

Khyber Medical University Peshawar

EXPRESSION OF INTEREST (EOI)

Selection of Chartered Accountant Firm for Audit of KMU Accounts

Khyber Medical University (KMU) is one of the new generation of Pakistan Medical Universities established through Khyber Medical Univesity Act, 2006.

Khyber Medical University now invites Expression of Interest (EOI) from eligible Audit Firms to indicate their interest in providing services for the Audit of KMU accounts for the Fiscal Year 2003-04 to 2006-07(Project Account) and 2007-08, 2008-09 and 2009-10 of KMU Fund (Current & Development)

Interested Audit Firms can obtain detailed eligibility/selection criteria and Term of Reference (TOR) from KMU at any working day, also available at www.kmu.edu.pk.

Interested Firms will be required to submit their Financial and Technical proposals alongwith (EOI). The (EOI) should reach the address mentioned below by 1400 Hours on 20/12/2010.

Registrar

PDA Building Block-IV, Phase-V Hayatabad,
Peshawar, Khyber Pakhtunkhwa,

Ph: 092-91-9217696-97, 99 and 9217703 Fax: 092-91-9217704



Khyber Medical University

Term of Reference

1. Introduction of Khyber Medical University

Khyber Medical University is one of the new generation of Pakistan Medical Universities established through Khyber Medical University Act, 2006 of Khyber Pakhtunkhwa Assembly vide Notification No. PANWFP/Legis-I /2007/1763 dated 13th January, 2007.

2. Need

Under Section 38(6) of the Khyber Medical University Act, 2006, the annual audited statements of the accounts of the University are required to be prepared in conformity with the Generally Accepted Accounting Principles (GAAP) by a reputed firm of Chartered Accountants.

The Financial Statements of the project for the year 2003-04 to 2006-07 and of the University fund for the Years 2007-08, 2008-09 & 2009-10 (both current & developmental) have neither been compiled nor audited by the Auditor General of Pakistan.

3. Objective

The primary objective of audit of the Financial Statements of the University is to enable the auditor to express a professional opinion on the Financial position of KMU and of the Fund received and expenditure incurred at the end of Financial Year 2003-04 to 2006-07 project account and Financial year 2006-2007, 2007-2008, 2008-2009 and 2009-2010 KMU fund(both current & developmental).

4. Existing System

The accounts of the KMU both for its development and non development budgets are maintained on modified cash basis of accounting as per International Public Sector Accounting Standard (IPSAS)

5. Books of Accounts

For proper accounts keeping, the University under the rules is required to maintain the following books.

- i. Cash Book
- ii. Subsidiary Cash Book
- iii. Income Ledger
- iv. Expenditure Ledger
- v. Private Ledger
- vi. Bank Ledger
- vii. Grant in Aid Register
- viii. Contractor Ledger
- ix. Scholarships Register
- x. Advances Register
- xi. Sanctioned Post Register
- xii. Imprest Money Register
- xiii. Loan Register
- xiv. Medical Claim Register
- xv. Telephone Payments Register
- xvi. T.A/D.A Register
- xvii. Electricity Register
- xviii. Gas Bill Register
- xix. Fax and Telephone Register
- xx. Pension Fund Accounts Register
- xxi. G.P Fund Register
- xxii. Benevolent Fund Register
- xxiii. Group Insurance Register

6. Preparation of Financial Statements

Consulting firm is required to prepare monthly statement of expenditure and receipts as well as the following annual financial statements for the years 2003-04 to 2006-07 project fund and 2007-08 to 2009-10 KMU fund (both current & developmental):-

- i. Appropriative Accounts
- ii. Statement of Assets and Liabilities
- iii. Statement of sources and uses of fund
- iv. Cash flow statement

7. Scope of Audit

7.1 The Audit shall be carried out in accordance with the International Standards of Auditing (ISA) and shall include such test and control as the Auditor considers necessary under the circumstances The financial audit of the KMU shall be undertaken to cover all areas of activities to ensure that :-

- i. Transactions are properly authorized;
- ii. Transactions have been recorded under proper object of expenditures/receipts;
- iii. Funds have been utilized for the purposes for which they were made available;
- iv. Goods and Services have been procured in accordance with Public Procurement Rules, 2004;
- v. Transactions are duly supported by the relevant documents.

