



## GOVERNMENT OF KHYBER PAKHTUNKHWA FINANCE DEPARTMENT

Finance Department Civil Secretariat Peshawar

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### **BACKGROUND**

The Government of Khyber Pakhtunkhwa, Finance Department is committed to financial reforms and accountability for which enactment of laws and devising of policies are prioritized from time to time. Any loophole in the financial sphere is responded immediately to bring improvement and visibility of the resources so as to be utilized for the betterment of the general public and provincial government.

The Government money and Contractor's securities etc. are lying under object Head G-10113 since its creation however, the withdrawal from the object head attracts the attention of the Government to carry out proper audit of it across the province. Therefore, Government of Khyber Pakhtunkhwa, Finance Department intends to conduct Forensic Audit of the deposits under head G-10113 across the province through a reputable Chartered Accountant Firm for the period from 1<sup>st</sup> July, 2016 to 30<sup>th</sup> June, 2024.

### **SHORTLISTING CRITERIA**

The interested Firms/Consultants shall be shortlisted by taking into consideration the following parameters:

- **Category:** Shall be a well reputed Chartered Accountant Firm (Category-A on SBP Panel).
- **Financial Capacity:** At least Rs.20.00 million per annum turnover for the last three years (Financial statement may be provided).
- **Human Resource Capacity:** Minimum 75 number of staff members, including 2 FCA & 3 ACA, having valid registration with professional bodies (Payroll of staff and profile of the professionals may be provided).
- **Similar Projects Completed:** Demonstrate a proven track record in conducting at least 05 similar projects during last 10 years (Completion certificate may be provided).
- **Registration with Professional Bodies/Authorities:** SECP, SBP, ICAP, KPRA and FBR (relevant certificates may be provided).

### **SCOPE OF FORENSIC AUDIT**

The Forensic Audit shall be conducted in two phases. The scope of the Forensic Audit includes the following and any additional areas that the Consultant might consider necessary during the review:

#### **PHASE-I**

- (I) The Firm shall conduct detailed scrutiny of the transactions pertaining to Object Head G-10113 across the province of Khyber Pakhtunkhwa for the period 1<sup>st</sup> July, 2016 to 30<sup>th</sup> June, 2024. This period shall also extend to the earlier years during which conversion of record from manual record keeping to SAP system took place in far-flung districts.
- (II) All credit/debit entries of G-10113 for the selected period shall be listed in chronological order for scrutiny purposes.





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- (III) All doubtful entries shall be separately listed from the above-mentioned exhaustive list of transactions department-wise.
- (IV) Detailed examination of the doubtful transactions shall be conducted in light of original vouchers & record.
- (V) All these doubtful entries shall be linked with the budget head of the concerned Works Department /Local Government, as the case may be.
- (VI) Full justification for the payments shall be verified in light of the prescribed rules.
- (VII) Detailed trail of the transactions shall be ensured till disclosure in the accounts.
- (VIII) All sums, required to be lapsed after 3 years, shall be identified, and the concerned dealing hands may be probed for its non-lapse under para 399 of CPWA Code.
- (IX) Authenticity of the cheques issued in support of doubtful transitions shall be ensured, and if found guilty of improper dialing of cheque books and other records, responsibility may be fixed.
- (X) Details of security against vendors prepared by respective departments in light of recent development for maintenance of new head (G-10146) shall be verified with the ledgers. In selected cases, its traces back may be checked with the original claim of the Works payment to the vendor concerned.
- (XI) Authority & responsibility matrix between Works Department & Accountant General Khyber Pakhtunkhwa / District Account Office shall be developed in light of the applicable rules.
- (XII) Responsibility shall be fixed on the officials found guilty in the process.
- (XIII) At the conclusion of Phase-I of the forensic audit, the preliminary report to this effect shall be submitted within 60 days.

## **PHASE-II**

- (I) In light of Phase-I of the forensic audit, so conducted, the gaps in the process of maintenance of such public accounts, including the newly created G-1120D (Security Deposits SPLGL) and G-10146 (PW Deposits – other departments) shall be identified, and recommendations shall be made to fill the gaps.
- (II) Recommendations shall also be formulated for improvements required in SAP system in light of gaps identified.
- (III) Similarly, recommendations shall be made for a manual system for checks and balances to be conducted in future by nominated set of stakeholders along with the recommended frequency for the routine checks and balances (e.g. monthly, quarterly, and annual).
- (IV) Furthermore, recommendations shall be crafted for the overall extent of visibility required for ascertaining the responsibility/authority of key stakeholders, and the type of reports (whether automated or manual) needed to achieve the required extent of visibility.
- (V) At the conclusion of Phase-II of the forensic audit, the detailed and final report to this effect shall be submitted within 120 days.