PROVINCIAL DISASTER MANAGEMENT AUTHORITY (PDMA) -

Provincial Reconstruction, Rehabilitation and Settlement Authority (PaRRSA)

INTERNAL AUDIT MANUAL

FEBRUARY 2014

RMDM & Co
CHARTERED ACCOUNTANTS

leading edge alliance
innovation • quality • excellence

This manual is submitted by USAID – Assessment & Strengthening Program and has been prepared by M/S Rafaqat Mansha Mohsin Dossani Masoom & Co. Chartered Accountants

HOW TO USE THE MANUAL

This manual serves as a reference guide for the Internal Audit execution in PaRRSA. The manual is split into seven chapters.

The first three chapters introduces you to the Internal Audit (IA), organization structure and placement of IA in the organization structure; and IA charter. Chapter 4, 5 and 6 deal with planning execution and reporting of IA activity respectively. Chapter 7of the manual deals in gender policies and compliance.

Chapter 1 is the general introduction. Chapter 2 describes the PaRRSA organization structure and placement of IA in the organization structure. And chapter 3 describes the IA charter including the code of ethics for IA.

Chapter 4 describes different types of audits and how to plan for them. Chapter 5 describes the process descriptions, risk assessment toolkits and audit programs. Chapter 6 describes the reporting lines and reporting formats.

Chapter 7describes procedures on how to ensure compliance on gender sensitive areas in the structure and organizational processes of PaRRSA (the Authority)
.

Annexure are appended at the end of the manual.

LIST OF ACRONYMS

AA	Accounts Assistant
ACCA	Association of Chartered Certified Accountants
AO	Accounts Officer
BHU	Basic Health Unit
CA	Chartered Accountant
CBB	Capacity Building Budget
CDCP	Citizen Damage Compensation Program
CIA	Certified Internal Auditor
CPO	Chief Planning Officer
C&W	Communication & Works
DAC	Divisional Approval Committee
DFD	Data Flow Diagram
DG	Director General
DNA	Damage Need Assessment
DP	District Plan
DRCD	Disaster Resilient Construction Design
DRM	Disaster Recovery Management
DRR	Disaster Risk Reduction
DRRC	District Reconstruction Rehabilitation Committee
EA	Executing Agency
FATA	Federally Administered Tribal Areas
FDRAP	Future Disaster Risk Action Plan
FM	Finance Manager
GoKPK	Government of Kyber PukhtunKhwa
HOS	Head of Section
HR	Human Resource
HUASP	Housing Uniform Assistant Subsidy Project
IA	Internal Audit
IDP	Internally Displaced Person
IIA	Institute of Internal Auditors
INGO	International Non Government Organization
IT	Information Technology
KPI	Key Performance Indicator
KPK	Kyber PukhtunKhwa
KPRP	Khyber Pukhtunkhwa Reconstruction Program
MIS	Management Information System
MoU	Memorandum of Understanding
M&C	Media & Communication
M&E	Monitoring & Evaluation
NADRA	National Database and Registration Authority
NDMA	National Disaster Management Authority
NGO	Non Government Organization
NOC	No Objection Certificate
NRM	Natural Resource Management
PaRRSA	Provincial Reconstruction, Rehabilitation & Settlement Authority
PC	Planning Commission
PDMA	Provincial Disaster Management Authority
PHA	Pukhtunkhwa Highway Authority
PHE	Public Health Engineering
PIL	Project Implementation Letter
PKR	Pakistani Rupee
PM	Program Manager
PMP	Performance Management Plan

PMU	Project Management Unit
PSC	Provincial Steering Committee
P&C	Planning & Coordination
QPR	Quarterly Progress Report
RHS	Rapid House Survey
SC	Steering Committee
SOP	Standard Operating Procedure
USAID	United States Agency for International Development

TABLE OF CONTENTS

Chapter – 1 Introduction---------- 1
Chapter – 2 Organizational Structure (Internal Audit) ---------- 9
Chapter – 3 Internal Audit Standards ----------16
Chapter – 4 Planning Internal Audit ----------25
Chapter – 5 Internal Audit Procedures----------35
Chapter – 6 Reporting---------- 131
Chapter – 7 Gender Policies & Compliance ---------- 139

CHAPTER – 1
INTRODUCTION

TABLE OF CONTENTS

1. Scope of manual 3
2. Objective 4
3. About PaRRSA 5
4. Distribution of manual and physical security 6
5. Procedure for updating the manual 7
   - 5.1. General 7
   - 5.2. Amendment to the manual 7
   - 5.3. Amendment control log 7
   - 5.4. Amendment to the hard copy 7
   - 5.5. Amendment to the electronic copy 8

1. SCOPE OF MANUAL

The Internal Audit (IA) Manual (this manual) sets out the IA principles, policies and procedures adopted by ***Provincial Reconstruction, Rehabilitation and Settlement Authority (PaRRSA)*** with objective to enhance efficiency and effectiveness of organizational activities.

