

Khyber Pakhtunkhwa Human Capital Investment Project (Health Component)

**Government of Khyber Pakhtunkhwa
Health Department**

Terms of Reference

for

Procurement of Internal Audit Firm for Project

Country: Pakistan

Name of Project: Khyber Pakhtunkhwa Human Capital Investment Project (KP-HCIP)

RFB Reference No.: *PK-HPMU-516137-CS-QCBS*

Project ID: PR2010039

Grant No: D680-PK

Credit Number: 6714-PK

1. Background

The Government of Khyber Pakhtunkhwa (GoKP) is implementing the **Khyber Pakhtunkhwa Human Capital Investment Project (KP-HCIP – Health Component)** with World Bank financing. KP-HCIP aims to improve the availability, utilization, and quality of primary healthcare and elementary education services in selected districts. The health component focuses on improving quality primary healthcare delivery in Peshawar, Nowshera, Swabi, and Haripur for both local communities and refugees. Major activities include upgrading primary healthcare facilities, strengthening health systems (human resources, equipment, and essential medicines), supporting flood-affected health units, and enhancing service delivery efficiency to build human capital.

A dedicated PMU under the Health Department implements the health component in accordance with World Bank financing rules and procurement guidelines. Strong fiduciary and governance arrangements ensure that project funds (IDA credit/grant and counterpart funds) are used efficiently, effectively, and transparently. As required by the project's financing agreement, **Periodic internal audits** provide independent assurance on project operations. Accordingly, the PMU intends to hire a reputable **Internal Audit Firm** to conduct internal audit services for the KP-HCIP (Health Component) under these Terms of References (ToRs). The ToRs meets World Bank guidelines and will guide the engagement through the QCBS selection method under World Bank Procurement Regulations.

2. Objectives of the Audit Engagement

The primary objective of hiring an Internal Audit Firm is to obtain independent assurance that the project's financial management and operational activities comply with applicable rules and that adequate controls are in place. The Internal Audit will help in identifying weaknesses, mitigating risks, and enhancing accountability. Key objectives of the Internal Audit includes

- **Assurance on Controls and Compliance:** Assess the effectiveness of internal controls over financial transactions, procurement, HR, asset management, and other processes. Verify that expenditures follow GoKP's control frameworks (GFR, Accounting Policies & Procedures Manual), the Operational Manual, the Financing Agreement, and World Bank guidelines. Ensure all transactions are authorized, recorded, supported, and that the project is in compliance with the terms of the Financing Agreement and World Bank guidelines.
- **Proper Use of Funds:** Confirm that IDA and counterpart funds are used for intended purposes and provide value for money. Review samples of transactions to verify eligibility, necessity, and efficient procurement. Detect any ineligible or improper expenditures and recommend corrective measures.
- **Risk Management and Advisory:** Identify financial and operational risks and assess the adequacy of mitigation measures. Advise the PMU on strengthening financial management, procurement practices, internal controls, accounting systems, and compliance processes in line with best practices and World Bank policies.
- **Verification of Results:** Where performance-based conditions exist, independently verify achievements of agreed targets/results that trigger disbursements. Confirm that reported results are evidence-based and that data collection and reporting systems are reliable.

- **Management Support and Accountability:** Provide timely information and recommendations to the Project Director/DPD, PMU, and Project Steering Committee to enable corrective actions, improve financial reporting, and strengthen accountability.

Overall, the Internal Audit Firm will support stronger project governance while maintaining independence. Its findings and recommendations will help the PMU ensure efficient implementation and full compliance with relevant guidelines.

3. Scope of Work

The scope of the internal audit covers an independent review of all key aspects of project implementation, including financial management, procurement, human resources & payroll, asset management, verification of results as per RF, and general compliance. The audit will cover activities of the PMU (and any implementing partners or executing entities, if applicable) under the KP-HCIP Health Component. The auditor will adopt a risk-based approach, focusing on areas with higher risk or materiality, but will ensure that over the course of the engagement all major areas are examined. The scope of work shall include, but is not limited to, the following:

3.1 Financial Management and Accounting

- **Budgeting and Funds Flow:** Review the project's budgeting process and fund utilization. Confirm that funds are released and used according to approved work plans and budgets. Verify that Disbursement Requests/Withdrawal Applications to the World Bank are properly documented and reconciled with expenditures. Check cash management practices, including timely cash forecasts and minimal idle balances in the Designated Account.
- **Transactions Testing:** Test sampled transactions for accuracy, eligibility, authorization, and proper classification. Ensure all expenditures (works, goods, services, operational costs) are supported with documentation, approved by authorized officials, and compliant with the financing agreement. Confirm that payments from the Designated Account and project bank accounts follow approved procedures and are made only for project purposes (e.g., crossed cheques/bank transfers, no cash payments).
- **Accounting Records:** Review whether accounting records comply with government standards and the Project Financial Management Manual. Confirm proper use of the chart of accounts, correct period recording, and reconciliation of general and subsidiary ledgers. Review monthly bank reconciliations for all project accounts, ensuring discrepancies are promptly resolved and that ledger balances match bank statements and Client Connection.
- **Interim Financial Reports (IFRs):** Examine semi-annual IFRs submitted to the World Bank. Verify reconciliation with accounting records and supporting documents, adherence to agreed formats, and timely submission (within 45 days after semester end). Identify variances or unusual trends and obtain explanations for significant under- or over-spending.
- **Internal Controls:** Assess effectiveness of controls over disbursements, approvals, segregation of duties, and system controls (if software is used). Confirm alignment with the Operational Manual and government rules, with focus on large payments, petty cash, payroll, and contracting. Report any weaknesses or overrides and provide recommendations. Conduct pre-audit checks (sample basis) if requested by management.

- **Compliance with Financing Agreement:** Verify that expenditures comply with covenants of the Financing Agreement, including expenditure categories, financing percentages, and restrictions on excluded activities. Confirm proper accounting and use of counterpart or parallel financing.
- **Statutory Deductions and Taxation:** Check correct calculation and timely deposit of statutory deductions (income tax, sales tax, etc.). Ensure compliance with KPRA requirements for sales tax on services and FBR income tax rules. Flag non-deduction, incorrect deduction, or delayed deposits that may lead to penalties.

3.2 Procurement and Contract Management

- **Procurement Process Review:** Review sampled procurements for works, goods, and consulting/non-consulting services to assess compliance with World Bank Procurement Regulations and the approved Procurement Plan. Verify that appropriate methods (shopping, NCB/ICB, QCBS/QBS, etc.) were applied, prior/post review requirements met, and KPPRA rules or project procedures followed where not conflicting with World Bank rules. Ensure bid evaluation reports, contracts, and approvals are complete, on file, and duly authorized.
- **Contract Management:** For major contracts (facility upgrades, medical equipment, TA consultancies), assess adherence to contract terms. Confirm goods/services match specifications, works are certified before payments, and performance securities or insurance requirements are met. Review contract amendments to ensure they follow procedures and do not bypass procurement rules. Verify an updated contract register and that payments align with contract values and payment schedules.
- **Procurement Documentation:** Ensure complete and well-maintained procurement records—including advertisements, submissions, evaluations, award notifications, and correspondence. Report any missing documents or deficiencies in record-keeping.
- **Compliance and Transparency:** Assess compliance with World Bank fraud and corruption guidelines in all procurement activities. Check for red flags such as unusual bidding patterns, repeated awards to one firm, or bidder complaints. Report any indicators of fraud, collusion, or misconduct. Confirm publication of contract award information as required by the World Bank or local regulations.
- **Procurement Process Efficiency:** Evaluate whether procurement processes are causing delays or bottlenecks. Analyze causes of repeated failures, retendering, or delays (e.g., unrealistic cost estimates, procedural gaps) and recommend improvements. Consider findings from any external reviews, such as KPPRA monitoring or World Bank implementation support missions.