7.2 The Auditors shall also consider the adequacy of controls necessary to secure propriety, economy, efficiency, and effectiveness in all areas.

8. i. Financial Statements

The compilation of Financial Statements and their audit for four years (2006-07 to 2009-10) includes.

A. Current

- a. KMU Fund
- b. PLA Account
- c. Strengthening of KMU Account
- d. Endowment Fund Account
- e. Contractor's Security Account
- f. GP Fund Account
- g. Benevolent Fund Account
- h. Group Insurance Account
- i. Pension Contribution Fund Account

B. Development Fund

- i. KMU Development Fund (provided by Provincial Govt./HEC)
- ii. Consultants Fund Account (Provided by the Provincial Government).
- iii. Contractors Security Fund.

ii. Brief Summary of expenditure is given below

a. Project of KMU (Phase-I)

- i. 2003-04 Rs. 2,597,520/-
- ii. 2004-05 Rs. 899,160/-
- iii 2005-06 Rs. 22,292,904/-
- iv 2006-07 Rs. 25,302,602/-

b. KMU Fund (Current)

- i. 2007-08 Rs. 38.260 million
- ii. 2008-09 Rs. 109.111 million
- iii. 2009-10 Rs. 70.931 million

c. KMU Fund (Development) including Consultancy Fund:-

<u>Period</u>	<u>PSDP/HEC (Federal Grant)</u>	<u>Consultancy Fund (Provincial Grant)</u>	<u>Total</u>
i. 2008-09	0.465 million	0.199 million	0.664 million
ii. 2009-10	17.770 million	1.816 million	19.586 million
iii. 2010-11	46.197 million	0.556 million	46.753 million

9. Deliverables

9.1 The audit firm shall compile and deliver audited Financial Statements separately for the Fiscal Year. 2003-04 to 2006-07 Project Account and 2007-08, 2008-009, 2009-10, KMU Fund (current & Development).

9.2 Audit Opinion

The audit firm shall give its opinion on the Financial Statements of University Funds with regard to the maintenance of accounting record in accordance with the generally accepted accounting principles (GAAP). The Annual Audit Report of the KMU Accounts should include an opinion commenting on accuracy and propriety of expenditures incurred together with the internal controls involved.

9.3 Management Letter

In addition to the Financial Statements together with the audit opinion thereon, the auditor shall prepare a "Management Letter" (to be provided alongwith Audit Report) which shall cover the shortcomings, weaknesses and allied observations that come across during conduct of audit assignment, keeping positive approach for improvement of the systems and procedures, including the following:-

- a. Give comments and observations on the accounting records, systems and procedures that were examined during the course of audit;

- b. Identify specific deficiencies and areas of weaknesses in systems and control and make recommendations for their improvement;
- c. Communicate matters that have come to attention during audit which might have a significant impact on the implementations of the KMU projects; and
- d. Bring to Khyber Medical University's attention any other matter that the Auditors considers pertinent, the Auditor's Findings should be summarized to show the value of:-
 - i. **Ineligible expenditure**
 - Fraud and corruption
 - Misprocurements etc
 - ii. **Internal Control Weaknesses**

For each questioned expense the audit should provide the followings:-

 - Criteria which the expense does not meet.
 - Effect on the KMU operations
 - Recommended action
 - Management response and plan of action.

9.4 Time Schedule

The audit assignment shall be completed within one month. The report alongwith management letter and certified accounts shall be sent to the Vice Chancellor Khyber Medical University within two months after completion of audit.

10 General

The Auditor's will be given access to all legal documents, and any other information associated with the KMU Fund (Receipts and Expenditures).