The Head of Section (HOS) IA shall be responsible for the:

- Distribution of the manual to IA section personnel and M&E (if required);
- Maintenance of the record of manual holders;
- Approval of the recommended modifications to existing accounting policies and procedures;
- Implementation of the manual; and
- Monitoring of compliance with the policies and procedures in the manual

The manual comprises of the following chapters which cover all the processes related to IA:

- Introduction
- Organizational Chart
- IA Charter
- Planning IA
- IA Procedures and toolkits
- IA Reporting
- Gender polices and compliance

Operational policies related to Finance, Procurement, Human Resource and Admin; and Monitoring & Evaluation are covered in their respective manuals.

Where the IA staff of PaRRSA considers that they are unable, for any reason, to comply with the policies and procedures defined in this manual, they should refer the matter to the IA Committee through the HOS IA for resolution.

2. OBJECTIVE

The objective of this Manual is to provide a common basis for Internal Auditors to carry out their work at a standard consistent with the Institute of Internal Auditors (IIA) Professional Practice Framework. Its policies and procedures are intended to supplement the experience, competencies, skills, and judgment of auditors in planning, conducting and reporting on audits and in managing the overall lIA activity. The Audit Manual is meant to assist PaRRSA Internal Auditors to effectively perform their auditing duties, to promote consistency of work across PaRRSA and to provide auditors with a reference guide as to how internal auditors work.

The objective of this manual shall be met by ensuring the following:

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Organization's resources are used efficiently and adequately safeguarded.
- Organization's operations are transacted in accordance with sufficient internal controls, good business judgment, and high ethical standards.
- Quality and continuous improvement are fostered in the organization's internal control processes.

3. ABOUT PARRSA

PaRRSA has been established under Provincial Disaster Management Authority (PDMA) as a separate body and as an administrative arrangement through Notification NO.SO(E-1)/E&AD/PaRRSA/2009 dated June 27th, 2009 by Government of KPK (GoKPK). The Authority has been created to look after the whole reconstruction, rehabilitation and settlement of the affectees of the current crisis in KPK. The authority is required to work with an overarching relationship with the PDMA. The Authority will provide the requisite speed, ease, facilitation, coordination, supervision, and linkages to all the parties involved and helping the provincial Government in its endeavor to rehabilitate the affected areas. It may take up projects proposed under the various support funds created by the Friends of Democratic Pakistan and other international partners.

Functions of the Authority, as envisaged by the notification of GoKPK are as follows:

- Prepare strategies and development plans for implementation in the affected areas of the Province.
- Plan and coordinate the overall reconstruction, rehabilitation and resettlement effort.
- To provide one window facilitation to the international and national development partners.
- Supervise and monitor the implementing agencies.
- Establishment of standards and internal controls within and outside the organization.
- Responsible for all the projects proposed under the various support funds created by the Friends of Democratic Pakistan and other International Partners.
- Provide the requisite ease, speed, facilitation, coordination and supervision to the reconstruction and rehabilitation programs and linkages to all the parties involved in and helping the Provincial Government in its endeavor to rehabilitate the affected areas.
- Provide a fast track approval process for the projects and activities undertaken for the reconstruction and rehabilitation of the affected regions.

4. DISTRIBUTION OF MANUAL AND PHYSICAL SECURITY

The IA Manual of the PaRRSA shall be available to the users in the following two forms:

- A hard copyavailable with the IAsection; and
- An electronic copy (read only) available on the PaRRSA's website.

Distribution of the manual whether in the form of a hard copy or an electronic copy is the responsibility of the HOS IA. Distribution of this manual, in whole or part, shall be to only those personnel who will have to act on the basis of this manual or who would require guidance to carry out their day to day work. Where a hard copy is required, it shall be provided against an approved request. The audit manual request shall contain the following information:

- Date;
- Manual version number;
- Manual description;
- Custodian;
- Custodian designation;
- Signature of the requesting head of section; and
- Signature of custodian for accepting the manual.

The HOS IA shall also ensure that all the relevant people in the IA and other end user sections are aware that there is an electronic copy available on the PaRRSA's website.

.

.

Where there is a change of responsibility of an employee, the copy of this manual should be handed over to the new employee and this action shall be documented in the previous employee's handing over notes.

Where an employee leaves the employment of the PaRRSA without another employee taking over his/her duties, then the copy of this manual should be returned to the HOS IA prior to their departure.

5. PROCEDURE FOR UPDATING THE MANUAL

5.1. General

It shall be the responsibility of the HOS IA to ensure that the manual is regularly updated and periodic reviews of the manual are carried out for this purpose.