3.3 Human Resources and Payroll

- **Staff Recruitment and Contracts:** Review the process of hiring project staff and consultants to ensure it is transparent and in line with agreed procedures. This includes verifying that positions were duly approved, advertised (if required), and filled by candidates meeting the qualification requirements. Check a sample of personnel files to confirm existence of contracts/appointment letters, terms of reference, and evidence of approvals by competent authorities.

- **Attendance and Payroll Management:** Verify the controls over payroll for project-hired staff (if any, such as contractual staff, healthcare workers hired under the project, etc.). Ensure that salary payments are made according to contract terms (correct rates, allowances, etc.), supported by attendance records or timesheets, and approved by the project director/DPD. Trace a sample of payroll payments to bank transfers or pay slips to confirm that employees received the correct amounts and acknowledge receipt.
- **Compliance with HR Policies:** Ensure that the project is complying with relevant government rules and project-specific HR policies regarding leaves, overtime, travel claims, and other staff entitlements. For example, if travel allowances or per diems are paid from project funds, check that these are per approved rates and supported by travel claims and authorizations.
- **Training and Capacity Building Expenditures:** If the project budget includes training, workshops or other HR development activities, audit these expenditures for proper supporting documentation (e.g., training agendas, participant lists, receipts for venue and catering expenses) and ensure they serve the project objectives. Verify that any daily stipends or travel reimbursements to training participants are correctly calculated and acknowledged by recipients.

3.4 Asset Management and Inventory

- **Fixed Assets Register:** Review the procedures for recording and safeguarding project assets (such as medical equipment, vehicles, IT equipment, furniture, etc. procured under the project). Verify that a comprehensive Fixed Assets Register is maintained, detailing each asset's description, identification/tag number, location, purchase date, cost, and custodian. The auditor should physically verify a sample of assets annually to confirm their existence, condition, and proper use. Any discrepancies (e.g., missing, lost, or damaged assets) should be reported with an assessment of whether adequate actions are taken by management.
- **Asset Tagging and Coding:** Ascertain that all significant project assets have been tagged or engraved with a unique identification code to prevent loss or misappropriation. The coding should link to the asset register. Check whether the tagging process is done promptly upon acquisition of assets.
- **Utilization and Safeguard:** Evaluate whether project assets are being utilized for their intended purposes and are located at the documented locations. For instance, medical equipment provided to health facilities under the project should be found in those facilities and in working order. The auditor should confirm there is a system of asset custody (i.e. specific staff or units responsible for assets) and that assets are adequately safeguarded (e.g. kept securely, maintained properly). If any asset is not in use or idle, report on the reasons and potential for redistribution.
- **Insurance and Maintenance:** Check if high-value assets (especially vehicles or sensitive equipment) are insured as per project or government policy[12]. Review whether insurance policies are current and cover relevant risks (theft, fire, accident, etc.). Also, verify that the project has arrangements for regular maintenance of equipment and vehicles, and that such costs are budgeted and recorded. Proper maintenance prolongs asset life; absence of maintenance may be noted as a risk.

- **Asset Disposal (if applicable):** If during the audit period any project assets have been disposed of (due to obsolescence, damage, or end of project life), review that disposal was done in compliance with government rules and with appropriate approvals (e.g., through auction or transfer to another government entity). Ensure the asset register is updated for any disposals.

3.5 Result Framework Indicator Verification

- **Verification of Results:** For each Indicator, verify the claimed results/outcomes by reviewing the applicable Verification Protocols (as defined in the Financing Agreement or PAD) and confirming that supporting evidence is valid.
- **Data Reliability:** Assess the reliability of data collection and reporting systems for each Indicator. Where data comes from health information systems or manual reports, cross-check with source documents and re-perform calculations as needed.
- **Compliance with Protocol:** Ensure that all conditions required for Indicator achievement, as specified in the official protocol, are fully met.
- **Coordination with External Verification:** Identify whether an independent verification agency or the World Bank is separately verifying Indicators. Internal audit should complement—not duplicate—these efforts and provide early warnings to the PMU on any shortfalls or weak documentation so corrective actions can be taken before formal verification.
- **Reporting on Indicator:** Include in internal audit reports a dedicated section on each Indicator, summarizing achievements, verification issues, and recommendations to support future target achievement and inform performance-based funding aspects.

3.6 Compliance, Controls, and Governance

- **Compliance with Laws and Regulations:** Review project compliance with applicable national and Khyber Pakhtunkhwa laws, provided they do not conflict with World Bank rules or the Financing Agreement. This includes tax laws (income tax, sales tax on goods/services), labor laws, and environmental and social regulations relevant to project activities. Verify validity of any waivers or exemptions (e.g., tax exemptions for World Bank projects).
- **Adherence to Project Manuals:** Check compliance with the Project Operational Manual, Financial Management Manual, Procurement Manual, and official government notifications/circulars for the project. Verify adherence to approval thresholds, reporting requirements, and operational procedures. Report deviations and whether they were duly approved.
- **Fraud and Corruption Controls:** Assess measures to prevent and detect fraud and corruption, including codes of conduct, awareness/training, and reporting channels. Watch for fraud indicators (irregularities, altered records, unexplained delays) and immediately report significant concerns to the Project Director/DPD and Steering Committee. Document all such cases with recommendations to strengthen controls.
- **Previous Audit Recommendations:** Review the implementation status of recommendations from all previous internal and external audits (including Auditor General reports). This should place **particular emphasis on the FY 2024–25 audit conducted by the office of Auditor General.** The

auditor shall assess whether these findings have been addressed, identify any pending or recurring issues, and determine whether corrective actions taken are adequate. The review should build on earlier observations to ensure continuous improvement, strengthen control gaps, and support enhanced accountability.

- **Governance and Oversight:** Assess effectiveness of governance structures such as the Project Steering Committee. Check whether meetings are held regularly and whether financial and internal audit reports are properly reviewed.

- **Field Visits and Physical Inspections:** Conduct field visits to project sites and implementing units to verify delivery of supported inputs (equipment, medicines, civil works) and gather staff/beneficiary feedback. Confirm that physical progress aligns with reported achievements (e.g., facilities reported as upgraded are completed and functional).

By covering the above scope, the internal audit will provide a comprehensive assessment of the project's financial and operational integrity. Audit work must follow professional standards, with sufficient testing and verification. All sample tests and evidence must be properly documented for potential review by the World Bank or external auditors.

