

Terms of Reference
Hiring of Chartered Accountant Firm
For the Period of two years (2018-19 & 2019-20)

Background

Benazir Income Support Program (BISP) was established in 2008 and became an autonomous government entity through an act of parliament (BISP Act 2010). The program's main objectives are to strategize, formulate and implement poverty reduction policies by targeting vulnerable and low income families. BISP has autonomy under the Act to develop its own financial management policies and procedures to ensure the execution of its mandate.

The BISP Act ("Act") provides for the governance structure of the program, which includes the Chairman, Board and associated program management. According to the Act, the federal government has the authority to constitute the Board that would include members from both government and non-government organizations with equal representation. Similarly, the government appoints the Secretary who is also member of the Board and the Principal Accounting Officer (PAO) of BISP.

The audit services will be contracted by: Benazir Income Support Program, Government of Pakistan

Objective of the Audit:

The auditors shall express an independent professional opinion as to whether the financial statements present fairly, in all material respects, the financial position of BISP in accordance with the applicable Financial Accounting and Reporting Standards. The Auditors report should be prepared as per ISA 700 requirements.

The audit shall be carried out in accordance with the International Standards on Auditing (ISAs)

Scope of the Audit

- The audit will be carried out in accordance with the International Auditing Standards and will include tests and verification procedures as the auditors deem necessary.
- The auditors to assess that appropriate supporting documents, records and books of accounts relating to all activities have been kept. Clear linkages should exist between the books of accounts and the financial statements.
- The financial statements have been prepared by BISP management in accordance with applicable accounting standards and give a true and fair view of the financial position of BISP and of its receipts and expenditures for the period ended on that date.
- Comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transactions.
- Express an opinion as to reasonableness of the financial statements in all material respects.
- Provide Statement of control and compliance

- Conduct entry and exit meeting with the Management of BISP.
- In addition to the audit report, the auditors will prepare a Management Letter on the following:
 - a. Give comments and observations on the accounting records, procedures, systems and controls that were examined during the course of the audit and make recommendations for improvement.
 - b. Report on the implementation status of recommendations pertaining to previous period audit reports.

Responsibility for Preparation of Financial Statements

The responsibility for preparation of the annual financial statements lies with BISP Management.

- i. BISP Management will prepare the books of accounts in accordance with the applicable Financial Accounting and Reporting Standards.
- ii. Management is responsible for implementation of accounting, administrative and financial procedures and policy manuals
- iii. BISP financial year runs from 1 July to 30 June

Qualification of the Audit Firm

The Audit firm MUST meet the following qualifications to be considered;

- i. Demonstrate that the firm holds the requisite knowledge, skills and competencies required to perform its responsibilities with due professional care.
- ii. **The firm must be registered with the Accounting / Auditing body in Pakistan (Proof of ICAP or equivalent registration should be attached).**
- iii. **The firm must have listed in ‘A’ category in the list of State Bank Panel of Auditors (Proof of Current Listing should be attached).**
- iv. The firm must have satisfactory QCR rating.
- v. The firm must have been in operation continuously for the last ten years.
- vi. The firm at least have 7 partners, 10 qualified Chartered Accountants (including partners) and 100 audit staff /trainees in the Firm.
- vii. At least have 3 offices of the Firm in Pakistan.
- viii. At least completed 10 audit /validation assignments with public sector/similar organization.
- ix. Minimum 5 audit /validation assignments having transactional volume of at least PKR 1 billion turnover for each organization.
- x. The firm must have international affiliation with a firm of international standing and repute.

The following documents are mandatory requirements for all proposal submissions;

- i. A copy of Certificate of Registration/Incorporation.
- ii. Valid Tax Compliance Certificate (NTN & STN).
- iii. Annual Accounts for the last 3 years.
- iv. Company Profile along with partner details and detailed CVs Key Experts.

v. ICAP or equivalent Certificate

Audit report

The audited financial statements shall include:

- a) The Auditor’s Report/Opinion on the Consolidated Financial Statements
- b) Complete Set of Financial Statements
- c) Management Letter

The auditor will sign the auditor’s report that will comply with the requirements of ISA 700 “Forming an Opinion and Reporting on Financial Statements”. The auditor will address its report to the Board of Directors of BISP on the Audit Firm’s letter head.

Reporting Requirements and Time Schedule for Deliverables

The auditor will provide the following opinions and reports to the Board of Directors, in accordance with the following timeframes:

- An Audit Opinion on the Annual Consolidated Financial Statements for FY 2018-19 & 2019-20 respectively
- Management Letter(s).

The audit of the Annual Consolidated Financial Statement for FY 2018-19 will need to be completed within six weeks of effectiveness of the contract and must be in the English language. The audit of the Annual Consolidated Financial Statement for FY 2019-20 will need to be completed within 4 months of closing of financial year.

Team Composition and Qualification Requirements

Team Composition and Qualification Requirements for the Key Experts

Sr.	Designation	Position	Input (by Months)
	KEY EXPERTS	1	2
1	Team Leader /Coordinator	1	2
2	Qualified/Senior Auditor-1 (Supervisor)	1	2
3	Qualified/Senior Auditor-2 (Team Member)	1	2
4	Audit Officer-1 (Team Member)	1	2
5	Audit Officer-2 (Team Member)	1	2
6	Audit Officer-3 (Team Member)	1	2
7	MIS/IT Expert-1 (Team Member)	1	2
	TOTAL	7	14

Qualification of Key Staff:

KEY EXPERT	QUALIFICATION & EXPERIENCE	Main Responsibilities
Team Lead	Associate Chartered Accountant having minimum 10 years of experience in accounting / finance / audit of corporate and public sector.	Team lead will be responsible for effective team management and designing audit plans and scope, managing the audit plan, and reporting audit to senior management
Supervisor	Associate Chartered Accountant / Cost & Management Accountant having minimum 8 years of experience in accounting / finance / audit of corporate and public sector.	Supervisor will oversees audit staff during audits and control consulting engagements that evaluate corporate management and operating practices. Oversees audit planning, field work, and audit reporting; prepares reports, and communicates findings and recommendations to line and senior management.
Team Members	MBA Finance / C.A Inter / ACCA having minimum 5 years of experience in accounting / finance / audit of corporate and public sector.	Data collection, verification, vouching etc
MIS/IT Expert	Master degree in I.T, Computer Science, MIS or equivalent having minimum 5 years of experience in the field of I.T / MIS	Beneficiaries' payments data analysis

Services, facilities and property to be made available to the Consultant by the Client:

The auditor will have full and complete access, at all reasonable times, to all records and documents including books of account, legal agreements, bank records, invoices, and any other information associated with the BISP program and deemed necessary by the auditor.

The auditor will be provided with full cooperation by all employees of BISP. The auditor will be assured rights of access to banks and depositories, consultants, contractors, and other persons or firms hired by the employer.