The manual may require changes on account of any of the following reasons:

- Additional policies and procedures consequent to introduction of new services, financial reporting requirements, the level of automation or changing needs of thePaRRSA;
- Changes inInternational Standards for the Professional Practice of Internal Auditing, changes in statutory requirements and improvements to existing policies and procedures; and deletions, for example, for superseded or redundant policies and procedures.
- Changes to this manual shall be reviewed and recommended by the HOSIA. The HOS IA shall discuss the recommended changes in IA Committee subsequent meeting (for approval) and include the same in agenda for the forthcoming meetingof SCfor final approval.

5.2. Amendment to the manual

All requests for amendments to the final version of the IA Manual shall be documented using the Amendment Form specified for this purpose. The Request for Amendment Form shall be raised by the HOS IA.

Please refer Annexure A for a copy of "Request for Amendment Form".

Where new operation or process is planned to be introduced, such a request shall be accompanied with a detailed description and approved procedures.

The Request for Amendment Form shall be raised by HOS IA and should be discussed in subsequent IA Committee meeting. It should be in agenda for the forthcoming meeting of the SC for final approval.

5.3. Amendment control log

HOS IA shall maintain amendment control log for all amendments. It shall form part of each chapter in this manual for the reference of users.

Please refer to "Annexure B" for a copy of "The Amendment Control Log".

5.4. Amendment to the hard copy

Any amendment to this manual shall warrant a reprinting of the affected chapter and issuance to those users who are holding hard copies. This shall be so due to the amendment of the version number of the chapter which shall be changed by the IA Section.

On receiving the approved (by IA Committee and SC) Request for Amendment Form, the IA Section shall incorporate the changes in the electronic copy of the manual and then make the necessary printouts.

In the interest of economizing one may choose to reprint only the modified pages. This is possible when a modification does not change the page number on which any subsequent sub headings can be found. In this case the affected pages may physically be removed from the existing copy of this manual and new pages inserted to replace them.

Where a modification shall change the page number on which a subsequent sub heading can be found then the affected chapter shall physically be removed from the existing hardcopy of this manual and the updated chapter shall be reprinted and inserted in this manual.

5.5. Amendment to the electronic copy

The original electronic file containing the respective chapter that needs amendment shall be copied and saved with a new version number equivalent to the old version number plus one by the IT section, thus ensuring that the original file remains unchanged.

The amended electronic copy shall be forwarded to the IT section for replacing the existing electronic copy on the website with the amended electronic copy.

Please refer Annexure C for a copy of "Responsibility Matrix" relating to responsibilities of employees regarding the dissemination, updating and control of the manual.

CHAPTER – 2
ORGANIZATIONAL STRUCTURE (INTERNAL AUDIT)

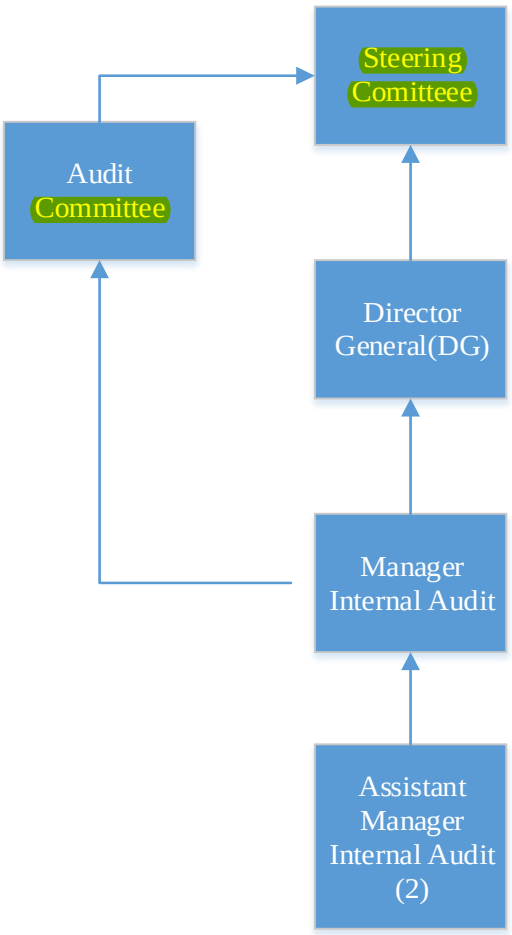
TABLE OF CONTENTS

1. Scope of Chapter 11
2. Job descriptions 12
   2.1. Manager Internal Audit 12
   2.2. Assistant Manager Internal Audit 14

1. SCOPE OF CHAPTER

This chapter outlines the structure of IA structure and function within the overall organizational structure of PaRRSA.

Following is the graphical outline of the structure for IA function.