4. Expected Deliverables and Timeline

The Internal Audit Firm is expected to carry out its work in cycles (audit rounds) and produce formal reports and other deliverables for each cycle, in addition to an initial audit plan. All reports must be in English, clear and concise, with executive summaries and detailed findings/recommendations. The key deliverables and their timelines are as follows:

- **Inception Report and Internal Audit Plan:** Within **15 days of contract effectiveness**, the firm shall submit an Inception Report with a detailed Internal Audit Plan. The plan must outline the auditor's understanding of the project, key risk areas, methodology, sampling approach, audit team deployment, and a timetable for the first year's audit work. It should be prepared in consultation with the PMU to ensure appropriate scheduling and full coverage of all scope areas. The Internal Audit Plan will be prepared on a bi-annual or annual basis and updated on a rolling basis.
- **Special Investigation Report:** The audit firm shall initiate a **quick special investigation** immediately after submitting the Inception Report and submit the report **within 20 days after the approval of Inception Report and Internal Audit Plan from the Management of PMU**. This special investigation should focus on critical risk areas and provide early assurance to the Management of PMU, ensuring timely identification and mitigation of any urgent issues.
- **Semi-Annual Internal Audit Reports:** The firm will conduct internal audits on a **semi-annual basis** (covering roughly six-month periods of project activities) and issue a report for each period. Specifically:
- **Draft Internal Audit Report:** For each semi-annual audit period, a draft report shall be submitted to the Project Director and Deputy Project Director (PMU) **within 20 days** of completion of the audit field work. The draft report will include all findings, identified issues (categorized by severity/risk level), and preliminary recommendations. The PMU and

relevant project management will be given the opportunity to review and provide feedback or management responses to the findings.

- **Management Response Period:** The project management is expected to provide written responses to the draft audit findings within **15–20 days** of receiving the draft report. During this period, the auditor may hold a *wrap-up meeting* or discussions with the PMU to clarify issues and agree on corrective actions for each finding.
- **Final Internal Audit Report:** The firm will finalize the report after incorporating management responses and any additional clarification. The final internal audit report for the period should be submitted within 15 days after receipt of management's responses. The final report must include an executive summary, the agreed action plan (management's responses to each recommendation with timelines), and appendices with details of tests performed (if necessary). Each final report should be signed by the Engagement Partner of the firm.
- **Presentation to Steering Committee:** The internal auditor is required to present the key findings of each audit report to the Project Steering Committee (or a high-level oversight committee designated for the project) in a meeting convened by the PMU. The Project Director/DPD shall circulate the final audit report to all Steering Committee members and arrange a meeting within 20 days of receiving the final report. In this meeting, the auditor will highlight critical issues and discuss the agreed remedial actions. This interaction ensures that the project's leadership is fully apprised of the financial control environment and can intervene as needed.
- **Follow-Up Reports:** Mid-way through the interval between two main audits, the internal audit firm will prepare a brief Follow-Up Report on the status of implementation of audit recommendations from the previous cycle. For example, roughly three months after a semi-annual report, the auditor will check what actions management has taken on key findings (such as fixing a control gap or resolving an ineligible expense). The follow-up report will document which recommendations have been addressed and which remain pending, and will be shared with the PMU and Steering Committee. This process reinforces accountability and keeps momentum in addressing issues before the next audit.
- **Special Investigation Reports (if needed):** If during the course of the assignment the Government or World Bank requests a special audit or investigation (for instance, investigation of a specific incident of possible fraud or a detailed review of a particular activity), the firm shall produce a Special Report on that matter. The scope, deliverables, and timeline for any special task will be agreed separately in writing, and such tasks will be considered additional services under the contract (if beyond the planned audits).
- **Completion Report (Consolidated):** At the end of the contract period or upon completion of all audit cycles, the firm shall prepare a Consolidated Internal Audit Report or Completion Report summarizing the overall findings, trends observed over time, key recommendations, and conclusions on the adequacy of the project's internal controls and risk management. This report should also highlight areas of significant improvement achieved as a result of audits and areas that may require continued attention. The Completion Report will serve as a knowledge document for the Project and the Health Department for strengthening future projects as well.

Timeline: The internal audit is expected to commence around *[exact start date to be inserted]*. Audit exercises will be aligned with the project's semester periods, e.g., January–June and July–December,

or as agreed. A tentative schedule of audit field work and reporting deadlines will be part of the Internal Audit Plan, subject to approval by the client. Generally, the schedule will follow this pattern for each half-year period: field work in the month following the period-end, draft report within ~20 days of field work completion, final report within ~15 days after management response, and Steering Committee presentation thereafter. The client and the firm will maintain flexibility to adjust the schedule if needed (for example, if external factors delay access to certain records or sites), but any changes must still ensure bi-annual coverage of audits.

All deliverables shall be submitted in both **hard copy** (3 copies of each report) and electronic form (PDF and editable format) to the Project Director/DPD. Key reports (final versions) will be forwarded by the PMU to the World Bank and to the Department of Planning & Development (P&D), GoKP, as per reporting requirements. The language of all reports will be English. The firm is expected to maintain high quality in reporting – findings should be evidence-based, clear, and actionable, and recommendations should be practical and prioritized by significance.

5. Required Team Composition and Qualifications

The assignment should be undertaken by an **audit firm** with relevant experience and a multidisciplinary team of professionals. The minimum qualifications and experience requirements for the firm and the proposed team are as follows:

Firm's Qualifications:

- The firm **must be a legal entity** registered as a practicing Chartered Accountant or Certified Public Accountant firm (or equivalent) in good standing. It should be on the panel of auditors approved by the Institute of Chartered Accountants or relevant regulatory body in its home country (for Pakistani firms, on ICAP's list of approved firms).
- The firm should have at least **10 years of professional experience** in providing audit or internal audit services of a similar nature. Prior experience with **internal audits of donor-funded projects** (especially World Bank financed projects or other international donors) is highly desirable[18]. The firm should be able to demonstrate experience in reviewing financial management, procurement, and operational aspects of projects.
- The firm should have successfully completed a minimum of **two (2) comparable assignments** in terms of scope and complexity. "Comparable" means internal audit or fiduciary review engagements for projects or programs of significant size (preferably in the public sector, health sector, or multi-sector projects). Experience in the health sector or with projects involving Disbursement-Linked Indicators will be considered an advantage.
- The firm must not be under any **debarment or sanction** by the World Bank or other major donors. The firm will be required to submit a declaration of no conflict of interest and of eligibility (i.e., that it is not blacklisted by GoKP, GoP or debarred by the World Bank).

Team Composition:

The internal audit team should include members with expertise in financial audit, internal controls, procurement, and other relevant areas (such as IT or public health, if needed for specialized areas of the audit). At a minimum, the **key positions** and qualifications are:

- **Team Leader / Internal Audit Specialist (1 person):** A qualified Chartered Accountant (CA), Certified Public Accountant (CPA), or ACCA, with at least **10 years of experience** in

auditing or financial management. The Team Leader will serve as the Engagement Partner/Lead and must have led internal audit engagements of similar scale. Experience with World Bank-funded projects or public sector audits is required. S/he should possess strong knowledge of internal control frameworks and risk management, and excellent report writing and communication skills. The Team Leader will be responsible for overall planning, execution, and reporting of the assignment, and will be the primary liaison with the client.

