

### **Qualification**

A Chartered Accountant/Cost and Management Accountant/ACCA/MBA Finance/Accounting or Equivalent.

### **Experience & Skills.**

Candidates must have strong report writing skills and have good command of MS Office. Documented experience of risk based internal or external audit for not less than 05 years. The candidate must have strong knowledge of Sindh Public Procurement Rules and Financial Management Rules.

The candidate must be certified member of professional body in case of CA/ACCA