2. JOB DESCRIPTIONS

2.1. Manager Internal Audit/HOS

1. General Information	
Position Title	Manager Internal Audit/HOS
Department	PaRRSA
Location	PDMA/PaRRSA
Reports to (Title of Immediate Supervisor)	DG PDMA/ PaRRSA/SC
Section	Internal Audit Section

2. Purpose of the Position
The position will be responsible for standardization and execution of audit and accounts control system.

3. Working Relationship	
Internal (Within Department)	**External (Outside Department)**
• DG PDMA/PaRRSA • All staff of PaRRSA • Staff of PDMA	• Staff of PMUs • Staff of Line Departments • Donor Agencies

4. Job Description
Areas of Responsibilities
• He/she will develop an overall audit strategy and appraise progressively the soundness, adequacy and application of the internal control systems • Give an annual opinion to the DG, on the adequacy and effectiveness of the whole system of internal controls within the PaRRSA. • Overall planning, directing, coordinating and supervising activities pertaining to internal audit; • Ascertain the extent to which the system of internal control ensures compliance with the PaRRSA's policies and procedures and reviewing and approving the annual internal audit plans of PaRRSA; • Ascertain that the system of internal control promotes the efficient and effective use of resources and developing internal audit programs and ensuring implementation of audit programs; • Ascertain that the system of internal control operates to ensure that the assets of the PaRRSA are properly controlled and safeguarded from losses arising from fraud, irregularity or corruption;

- Ascertain that there are adequate controls to ensure reliability of accounting, financial and other information as a basis for producing accounts and for financial, statistical and other returns;
- Compilation of an Annual Internal Audit Report on the outstanding audit paras and an assessment of the lessons learnt;
- Confirm compliance with laws and regulations;
- Any other task assigned by the competent authorities.

5. Qualification and Experience

Qualification:

CA finalist/ ACCA/ CIA or post graduate degree in Accounting/ Finance from any recognized university or member of any recognized accounting body.

Experience:

8 years professional experience

6. Training requirements

- Project Cycle Management
- Disaster Management

7. Knowledge, Skills and Personal Attributes

Job Knowledge:	**Skills:**	**Personal Attributes:**
• Knowledge of Public service policies and procedures • Thorough knowledge of organizational business and its importance • Knowledge of best practices in relevant functions of the department and the government	• Management skills • Relationship management • Interpersonal skills. • Drafting skills • Analytical skills • Communication skills • Presentation skills • IT, FM HRM and admin skills • Workplace management skills	• Has a flexible approach and willing to take on additional tasks. • Cooperative • Focused • Initiator • Positive Attitude • Hard worker • Honest • Can work under stress and pressure • Confidentiality • Leadership

8. Required Tools / Equipment

- Computer/Internet
- Telephone/Fax

2.2. Assistant Manager Internal Audit

1. General Information	
Position Title	Assistant Manager Internal Audit
Department	PaRRSA
Location	PDMA/PaRRSA
Reports to (Title of Immediate Supervisor)	Manager Internal Audit
Section	Internal Audit Section
2. Purpose of the Position	
The position will be responsible to assist Manager Internal Audit for standardization and execution of audit and accounts control system.	
3. Working Relationship	
Internal (Within Department)	**External (Outside Department)**
• DG PDMA/PaRRSA • All staff of PaRRSA • Staff of PDMA	• Staff of PMUs • Staff of Line Departments • Donor Agencies
4. Job Description	
Areas of Responsibilities	
• He/she will assist Manager Internal Audit to develop an overall audit strategy. And appraise progressively the soundness, adequacy and application of the internal control systems • Assist Manager Internal Audit to give an annual opinion to the DG, on the adequacy and effectiveness of the whole system of internal controls within the PaRRSA. • Assist Manager Internal Audit to overall planning, directing, coordinating and supervising activities pertaining to internal audit; • Assist Manager Internal Audit to ascertain the extent to which the system of internal control ensures compliance with the PaRRSA´s policies and procedures. And reviewing and approving the annual internal audit plans of PaRRSA; • Assist Manager Internal Audit to ascertain that the system of internal control promotes the efficient and effective use of resources and Developing internal audit programs and ensuring implementation of audit programs; • Assist Manager Internal Audit to ascertain that the system of internal control operates to ensure that the assets of the PaRRSA are properly controlled and safeguarded from losses arising from fraud, irregularity or corruption; • Assist Manager Internal Audit to ascertain that there are adequate controls to ensure reliability of accounting, financial and other information as a basis for producing accounts and for financial, statistical and other returns;	

- Assist Manager Internal Audit in compilation of an Annual Audit Report on the outstanding audit paras and an assessment of the lessons learnt;
- Confirm compliance with laws and regulations;
- Any other task assigned by the competent authorities.