- **Senior Internal Auditor / Procurement & Financial Management Specialist (1–2 persons):** Professionals with at least **5–7 years of experience** in internal auditing, financial management or procurement reviews. They should have a relevant certification or degree (such as CA, ACCA, CIMA, CISA, or Master’s in Finance/Accounting). One of the senior auditors should have strong knowledge of **public procurement** rules and World Bank procurement procedures to effectively audit the project’s procurement transactions. Their role will include field-level execution of the audit program, supervising junior staff, and focusing on specialized areas (e.g., one may focus on procurement, another on financial accounts).
- **Internal Audit Associates / Team Members (7–8 persons or as needed):** Audit associates who are part-qualified accountants (CA Inter, ACCA affiliates) or holders of relevant bachelor’s degrees with audit experience. The team should be of sufficient size and expertise to simultaneously cover multiple locations if needed (for physical verification, etc.). They will perform tasks such as transaction testing, inventory counts, data analysis, and preparing working papers under the supervision of the seniors. Each associate should ideally have **3+ years** of auditing experience.
- **Subject Matter Expert(s) [Optional]:** The firm may include or subcontract short-term input from subject experts if required for certain parts of the audit. For example, an IT auditor if the project relies heavily on information systems, or a health sector specialist to assess technical aspects of healthcare service delivery (if relevant to verifying results). Any such experts should have proven credentials in their domain and will work under the guidance of the Team Leader.

Team Diversity: It is encouraged that the audit team composition reflects diversity and inclusion. The firm is encouraged to include qualified **female auditors** and, where possible, individuals from Khyber Pakhtunkhwa province familiar with the local context. (In the Sindh SSEP example, at least 15% of the team were female and/or persons with disabilities; a similar aspiration is welcomed for this assignment, though not mandatory.) Diversity can improve stakeholder interaction and breadth of perspectives during fieldwork.

Note on Level of Effort: The firm should propose the level of effort (in person-months/days) it expects for each team member to accomplish the scope within the timeframe. It is anticipated that each semi-annual audit will require a certain number of auditor-days for planning, fieldwork across the various locations, and reporting. The proposal should reflect an adequate staffing mix to cover financial reviews, procurement sampling, field verifications, and meetings with stakeholders.

The qualifications above are **minimum requirements**. During proposal evaluation, emphasis will be placed on the quality of the team: the expertise, relevant experience, and the balance of skills among team members. Only personnel who will be actively engaged in the assignment should be proposed; any changes or substitutions of key staff after award will require prior approval of the client (and in some cases, concurrence of the World Bank).

6. Eligibility Criteria and Documentation

Firms expressing interest or submitting proposals for this assignment must meet certain eligibility and qualification criteria. Key eligibility requirements and the documentation expected as evidence include:

- **Legal Entity and Registration:** The firm should provide a copy of its Certificate of Incorporation/Registration or equivalent, evidencing its status as a legal business entity authorized to perform auditing services. If the firm is a partnership, a certificate from the relevant professional accountancy body (e.g., ICAP in Pakistan) confirming the firm's good standing and practicing license should be included.
- **Firm's Profile and Experience:** A brief company profile should be submitted, highlighting the firm's areas of expertise, years of operation, and experience relevant to this TOR. Documentation should include a **list of similar assignments** undertaken in the last 5-10 years, with details such as the project name, client, funding source (World Bank or other), scope of work, contract value, duration, and status (completed/ongoing). The firm should specifically mark those engagements that involved internal audits of World Bank projects or public sector health projects, as these are particularly relevant. **Client reference letters or certificates of completion** for at least two similar assignments are recommended to be included to substantiate the firm's experience.
- **Technical and Managerial Capability:** The firm should confirm availability of a suitably qualified team (as per Section 5). CVs of all proposed key experts must be provided, each signed by the individual and an authorized official of the firm. Each CV should clearly demonstrate the individual's qualifications, professional memberships, work experience with dates and roles, and specific experience relevant to the assignment (for example, if the person worked on an internal audit of another World Bank project, that should be indicated along with their role and achievements).
- **Financial Standing:** The firm may be required to provide evidence of its financial capacity, such as audited financial statements or a turnover figure for the last 2-3 years, to demonstrate it has the resources to undertake the assignment without liquidity issues. While a specific turnover threshold is not set in these TOR, the procurement documents may include a minimum turnover or financial soundness criterion.
- **Conflict of Interest and Eligibility Declarations:** The firm must certify that it does not have a conflict of interest in undertaking this audit. This means the firm (including all partners and team members) has no direct involvement in the management or financial decisions of the KP-HCIP project. Any prior work done by the firm (such as consultancy or design of systems for the project) must be disclosed and will be evaluated for conflict. Additionally, the firm should provide a **statement of eligibility** confirming it is not debarred or suspended by the World Bank (the Bank's lists of debarred firms can be referenced) and not blacklisted by Pakistani authorities. The firm should also confirm that it will obtain all necessary security clearances to work in the region (if applicable) and can legally operate in Pakistan (foreign firms may need a local partner or registration for tax purposes).
- **Joint Ventures or Associations:** If the proposal is submitted as a joint venture or with sub-consultants, full details of the arrangement must be provided. The lead firm should be clearly identified, and each partner's role and qualifications described. A copy of the JV agreement

or letter of intent to form a JV (if applicable) should be included. All members of a JV will be jointly and severally liable for the performance of the assignment and must individually meet relevant eligibility criteria.

- **Methodology and Work Plan (for Proposal):** Although this is more relevant during proposal submission (not a requirement for EOI stage), it is worth noting that the firm's approach to executing this assignment will be considered. A strong technical proposal would include an understanding of the TOR, a detailed methodology, a work plan with timelines, and staffing schedule. This ensures the selection process can identify the firm that not only meets eligibility but also best understands how to carry out the internal audit effectively.

The required documentation above would typically be specified in the Request for Proposals (RFP) or Request for Expression of Interest (REOI) issued for this consultancy. The firms should ensure their submissions are complete and tailored to these TOR requirements, as incomplete submissions may lead to disqualification. The evaluation of proposals will be carried out in line with World Bank Procurement Regulations and criteria detailed in the RFP (such as firm experience, quality of methodology, qualifications of key staff, etc.).

6.1 A. Eligibility (Pass/Fail – not scored)

- Legal status: practicing CA/CPA firm in good standing (ICAP or equivalent).
- No conflict of interest; not debarred/blacklisted (WB/GoP/GoKP).
- Relevant line of business (audit/internal audit).
- EOI submitted on time with required documents.

Only **Pass** firms proceed to scoring.

B. Scored Criteria (100)

1 Relevant Core Experience (15 Marks)			
Sub-criterion	Basis of Assessment	Marks	Verification Documents
a. Years in practice (≥ 10 yrs = full marks; 7–9 yrs = 8; 5–6 yrs = 5; < 5 yrs = 0)	Registration/incorporation date, ICAP license	6	Certificate of Incorporation; ICAP/CPA registration letter
b. Breadth of audit services (financial, internal, operational, compliance)	Range of assignments in profile	4	Firm profile + summary of services
c. Public-sector audit experience (federal/provincial depts or SOEs)	Demonstrated in assignment list	5	Assignment list + reference letters or contracts
Total (1)		15	

