



EXPRESSION OF INTEREST (EOI)

Selection of Chartered Accountant Firm for Audit of Accounts

Terms of Reference (ToRs)

Relief Pakistan (RP) invites Expression of Interest (EOI) from eligible Audit Firms to express their interest in providing services for audit of Relief Pakistan (RP) for the Financial Year 2011-2012.

Interested Audit Firms can obtain detailed eligibility/selection criteria and Term of Reference (TORs) from below and they are required to submit their Financial proposals in separate envelopes, which should reach at the below address by and up to **1500 Hours** on **Date 28-December-2012.**

The proposals will be opened on the next working day at **1000 Hours** in Relief Pakistan Country office Islamabad..

Bilal Ahmad

(Finance Officer)

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Tors Enclosed is as follows)

TERM OF REFERENCE

1. INTRODUCTION OF Relief Pakistan

Relief Pakistan is registered with Securities & Exchange Commission of Pakistan since June 27, 2008 under section 32 of the companies ordinance 1984 (XL VII of 1984) and company is limited by Guarantee under section 42. Relief Pakistan's company registration number is **0066683**.

2. NEED

Under the Companies Act 184, the annual audited statements of the accounts of the Authority are required to be prepared in conformity with the Generally Accepted Accounting Principles (GAAP) by a reputed firm of Chartered Accountants.

3. OBJECTIVE

The primary objective of an audit of the Financial Statements of organization to ensure compliance with the Companies Ordinance 1984 and prevailing laws and regulations of the Government of Pakistan.

4. EXISTING SYSTEM

The accounts of the RP are maintained on the accrual basis of accounting as per GAAP.

5. BOOKS OF ACCOUNTS

Proper accounts are maintained as required under the Law, e-g

- i. Cash Book
- ii. Bank book
- iii. Current Assets Ledger
- iv. Bank Reconciliation
- v. General Ledger
- vi. Subsidiary ledgers
- vii. Expenditure Ledger
- viii. Advances Ledgers

6. PREPARATION OF FINANCIAL STATEMENTS

The consulting firm is required to prepare an Annual Financial Statement of expenditure and receipts as per the requirements of the Security Exchange Commission of Pakistan with conformity with The Companies Act 1984.

7. SCOPE OF AUDIT

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 Authority shall be undertaken to cover all areas of activities to ensure that: -

- i. Transactions are properly authorized;
- ii. Transactions have been recorded under the proper object of expenditure/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 RP/Donor Procurement Rules;
- v. Transactions are duly supported by the relevant documents.

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

DELIVERABLES

The audit firm shall compile and deliver audited Financial Statement as per the Security Exchange commission of Pakistan with conformity to The Companies Act 1984.

AUDIT OPINION

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

MANAGEMENT LETTER

In addition to the Financial Statements together with the audit opinion thereon, the Auditor shall prepare a "Management Letter" to be provided along with Audit Report which shall cover the shortcomings, weaknesses and allied observations that come across during the course 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 Organization/Donor projects; and

d. Bring to Management of the Organization 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
- Mis-procurements 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 Relief Pakistan operations
- Recommended action
- Management response and plan of action.

TIME SCHEDULE

GENERAL

The Auditor's will be given access to all legal documents, and any other information associated with The Organization/Donor Funds (**Receipts and Expenditures**).

AUDIT FIRM SELECTION PROCEDURE

TASK

Selection of a Chartered Accountants firm for conducting audit of accounts of the Relief Pakistan /Donor's Funds for the Financial Years 2010-11 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

SELECTION CRITERIA

The 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. QCR rated firm will give preference.

c) **Capabilities and Credibility of the firm;**

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

FINANCIAL EVALUATION

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

DOCUMENTS REQUIRED

- Firm's profile showing all information outlined above.
- Copy of NTN of the firm or Chartered Accountant concerned with office providing services.
- Certificate/Material evidence of audits carried out at three previous client companies mentioning duration and the 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.

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 an audit.
- Audit partner firm or any of its affiliated entities are declared blacklisted by the Government of Pakistan or any other organization in any origin. An affidavit to this effect should be provided.

PAYMENT TO THE AUDIT FIRM

Payment shall be made within 30 days after the delivery of audit report, financial statements and management letter (includes suggestions and discussion with the top management of Relief Pakistan on improving internal controls and financial system of the Organization) by the audit firm. In case of any delay in submission of Audited financial statement 10% penalty will be imposed on the total claim.

ALL PROPOSALS SHOULD ACCOMPLISH THE ABOVE REQUIRMENTS.

Person to be addressed.