5. Qualification and Experience

Qualification:

CA finalist/ ACCA/ CIA or post graduate degree in Accounting/ Finance from any recognized university or member of any recognized accounting body.

Experience:

05 years professional experience

6. Training requirements

- Project Cycle Management
- Disaster Management

7. Knowledge, Skills and Personal Attributes

Job Knowledge:	Skills:	Personal Attributes:
• Knowledge of Public service policies and procedures • Thorough knowledge of organizational Business and its importance • Knowledge of best practices in relevant functions of the department and the government	• Management skills • Relationship management • Interpersonal skills. • Drafting skills • Analytical skills • Communication skills • Presentation skills • IT, FM, HRM and admin skills • Workplace management skills	• Has a flexible approach and willing to take on additional tasks. • Cooperative • Focused • Initiator • Positive Attitude • Hard worker • Honest • Can work under stress and pressure • Confidentiality • Leadership

8. Required Tools / Equipment

- Computer/Internet
- Telephone/Fax

CHAPTER – 3
INTERNAL AUDIT STANDARDS

TABLE OF CONTENTS

1. Scope of chapter 18
2. Definitions 19
   - 2.1. Conflict of Interest 19
   - 2.2. Independence 19
   - 2.3. Objectivity 19
3. Policies 20
   - 3.1. Purpose of IA 20
   - 3.2. IA Charter 20
   - 3.3. Professional responsibilities 20
   - 3.4. Authority and Confidentiality 21
   - 3.5. Roles and responsibilities 21
   - 3.6. Standards 22
   - 3.7. Proficiency and due professional care 22
   - 3.8. Relationship with external auditors 22
   - 3.9. Quality assurance and improvement program 23
   - 3.10. Administrative arrangement 23
4. Procedures 24
   - 4.1. IA Charter 24

1. SCOPE OF CHAPTER

SC has established the IA Section as a key component of PDMA/PaRRSA's governance framework.

This chapter provides the framework and policies and procedures for the conduct of the IA function in PDMA/PaRRSA and has been approved by the SC on the advice of the IA Committee.

This chapter states policies and procedures of:

- Purpose of Internal auditing
- IA Charter
- Professional responsibility
- Authority and confidentiality
- Roles and Responsibilities
- Standards
- Proficiency and due care
- Relationship with external auditors
- Quality assurance and improvement program
- Administrative arrangement

2. DEFINITIONS

For the purpose of this chapter the following terms shall have given descriptions

2.1 Conflict of Interest

Conflict of interest is a situation in which an Internal Auditor, who is in a position of trust, has a competing professional or personal interest. Such competing interests can make it difficult to fulfill his/her duties impartially.

2.2 Independence

Independence is the freedom from conditions that threaten the ability of the IA activity to carry out IA responsibilities in an unbiased manner.

In all matters relating to the audit work, the IA and the individual auditor shall be free from personal and external impairments to independence, and shall avoid the appearance of such impairments of independence.

2.3. Objectivity

Objectivity is an unbiased mental attitude that allows Internal Auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made.

Objectivity includes being independent in fact and appearance when providing audit engagements, maintaining an attitude of impartiality, having intellectual honesty, and being free of conflicts of interest.

3. POLICIES

3.1. Purpose of IA

IA provides shall provide an independent and objective review and advisory service to:

- Provide assurance to the SC that PaRRSA's financial and operational controls designed to manage the organization's risks and achieve the organization's objectives are operating in an efficient, effective and ethical manner, and
- Assist management in improving the entity's business performance.

3.2. IA Charter

The purpose, authority and responsibility of IA Activity shall be formally defined in an IA Charter consistent with the definition of internal auditing, the code of ethics and the standards. The HOS IA Section shall periodically review the charter and present it to senior management and SC for approval.

3.3. Professional responsibilities

3.3.1. Independence and objectivity

IA function shall be independent and objective in performing its work.

3.3.2. Organizational independence

The HOS IA shall report to a level within the organization that allows the IA activity to fulfil its responsibilities. The HOS IA shall confirm to the IA Committee, at least annually, the organizational independence of the IA activity.

All communications shall be made directly to the IA Committee.

3.3.3. Individual independence and objectivity

Internal Auditors shall have an impartial, unbiased attitude and avoid any conflict of interest.

To exercise independence in the IA functions, IA staff shall:

- Remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.
- Have no direct operational responsibility or authority over any of the activities audited. Accordingly, they shall not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that shall impair Internal Auditor's judgment.
- Exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal Auditors shall make a balanced

assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

- Ensure that reporting independence has been maintained by choosing to reveal any information they believe should be disclosed to the IA Committee
- The HOS IA shall confirm to the IA Committee, at least annually, the individual independence of the IA activity.