2 Similar Assignments – Donor / World Bank Funded (25 Marks)			
Sub-criterion	Basis	Marks	Verification Documents
a. Internal audits of World Bank projects (≥2 assignments in past 5 yrs = full marks; 1 = 10 marks)	Number and relevance of assignments	15	Copies of contracts / completion certificates / client references
b. Other donor-funded projects (ADB, UN, USAID etc.) (≥2 assignments = 10 marks)		10	Same as above
Total (2)		25	
3 Comparable Scale and Complexity (20 Marks)			
Sub-criterion	Basis	Marks	Verification Documents
a. Assignments covering multi-component audits (FM, procurement, HR, assets)	Complexity of past work	10	Assignment briefs / TORs / client letters
b. Multi-district or multi-province coverage (similar to KP scope)	Geographic spread	5	Assignment details with locations
c. Contract value ≥ PKR 50 M each (large scale engagements)	Value and budget scale	5	Contract value page / client certificate
Total (3)		20	
4 Sector and Jurisdiction Familiarity (10 Marks)			
Sub-criterion	Basis	Marks	Verification Documents
a. Experience in Health Sector projects (public or donor)	Relevant assignments	5	Contract summaries / reference letters
b. Experience with GoKP FM and procurement systems (KPPRA, KPRA, GFR)	Provincial work history	5	Assignment list showing client = GoKP entity
Total (4)		10	
5 Organizational Capacity and Coverage (15 Marks)			
Sub-criterion	Basis	Marks	Verification Documents

a. Quality Control System (ISQC 1/ISQM 1 or equivalent)	Existence of QA system certificate or policy	5	QA manual / ICAP QA certificate
b. Firm size and resources (no. of partners $\geq 3 = 3$ marks; $2 = 2$; $1 = 1$)	Staffing capacity	3	Firm organization chart
c. Provincial presence / ability to cover KP districts (Peshawar, Nowshera, Swabi, Haripur and others)	Local offices or field network	5	Office addresses / HR deployment plan
d. Audit tools & software (ACL, IDEA, or equivalent)	Evidence of digital capability	2	Description of tools in firm profile
Total (5)		15	
6 M&E / Data and Results Verification Capability (5 Marks)			
Sub-criterion	Basis	Marks	Verification Documents
a. Experience in data audit / results verification / DLI validation (≥ 2 assignments = full marks)	Demonstrated in past work	5	TORs / contracts showing DLI or indicator verification
Total (6)		5	
7 Financial Standing (10 Marks)			
Sub-criterion	Annual Average Turnover (Last 3 Years)	Marks	Verification Documents
a. $\geq$ PKR 400 million	10	Audited Financial Statements (3 yrs)	
b. $\geq$ PKR 200 million < 400 million	5	Same	
c. $\geq$ PKR 100 million < 200 million (mandatory minimum)	Pass/Fail	Same	
Total (7)		10	
Total Technical Shortlisting Score = 100 Marks			
Minimum Qualifying Score for Shortlisting: 60 points.			

Documentation to Request in the EOI

- Certificate of incorporation & practicing license (ICAP/CPA).
- Firm profile and years in practice; QA accreditation (ISQC/ISQM) if any.
- List of **relevant assignments** (last 5–10 years): client, funding source, scope, value, duration, status; attach **completion certificates/reference letters** for at least **two** comparable assignments.
- Brief note on **organizational capacity & provincial coverage** (teams, offices, ability to deploy to KP districts).
- Brief note on **M&E/results-verification/IT-audit capability** (no detailed methodology).
- **Declaration** of eligibility & no-conflict; debarment status.
- Audited financial statements (last 2–3 years) or equivalent.

Associations/JVs (EOI Stage)

- **Allowed.** Specify **JV** vs **sub-consultancy** and roles.
- In a JV, collective experience is scored; lead firm should be identified. (All JV members must be eligible; liability is joint & several.)

7. Duration and Level of Effort

The internal audit engagement for the KP-HCIP (Health Component) is expected to span approximately **06 months** aligning with the project's implementation timeline and covering multiple audit cycles. Key details regarding duration and effort:

- **Initial Contract Period: 06 months from contract signing**, covering two quarter audit cycles. This period was chosen to ensure continuity of audit oversight through most of the project's life. If the project's implementation period extends beyond this or if additional audits are required, the contract may be extended with mutual agreement (and subject to necessary approvals), or a new procurement process may be initiated for further audit services.
- **Estimated Level of Effort:** It is anticipated that each semi-annual audit will require a level of effort of roughly **X auditor-days** (to be estimated by the firm in its proposal, depending on the scope and geographic coverage). This includes time for planning, field visits across the 13 districts (on a sample basis), reviewing documents at the PMU in Peshawar, and report preparation. The firm should allocate sufficient time for a senior team member to be on-site or available during key phases (e.g., inventory verifications, meetings with management). Travel time to field locations in Khyber Pakhtunkhwa should be factored in as needed.

- **Scheduling:** The audit work should be scheduled to commence soon after the end of each six-month period. For instance, for January–June period, field work might start in early July. The plan should also consider timing with respect to external audits – e.g., the Auditor General’s annual audit usually occurs after the fiscal year-end (June 30), so the internal audit for Jan–June can be scheduled to feed into or precede the external audit. Coordination in timing can enhance synergy between internal and external audit activities.
- **Overlapping Activities:** The firm must be capable of multitasking if needed – for example, working on the finalization of one audit report while beginning fieldwork planning for the next period. The Team Leader should ensure proper staggering of tasks and delegation within the team to meet all deadlines.
- **Level of Effort for Key Staff:** The Team Leader is expected to be involved at critical stages (inception, fieldwork oversight, report drafting, and presentations). It is estimated the Team Leader might allocate around **2-3 months per year** to this project on intermittent basis. Other specialists (Senior Auditors) may each allocate **3-4 months per year** in the field and office work for the project. Junior associates collectively would cover the bulk of detailed testing work. These estimates are indicative; the actual distribution should be provided by the firm in its work plan and will be subject to agreement.
- **Contract Type:** It is expected that the contract with the selected firm will be a **output-based (lump sum) contract** with clear deliverables. Given the repetitive nature of audits, a lump-sum per audit cycle (with payments tied to deliverables) could be used. Alternatively, a time-based contract with a ceiling amount and payments against agreed milestones can be adopted. The selection method (QCBS) and RFP will clarify this. In any case, the duration mentioned is the period in which the outputs must be delivered; the firm should ensure availability of the team throughout this period, including maintaining key staff (Team Leader etc.) continuity.

The client (KP-HCIP Health Department, GoKP) reserves the right to adjust the work plan or request changes in level of effort based on evolving needs (for example, if the project scope changes or if an emergent issue requires more audit attention). However, any significant changes impacting the contract (timeline, scope, or cost) will follow the applicable contract amendment procedures in line with World Bank guidelines.

8. Reporting Responsibilities

The Internal Audit Firm will report administratively to the Project Director and DPD, KP-HCIP (Health PMU), who is the primary focal point on behalf of the client. At the same time, the firm carries out its work with independence and has the authority to access all personnel, information, and documents necessary for the audit. The specific reporting and communication lines are as follows:

- **Day-to-Day Communication:** The audit team will liaise on a regular basis with the Project Director and DPD to obtain data, documents, and clarification during the audits. The PMU will facilitate the auditor’s access to records (financial reports, vouchers, procurement files, etc.) and to field sites and counterparts (e.g., district health offices, facility in-charges) as required. The Project Director/DPD will designate a counterpart staff (such as the Financial Management Specialist or another official) to coordinate with the auditors for logistical arrangements and information requests.