Audit Firm Selection Procedure

1. Task

Selection of a Chartered Accountants firm for conducting the audit of the accounts of KMU Funds for the Financial Years 2003-04 to 2006-07 Project fund and 2007-08 to 2009-10 both current and development with the purpose to specify and evaluate an Audit Firm. In addition to describe the requirements that an Audit Firm has to fulfill for selection.

2. Selection Criteria

Following criteria will be used for the selection of the Audit Firm:

a) Assignment undertaken;

Similar assignments undertaken by the audit firm shows the experience of the firm. The firm with better and relevant experience will be awarded more points and this will give them an edge during the final selection.

b) Reputation of the Firm in the market;

The reputation and experience of the Audit Firm in the market will be considered for appointment of the firm.

c) Capabilities and Credibility of the firm;

The KMU desires to select the Audit Firm with relevant human resource having proven practical experience of qualified staff.

3. Financial Evaluation

Technical and financial proposals should be submitted in separately sealed envelopes. Please provide the audit cost showing breakup of the activities and their associated costs.

4. Documents Required

- Firm's profile showing all information outlined above.

- Copy of NTN of the firm or Chartered Accountant concerned in office providing services.
- Certificate/Material evidence of audits carried out at three previous client companies mentioning duration and names of the auditors engaged in audit activities.
- Proof of company establishment.
- Detailed technical skill level (CVs) of available principal/lead and associate auditors on board. The CVs should mention the nationality and status of the auditors that is registered/coordinator/lead auditor/associate.
- Provide sealed and signed Financial bids separately that must contain the audit methodology, audit fee and period of conducting and submitting complete audit reports.

5. Disqualification

- In case the Audit Firm does not have three registered coordinators, lead auditors each having at least 2 years of auditing experience.
- Firm failing to provide documentary evidence/regional partner holding practice license to carry out audit.
- Audit partner firm or any of its affiliated entity is declared blacklisted by the Government of Pakistan or any other organization in any origin. An affidavit to this effect should be provided when asked.

6. Payment to the Audit Firm

Payment shall be made within 30 days after the delivery of audit report, financial statements and management letter (includes suggestion and discussion with the top management of KMU on improving internal controls and financial system of KMU) by the audit firm.

ALL PROPOSALS SHOULD ACCOMPLISH THE ABOVE REQUIRMENTS.

Form of Contract

Agreement

This agreement made and entered into this day ____ of ____ December 2010 by and between the Khyber Medical University, Peshawar Islamic Republic of Pakistan (hereinafter referred to as the "The University") and M/S _____ having its principal office of business at (No. _____) _____ Pakistan (hereinafter referred to as "The Firm")

Whereas the Vice Chancellor on the recommendation of Purchase Committee KMU on the basis of lowest rates in response to Expression of Interest (EOI) for Selection of Chartered Accountant Firm for conducting Audit of Accounts of KMU Project fund for the Financial year 2003-04 to 2006-07 and 2007-08 to 2009-10 KMU Fund (current and development) select the M/S _____, who have agreed to provide services for the Audit of KMU Project & Fund Accounts as per detail in Term of Reference (TOR) in the consideration of the mutual Covenants hereinafter contained, the parties agree as follow:

Terms & Conditions:

- The audit assignment shall be completed within one month.
- The report alongwith management letter and certified accounts shall be sent to Vice Chancellor Khyber Medical University within two months after completion of audit.
- Payments will be made within 30 days after the delivery of audit report, financial statements and management letter.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be signed their respective name and duplicate, each party retaining one (1) on copy thereof.

____ day of Dec 2010 as of the day and year first herein before written.



For and ion behalf of The University

(The University)

Witness

Signature _____

Name _____

Title _____

NIC _____

Signature _____

Name _____

Name _____

NIC _____

For and on behalf of The Firm

Witness

Signature _____

Name _____

Title _____

NIC _____

Signature _____

Name _____

Name _____

NIC _____

(Seal)