3.4. Authority and Confidentiality

Subject to compliance with PaRRSA's security policies, Internal Auditors shall be authorised to have full, free and unrestricted access to all sections, premises, assets, personnel, records, and other documentation and information that the HOS IA considers necessary to enable IA to meet its responsibilities.

All records, documentation and information accessed in the course of undertaking IA activities are to be used solely for the conduct of these activities. The HOS IA and individual IA staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

The Internal Auditor shall exercise his/her judgment in use of authority as defined in IA policies, it shall:

- Communicate verbally or in writing with any current employee, full or part time, of PaRRSA in order to obtain information.
- Communicate verbally or in writing with a former employee of PaRRSA in order to obtain information.
- Examine all documents of PaRRSA.
- Examine all or any of the asset(s) in the name or use of PaRRSA
- Make contact with any consultant or external supplier of services considered to have information.

3.5. Roles and responsibilities

The scope of IA encompasses, but shall not be limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.

- Evaluating the quality of performance of external auditors and the degree of coordination with IA.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- Reporting periodically on the IA activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the IA Committee.
- Evaluating specific operations at the request of the IA Committee.

3.6. Standards

The IA staff shall abide by the policies and values of PaRRSA/ PDMA and code of ethics in all their official conducts.

Please refer to Annexure D for detailed code specified by the Institute of Internal Auditors

3.7. Proficiency and due professional care

Engagements shall be performed with proficiency and due professional care.

3.7.1. Proficiency

In the conduct of IA work, IA staff shall:

- Comply with relevant professional standards of conduct.
- Possess the knowledge, skills and technical proficiency relevant to the performance of their duties.
- Be skilled in dealing with people and communicating audit, risk management and related issues effectively.
- Enhancetheir technical competence through a programme of professional development.

3.7.2. Due professional care

In the conduct of IA work, IA staff shall exercise due professional care in performing their duties by considering the:

- Extent of work needed to achieve the engagement's objectives.
- Relative complexity, materiality, or significance of matters to which assurance procedures are applied.
- Adequacy and effectiveness of governance, risk management, and control processes.
- Probability of significant errors, fraud, or noncompliance.
- Cost of assurance in relation to potential benefits.

3.8. Relationship with external auditors

Internal and external audit activities shall be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplication of effort.

Periodic meetings and contact between internal and external audit shall be held to discuss matters of mutual interest.

External audit shall have full and free access to all IA plans, working papers and reports.

3.9. Quality assurance and improvement program

The HOS IA Section shall develop and maintain a quality assurance and improvement program that covers all aspects of IA activity. The quality assurance improvement program shall include both internal and external assessments.

3.9.1. Internal assessments

Internal assessments shall include:

- Ongoing monitoring of IA activity and;
- Periodic reviews performed through self-assessment or by other persons within the organization with sufficient knowledge of IA practice.

3.9.2. External assessments

External assessments shall be conducted at least once in five years by a qualified independent reviewer or review team from outside the organization. The HOS IA shall discuss with the Internal Audit Committee:

- The need for more frequent external assessments and;
- The qualifications and independence of the external reviewer or review team including any potential conflict of interest.

The HOS IA shall submit the reports of internal and external assessments to DG and Audit committee, for ensuring that recommendations are implemented.

3.10. Administrative arrangement

The HOS IA shall report functionally to the IA Committee and administratively (i.e. day to day operations) to the DG.

The SC shall approve all decisions regarding the performance evaluation, appointment, or removal of the HOS IA as well as the HOS IA's annual compensation and salary adjustment. The HOS IA shall communicate and interact directly with the SC, including in executive sessions and between SC meetings as appropriate.

3.11. IA Committee

IA Committee shall comprise of non-executive member of SC.
Please refer to annexure E for guidelines and composition of IA Committee

4. PROCEDURES

This section shall contain the procedures for implementing PaRRSA's policies for IA organizational standards and structure

- IA Charter

4.1. IA Charter

The HOS IA shall prepare first draft of IA charter in accordance with the International Standards on Internal Auditing and forward it to the DG for review.

- The DG shall review the scope before sharing it with the members of IA Committee.
- The IA Committee in its first meeting shall approve the scope for IA Section.
- The charter can be reviewed by the IA Committee for any changes or updates when required.

Please refer to Annexure F for a format of IA charter.

CHAPTER – 4
PLANNING
INTERNAL AUDIT

TABLE OF CONTENTS

1. Scope of chapter 27
2. Definitions 28
   - 2.1. Audit Plan 28
   - 2.2. Internal Controls 28
   - 2.3. Post-Auditing 28
   - 2.4. Risk Assessment 28
   - 2.5. Special Audit 28
3. Policies 29
   - 3.1. Periodic IA Plan 29
   - 3.2. Other tasks assigned (Special Audits) 32
4. Procedures 33
   - 4.1. Periodic IA Plan 33

1. SCOPE OF CHAPTER

This chapter states the policies and procedures of the IA section for planning of;

- Periodic IA plan
- Other tasks assigned (Special Audits)

2. DEFINITIONS

For the purpose of this chapter following terms shall have given description:

2.1. Audit Plan

This shall refer to the process of developing a general strategy and detailed approach for expected timing, nature and extent of audit.