- **Audit Reports Submission:** All internal audit reports (draft and final) shall be addressed to the Project Director and DPD, KP-HCIP (Health). The Project Director/DPD is responsible for officially receiving the reports and coordinating management responses.
- **Steering Committee Interface:** The Project Steering Committee (PSC) for KP-HCIP provides high-level oversight. The internal auditor will engage with the PSC through presentations and discussions of audit findings. Typically, the PSC is chaired by a senior official (e.g., Additional Chief Secretary or Secretary Health) and includes stakeholders from the Finance Department, P&D, etc., as well as possibly a World Bank representative as observer. The internal auditor's responsibility is to present objective findings to the PSC, answer any queries raised by members, and incorporate feedback or additional directives from the PSC. If the PSC requires specific follow-up actions or additional reviews, the auditor will take that as an input for subsequent work.
- **Relationship with Departmental Internal Audit and Auditor General:** The firm is expected to collaborate and communicate, as appropriate, with the Internal Audit Cell of the Health Department and the Office of the Auditor General of Pakistan (AGP). While the firm reports primarily to the project's management, it should keep the AGP's local directorate informed, especially if any serious irregularities or instances of fraud are detected (as these might overlap with the AGP's mandate). Liaison with the external auditors (AGP) is important to ensure adequate audit coverage and avoid duplication. For instance, the internal auditor may share its annual plan with the AGP team to coordinate efforts. However, the firm shall not share draft reports directly with external parties without client consent.
- **World Bank Oversight:** The World Bank will have an oversight role to ensure the internal audit is functioning as intended. This means the Bank may review the TOR (this document), clear the selection of the firm, and review the internal audit reports submitted. The Bank may provide comments or recommendations based on the internal audit findings, which the Project must then address. The internal auditor might be requested to discuss findings with World Bank officials during implementation support missions. Therefore, the firm should be prepared for periodic meetings (for example, semi-annual implementation review meetings) that may include the World Bank, to discuss key fiduciary issues observed.
- **Escalation of Critical Issues:** If the internal auditor uncovers any critical issues that require immediate attention (such as suspected fraud, significant misuse of funds, or any activity that could severely impact project outcomes), the auditor has the responsibility to promptly notify the Project Director/DPD in writing, outside of the normal reporting cycle. The Project Director/DPD, in consultation with oversight bodies and the World Bank, will take necessary actions which may include investigation or suspension of related activities. The internal auditor may be asked to provide additional information or analysis on such urgent issues.

Throughout the engagement, it is crucial that the internal audit firm maintains open and professional communication with all stakeholders. Regular debriefings after field work, periodic status updates to the Project Director/DPD, and prompt attention to information requests will facilitate a smooth audit process. All reports and working papers produced by the internal auditor will be treated with appropriate confidentiality (see Section 9) and shared only with authorized persons.

In summary, the internal auditor reports to project leadership but serves the interests of all stakeholders (government and World Bank) by providing an independent view. The governance

structure ensures that the auditor's findings are channeled to the right levels of authority for decision-making and corrective action.

9. Confidentiality Clause

The Internal Audit Firm and its personnel must maintain the **strictest confidentiality** with respect to all information, documents, and data accessed during the course of this assignment. The firm shall:

- **Non-Disclosure:** Not disclose any confidential or proprietary information related to the project or government operations to any unauthorized party. This includes (but is not limited to) financial data, procurement information, personnel records, or any sensitive project documents. All team members may be required to sign a Non-Disclosure Agreement (NDA) or a confidentiality undertaking as part of the contract.
- **Use of Information:** Use the information obtained solely for the purposes of executing the internal audit as defined in this ToR. The firm shall not use or allow the use of any project-related information for personal benefit or for any other purpose outside the scope of work.
- **Report Handling:** Ensure that draft audit reports, working papers, and communications are kept secure. Draft reports should be shared only with designated project officials for feedback. Even after completion of the assignment, the firm shall not publish or share the audit findings or reports without explicit written consent from the client (Health Department, GoKP) and concurrence of the World Bank if required.
- **Data Protection:** Comply with any applicable data protection laws or regulations when handling personal data (for example, payroll or HR records contain personal identifiable information). The firm should secure all such data during analysis, and ensure that any copies of official records made for audit purposes are stored safely and returned or destroyed (shredded/deleted) after use, in accordance with the client's instructions.
- **Auditor's Work Products:** The working papers, analysis, and drafts produced by the internal auditor are considered confidential. While the final audit reports will be shared with stakeholders as per Section 8, the detailed internal working papers remain the property of the auditor but must be available to the client or World Bank upon request (for oversight or quality review), under the same confidentiality provisions.
- **Exceptions:** In a scenario where the law or a court order requires disclosure of certain information (for instance, an investigation by an anti-corruption agency), the firm should promptly notify the client and seek guidance, while complying with legal requirements.

The confidentiality obligation extends beyond the completion or termination of the contract. The firm must ensure that all team members understand and adhere to these requirements. Any breach of confidentiality could result in contract termination and potential legal action. The firm is advised to have internal policies to safeguard client confidentiality and to train its staff on these aspects.

This clause does not prevent the firm from disclosing information to the World Bank, Auditor General, or other oversight entities that are officially entitled to receive such information as part of the project's governance framework – such disclosures are considered authorized. However, even in those cases, the information is to be handled discretely and only shared with appropriate persons.

10. Selection Method under World Bank Procurement Regulations

The selection of the Internal Audit Firm will follow the **Quality and Cost-Based Selection (QCBS)** method in accordance with the World Bank's Procurement Regulations for IPF Borrowers (Procurement in Investment Project Financing, **July 2016 edition, revised November 2017, August 2018, and November 2020**).

11. Payment Schedule

The payment for the internal audit services will be tied to the successful delivery of the outputs (deliverables) as outlined in these TOR. This output-linked payment approach ensures the firm is compensated upon achieving key milestones. The exact payment terms will be finalized in the contract negotiations,

Notes:

- Each "acceptance" of a report means that the report has been reviewed by the client (and possibly the World Bank) and found to meet the required standards of quality and completeness. The client will provide a written confirmation of acceptance (or a no-objection) for each deliverable milestone which will trigger the payment.
- If the contract period is extended or the number of audit cycles increases, the payment schedule will be adjusted proportionally or additional payments will be added for the additional cycles (subject to contract amendment). Similarly, if fewer cycles are needed (e.g., if the project closes early), payments will be made only for completed work/deliverables, as per contract terms.

12. Ownership of Outputs

All outputs produced under this engagement shall be the property of the client (KP-HCIP Government of Khyber Pakhtunkhwa, Health Department) and, by extension, available for use by the World Bank, which is financing the project. Specifically:

- **Audit Reports:** All internal audit reports (inception report, semi-annual reports, follow-up reports, special reports, completion report, etc.) and any accompanying documents, tables, or appendices are the property of the client once submitted. The client has the right to reproduce, distribute, or use these reports as needed for project purposes. The World Bank as a financier may also use the reports for oversight and implementation support.
- **Working Papers:** The working papers, datasets, and analyses prepared by the firm during the audit remain the property of the firm in terms of intellectual content, but the client and World Bank have the right to request access to them if needed to understand the findings or for quality assurance. Upon completion of the assignment, the firm is required to hand over all original documents obtained from the client and any confidential information. The firm should retain the audit working papers for a period (commonly at least 5 years) in case of any future references, but must not use them for purposes outside this assignment.
- **Software/Tools:** If the firm develops any specific tools, checklists, or software (for example, an audit checklist customized for the project, or a small database of project transactions for analysis), these too should be handed over to the client at the end of the assignment, if they were developed at the client's expense as part of this consultancy. The client can choose to

use or modify these tools in the future. However, generic audit software or proprietary tools of the firm are excluded from this – the client doesn't claim ownership of tools the firm uses which were developed outside this project.

- **Publication and Disclosure:** The firm shall not publish any results or outputs from this assignment without explicit permission. As per confidentiality (Section 9), the client holds the right to control the dissemination of the reports. That said, the client (and World Bank) may choose to disclose the internal audit reports or their summary as part of transparency initiatives or project documents. For instance, the World Bank may publish certain findings in its Implementation Status Reports or require that significant issues be made public. The firm's outputs will thus be used in accordance with the Bank's access to information and the government's transparency policies, as applicable.
- **Use of Outputs by Government/Bank:** The Health Department may share the reports with other government oversight bodies (e.g., the Provincial Public Accounts Committee, the Auditor General's office, etc.) as needed. The World Bank may also use the outputs for its fiduciary assessments or lessons learned for other projects. By agreeing to this TOR and contract, the firm acknowledges the client's and the Bank's rights to the work products.

In summary, while the Internal Audit Firm will be the author of the reports, these reports and related deliverables are commissioned works for the client. The firm will not have a copyright claim or restriction on their use. The contract will have a clause to this effect, ensuring that the client can fully utilize all deliverables for any purpose related to governance, oversight, or future project design.

The firm's cooperation is expected in handing over all relevant materials in an organized manner at the end of the assignment. This includes a proper exit meeting or de-brief with the client to ensure transfer of knowledge and understanding of the outputs. The client may also request a soft copy of all final reports and consolidated list of findings/recommendations for easy reference going forward.

13. Alignment with World Bank and National Standards

The internal audit engagement and the auditor's work must be aligned with both international best practices (including World Bank expectations for project audits) and the relevant national standards and regulations in Pakistan. This dual alignment ensures the audit is credible to all stakeholders. Key points of alignment include:

- **International Standards for Internal Auditing:** The Internal Audit Firm shall conduct its work in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA), or other internationally recognized auditing standards (such as ISA – International Standards on Auditing – where applicable to internal audit context). This includes upholding principles of integrity, objectivity, confidentiality, and competence. The audit process should follow a risk-based approach, and ensure adequate planning, evidence gathering, documentation, and supervision. Adherence to these standards will also meet World Bank's expectation of rigor and quality in the internal audit function.
- **World Bank Guidelines and Expectations:** The World Bank expects that the project's internal audit will strengthen fiduciary oversight. The firm should familiarize itself with the project's legal agreements and Bank guidelines that pertain to financial management and

procurement. For instance, World Bank's Financial Management Manual for projects (if any) and Procurement Regulations should be understood and referenced by the auditor. The Bank does not prescribe a format for internal audits, but it expects the audits to highlight any significant accountability issues, such as misuse of funds, lack of supporting documents, non-compliance with covenants, etc. The internal auditor should ensure that any red flags of fraud or corruption are clearly identified and that the Bank is alerted through the client if such issues arise[8]. In addition, the auditor should review compliance with the Bank's Anti-Corruption Guidelines for the project, as mentioned earlier.

- **Alignment with Auditor General's Requirements:** In Pakistan, the Auditor General's office (AGP) is responsible for external audit of government projects. While this internal audit is separate, it should be aligned in terms of scope coverage to facilitate the AGP's annual audit. The internal auditor should consider the Auditor General's auditing standards (which are largely based on INTOSAI standards) and ensure that areas typically examined by AGP (like compliance with General Financial Rules, accuracy of financial statements, procurement compliance, etc.) are adequately covered. By doing so, the internal audit can pre-empt or address issues before the AGP audit, and thus help the project achieve clean external audit reports. Coordination and liaison with AGP (as noted in Section 8) are part of this alignment.
- **Khyber Pakhtunkhwa Public Procurement Rules (KPPRA):** Although the project follows World Bank procurement regulations primarily, it is also important that the project does not violate any local procurement laws in case of IOC.
- **KPRA (Khyber Pakhtunkhwa Revenue Authority) Compliance:** As mentioned, compliance with provincial tax laws (sales tax on services) is a key local requirement. The auditor aligns with this by verifying that the project or its contractors are paying the due provincial taxes to KPRA, and availing any exemptions properly. This not only aligns with national standards but also ensures the project's expenditures are tax-compliant.
- **Professional Ethics:** All team members of the audit firm must abide by the code of ethics from their professional bodies (e.g., IFAC Code of Ethics for Professional Accountants). This ensures integrity and independence, which is crucial for both World Bank and Government acceptance of the audit results. If any team member has a potential conflict (for example, previously employed by the project or related department), the firm should replace that member to maintain objectivity.
- **National Internal Audit Initiatives:** The Government of Pakistan and the Government of Khyber Pakhtunkhwa may have certain internal audit frameworks or initiatives (for instance, some departments have internal audit manuals or the Ministry of Finance has issued internal audit guidelines for public sector). The firm should obtain any such relevant documents (e.g., an Internal Audit Manual if issued by the KP Finance Department) to align its approach. If the Health Department has its own internal audit procedures or checklist, the firm can incorporate those into their work, ensuring the audit meets both internal departmental expectations and the broader scope defined here.
- **Quality Assurance:** The World Bank or government may subject the internal audit work to quality assurance reviews. For example, the Bank's Implementation Support missions might review working papers, or the Health Department's Audit Committee (if one exists) might evaluate the internal audit's effectiveness. The firm should be prepared for such reviews. Also, the firm itself should have an internal quality control system (as per ISQC 1 or

equivalent) to ensure that the deliverables are reliable. This means senior personnel review the work of juniors, cross-checks are done, and consultations within the firm occur for technical matters.

- **Delivering Value:** Finally, alignment with expectations means that the internal audit is not just a formality but adds value. World Bank-funded projects expect internal audit to be a tool for improvement. The Health Department and PMU expect practical recommendations that can be implemented in the local context. So, the firm's recommendations should consider both international good practices and local feasibility (regulatory, capacity, etc.). For instance, if segregation of duties is weak due to staff shortage, the recommendation should suggest a pragmatic way to achieve mitigating controls. If financial documentation is a problem, recommend trainings or simple filing systems. This way, the audit aligns with improving compliance with both Bank guidelines and Pakistani regulations in a meaningful manner.

By meeting both World Bank and national standards, the internal audit will be credible and acceptable to all stakeholders, as explicitly required in the Financing Agreement. This will help ensure that the project remains on track in fiduciary terms and that any issues are promptly corrected in line with both donor and government expectations. The hired firm is expected to stay updated on any changes in relevant policies (for example, new procurement directives by the Bank or new financial regulations by the government) during the course of the assignment and adapt accordingly.

FORMAT AND SIGNING OF EOI APPLICATION

- A. Applicant shall submit their EOI Application in the Forms provided in Appendix-1 and in

line with the other instructions mentioned in this EOI document.