2.2. Internal Controls

This shall refer to systematic measures (such as reviews, checks and balances, methods and procedures) instituted by the PaRRSA to conduct its business in an orderly and efficient manner, safeguard its assets and resources, deter and detect errors, fraud, and theft, ensure accuracy and completeness of its accounting data, produce reliable and timely financial and management information, and ensure adherence to its policies and plans.

2.3. Post-Auditing

It shall refer to the IA process that involves review of documents or a series of transactions after the transaction has been recorded or completed.

2.4. Risk Assessment

Risk assessment shall refer to a systematic process of evaluating the potential loss/damage that may be related to an activity or process.

2.5. Special Audit

This shall refer to the audit of any specific aspect of the overall organization or business, which carries a specific problem or suffers from specific issues, which requires investigation and special reporting.

3. POLICIES

This section contains policies for following IA functions:

- Periodic IA Plan
- Other tasks assigned (Special Audits)

3.1. Periodic IA Plan

3.1.1. IA Plan

The HOS IA shall develop the initial audit objectives and the requisite audit methodology to satisfy those objectives.

IA Objective

In the planning phase the HOS IA shall develop initial audit objectives articulating what the IA is expected to accomplish. The audit objectives shall define the audit purpose, establish the direction for detailed audit work, and provide the focus for formulating subsequent findings.

IA Period

IA plan shall cover period of one year at the end of which annual IA report shall be deliverable. This plan shall be executed in two phases making IA activity biannual and delivering midterm report accordingly.

All planning, evidence gathering, and data evaluation shall begin with the audit objectives and the audit shall end when the HOS IA has sufficient and appropriate evidence to issue a report which satisfies the audit objectives.

Audit Methodology

IA shall develop an audit methodology to ensure that IA activity is conducted within the allocated time frame without compromising the IA procedures. Audit methodology specifies the basic steps which will be performed during a particular IA assignment and should be notified to all the sections being audited. It shall include the following steps:

1- IA planning
2- Entrance meeting with the relevant section
3- Field work
4- Management letter for identified breaches of internal controls
5- Draft report
6- Exit conference
7- Final report

IA risk assessment

The IA shall perform different risk assessment procedures at the planning level to help him/her develop or update his understanding of the authority and identify different types of risks affecting the authority. This will help IA to do decide the extent to which Internal Controls can be relied upon and decide on the combinations of procedures to minimize the assessed risk. Risk Assessment procedures may include all or any of the following depending on circumstances and judgement of the IA:

1- Inquiries:
   Inquiries shall include inquiring people working at different levels in the authority to obtain different levels of information. Such inquiries can provide different type of information depending on type and level of management been inquired.

2- Inspections:
   Inspections include reviewing documents to support the inquiries made or any other verbal communication from management.

3- Observations:
   Observations include observing the internal controls in place and the general environment within which they are working. This will help develop an overall understanding of the control environment.

4- Analytical Procedures:
   Analytical procedures at the assessment level can help develop a big picture of the authority's performance. These include various procedures, including variance analysis, trend analysis, comparison of financial and non-financial information and statistical analysis.

Risk assessment procedures shall help the IA identify the following categories of risks for development of IA plan:

Strategic Risk:	Impairment to the strategic mission of the PaRRSA.
Operational Risk:	Impairment of the ability to carry out day-to-day operations of PaRRSA.
Compliance Risk:	Failure to comply with laws, regulations and internal policies designed to conduct business in an orderly and efficient manner, safeguard PaRRSA assets and resources
Financial Risk:	Loss of financial resources or assets.
Reputational Risk:	Risk that public image or reputation is damaged by actions of a unit or individual connected to PaRRSA.

The IA shall develop 4rankings against the risk factor identified as;

Very High	High	Medium	Low
4	3	2	1

Depending on the risks identified the IA shall develop his/her audit procedures to reduce the assessed risk to acceptable level. Audit procedures shall include:

1- Test of controls
2- Substantive procedures

Test of Controls:

Test of controls include procedures designed to assess the operating effectiveness of internal controls in place. These procedures can be applied at risk assessment level as well to identify deviations from standard operating procedures.

Substantive Procedures:

Substances Procedures shall include Test of Details and Analytical Procedures.

Test of Details:

These mainly include test of balances of a particular account head. These are aimed at verification of balance of a particular head of account.