B. EOI Application shall consist of the following document:

- I. Details of Applicant as per Form-1
- II. Net Worth & Turnover as per Form-2
- III. Details of Relevant Experience as per Form-3
- IV. Comments & Suggestion on TORs from Bidders Form-4
- V. JV agreement as per Form-5
- VI. Conflict of Interest Form-6 (To be submitted on Judicial Stamp Paper of worth 100/- PKR)

C. EOI Application shall be signed and stamped on each page initialed by a person duly authorized to sign on behalf of Applicant. The EOI Application shall be in hardbound/ spiral binding form with all pages numbered serially. In case of JV partner, the power of attorney shall be attached as per the Form-5. The JV partners will not change at the time of bidding. The allowed number of JV partner for the services will be one.

SEALING AND MARKING OF EOI APPLICATION

A. EOI Application shall be submitted in a sealed envelope containing the EOI Application and the following written on the top:

Procurement of Internal Audit Firm for Project

B. Sealed envelope containing the EOI Application shall be addressed to:

***Project Director HCIP KP Health Khyber Pakhtunkhwa, House No 240 defense Colony
Shami Road***

C. Envelope containing the EOI Application shall indicate the name, address and contact number of the applicant.

Appendix-1: Format for Submitting EOI Application

From – 1: Details of the Applicant

Sr. No.	Name and Legal status of applicant	Particulars Required	Document Required
1.	Name of Applicant		
2.	Legal status of applicant (Sole Proprietorship, Private Limited or AOP)		
3.	Date of incorporation/ registration		Enclose certified copy of certificate of incorporation/ registration
4.	In case of Joint Venture, only one firm shall join as partner. Moreover, a partner firm can form JV with only one Lead Bidder in this project		Relevant Documents must be attached.
5.	The firm / partner firm (in case of JV) should be a legal entity having registered • NTN, GST Certificate of FBR. • KP Revenue Authority registration for services Tax Number.		Proof to be submitted in the form of valid certificates.
6.	Income Tax Returns of Lead Bidder/JV Partner (For JV, each partner should submit its Income Tax Returns Separately).		Proof to be submitted in the form of FBR generated tax returns.
B	Contact Details of Applicant -		
1.	Name and Designation of Authorized Contact Person		
2.	Postal Address		
3.	Telephone Number		
4.	Mobile No.		
5.	E-Mail		
6.	Website		
C	Brief Description of Applicant		
1.	Organization profile	Enclose Details	Company profile must be attached.
2.	Management Structure	Enclose Details	Organogram of firm must be attached in addition to brief bios of the project staff.
3.	Main Line of Business	Enclose Details	Past Performance certificates as explained in this EOI
	Status	Eligible/Not Eligible	

Signature of the Bidder:

Stamp of Bidder:

From-2: Criteria of Net Worth & Turnover

A	Turnover PKR	Required Documents
1	Annual Turn Over of lead bidder/JV Partner for any of the last two Financial Years accumulatively i.e.	To be verified from the submitted Income Tax Returns from FBR/Audit Reports
	Status	Eligible/Not Eligible

Note: Values should be duly certified by statutory body like Chartered Accountant or Independent Auditors who are competent to do so as recognized by the Govt.

Signature of the Bidder:

Stamp of Bidder:

Form-3: Relevant Experience

(Separate sheet to be filled for each Project)

S.N	Particulars	
1	Name of Project/ Facility	
2	Date of Establishment	
3	Project Cost (In Millions)	
4	Role of Applicant Owner Operator Service Provider	<i>Explain the Role of Applicant</i>
5	Years of Experience as Owner/Operator/ Service Provider	

Note: - Applicant shall submit supporting documents/ evidence e.g. completion certificate/ copy of contract agreement/certifications etc. for size of the project / services offered in support of relevant experience claimed in the above Form-3.

a) Only those assignments shall be considered for which consultant has provided services as lead member (in case that work has been done by a Joint Venture).

b) Each assignment shall be supported by following details:

i) Name of Overall assignment: _____

ii) Location of Overall assignment: _____

iii) Owner's Name and Address: _____

iv) Completion (Actual/Estimated vis-a-vis Stipulated): _____

v) Description of assignment: _____

vi) Description of Services provided by the firm:

c) Decision of Evaluation committee in ascertaining "similar nature" and "similar assignment" will be final.

Signature of the Bidder:

Stamp of Bidder:

Form-5

Comments & Suggestion from Bidders on Terms of Reference

Form-5: JV Agreement
Power of Attorney

(To be submitted on stamp paper of worth Rs. 100 duly notarized by oath commissioner)

KNOW ALL MEN BY THESE PRESENTS that by this Power of Attorney ("Power of Attorney"), [Insert Name of JV Partner] having its registered office [address of JV Partner], does hereby nominate, appoint and authorize [Lead bidder Authorize Name] of [Lead Bidder Name] having its registered Head Office [Address of Led Bidder] hereinafter referred to as the "Attorney", to do in our name and on our behalf the following:

- I. Sign and submit to PMU KP HCIP, of the Government of Khyber Pakhtunkhwa, or its authorized nominee the for Expression of Interest in response to the Expression of interest documents dated [Insert Last date of submission] issued by PMU KP HCIP (Health) and all other documents and instruments required to submit the Application for expression of interest.
- II. Execute all such deeds, documents and instruments as may be considered necessary and expedient in relation to the foregoing; and
- III. Do and carry out all other actions as may be required by PMU KP HCIP (Health), of the Government of Khyber Pakhtunkhwa & World Bank Regulation in connection with the Expression of interest process as a whole;
- IV. To immediately notify PMU KP HCIP (Health), of the Government of Khyber Pakhtunkhwa in writing of any impending or actual revocation as well as any change in the terms of this Power of Attorney.

We, [Insert Name of JV Partner] do hereby ratify and confirm whatsoever the Attorney shall do by virtue of these presents and further agree that whatever the Attorney shall do or cause to be done pursuant to this Power of Attorney shall be binding on [Insert Name of JV Partner]

Furthermore, each provision of this Power of Attorney is severable and distinct from the others. The invalidity, illegality or unenforceability of any one or more provisions of this Power of Attorney at any time shall not in any way affect or impair the validity, legality and enforceability of the remaining provisions hereof.

IN WITNESS WHEREOF, we have executed this POWER OF ATTORNEY as of [Insert Date]
[Insert Name of JV Partner]

By:

Designation:

NIC No.

WITNESSES:

Witness 1:

Name:

Address:

NIC No.:

Witness 2:

Name:

Address:

NIC No.:

Form-6: Conflict of Interest

- a. The consultant is required to provide professional, objective and impartial advice, at all times holding the Procuring Entity's interests paramount, strictly avoiding conflicts with other assignments or his/its own corporate in without any consideration for future work.
- b. The consultant shall be under obligation to disclose to the Procuring Entity any situation of actual or potential conflict that impacts its/his capacity to serve the best interest of its client/ Procuring Entity. Failure to disclose such situations may lead to the disqualification of the consultant or termination of its/his contract during execution of the assignment.
- c. Where there is any indication of conflict of interest exists or may arise, it shall be the responsibility of the Bidder to inform the PE, detailing the conflict in writing as an attachment to this Bid.
- d. A Conflict of Interest is where a firm involved in the proposal has or may be perceived to have a personal interest in ensuring that a particular Bidder is successful, Actual and potential conflicts of interest must be declared by a firm involved in a Bid process.
- e. PE shall be the final arbiter in case of potential conflict of interest, Failure to notify PE of any potential conflict of interest will invalidate any verbal or written agreement.
- f. For conflict of interest all applicable laws & regulation of World Bank shall also be enforced.