Analytical Procedures:

Analytical procedures shall include Ratio analysis, trend analysis, variance analysis and such other procedures which allow data to be analysed for the plausible relationships between two variables.

3.1.2. Communication & Approval

The IA Plan developed by the HOS IA shall be shared with the IA Committee. The Committee shall formally approve the plan before commencement of the plan.

3.1.3. Auditee notification

After the IA plan is approved, the next step in the planning phase shall be to notify the auditee of the audit, except in circumstances where fraud and/or irregularities may be suspected.

The IA plan shall be notified to the relevant head of section at least fifteen (15) days before the start of IA activity.

In notifying the auditee of a pending audit, the HOS IA shall at minimum communicate the following information:

- The activity name or a brief description of the function, activity, department, or unit of the PaRRSA to be audited
- The type of audit to be conducted and the audit objectives and scope
- The dates of the planned audit
- A request of any required documentation;

Where any of the head of sections have any concern over the schedule or process of IA activity, he/she shall inform the HOS IA at least seven (7) days before the start of the activity.

3.2. Other tasks assigned (Special Audits)

The HOS IA shall ensure the contingency flexibility in periodic IA plan for any Special Audit assigned by DG or IA Committee. This contingency shall ensure that periodic IA plan can be executed as planned without any delays caused by extra work under Special Audit assignment.

The time frame and deliverables shall vary for different assignments. It shall be decided by HOS IA in coordination with IA Committee.

The HOS IA shall develop work plan before execution of such assignment. Special Audit plan shall focus on special issues related to accounting, auditing and reporting. The requirements of donor and government agencies shall be included in such plans.

In case of expertise required in particular area, for instance, IT or Engineering, HOS IA shall communicate such matter to DG and with approval of competent authority external consultant shall be hired for particular assignment for fixed period. JD/ToR of such consultant shall be written down by HOS IA and approved by DG.

4. PROCEDURES

The IA section shall adopt the procedures below to prepare and execute IA functions. This chapter contains procedures for the following aspects of IA:

- Periodic IA plan
- Other tasks assigned (Special Audits)

4.1. Periodic IA Plan

4.1.1. IA Plan

The Assistant Manager IA shall develop the initial audit plan. The HOS IA shall review the draft plan keeping in view the objective for planning, with consideration for any feedback provided by the IA Committee, the DG, and other relevant members of management.

Please refer to Annexure G for a template for IA plan

Basis for the plan

The Internal Auditor shall obtain a level of knowledge of PaRRSA sufficient to enable the identification of events, transactions, policies and practices that may have a significant effect on the financial information. Following are some of the sources wherefrom the Internal Auditor shall obtain such knowledge:

- Risk assessment as per policy.
- Previous experience with various sections and management levels.
- Legislation and regulations that significantly affect PaRRSA.
- PaRRSA's policies and procedure manuals.
- Minutes of the meetings of SC and other important committees.
- Management reports/ IA reports of prior periods.
- Newspaper/ industry journals.
- Discussion with management and concerned staff.
- Visits to PaRRSA facilities/field offices etc., to obtain first-hand information regarding the activities of the Authority.
- Visits to the PaRRSA's sections where the accounting and other documents are generated and maintained.

Contents of the plan

The HOS IA after evaluating various sources shall consider the following for devising IA Plan;

- Include the IA section's scope and objectives.
- Explain how the audit plan was developed. It shall usually be based on a standardized risk assessment; discussions with management; evaluations of prior audit results; inclusion of audits mandated by regulatory bodies; and management requests.

- Provide a summary of the PaRRSA's background, regulatory environment and current operations as an aid to readers only if required.
- Describe the methodology used by the IA section to assign risk to individual audit areas or projects.

Please refer to Annexure H for risk assessment template

- Describe the structure of the IA section, providing organization charts as needed and including IA timeline.
- Document significant changes in the IA section's structure or personnel since the last audit plan, or changes that are planned for the coming year.
- Provide a brief description of each audit planned for the year, including scheduled audit time and general audit scope.

4.1.2. Communication & Approval

- The IA section shall finalize the plan.
- The HOS IA shall review the draft before submitting the plan to the IA Committee for approval.
- The HOS IA shall present the biannual audit plans for the next financial year to the IA Committee during the last IA Committee meeting of current financial year.
- The members of IA Committee shall approve the plan for the next year by signing the IA plan document.

4.1.3. Auditee notification

After taking approval from IA Committee the auditee sections shall be notified.

- The HOS IA shall provide the notification either through a letter or email to the relevant head of sections.
- The notice shall be duly signed by the DG and HOS IA. Where the notice is served through email, a copy shall be sent to DG via CC.
- All the recipients of the notice shall acknowledge the receipt in due course. In case the audit plan is emailed “read by recipient” option shall be used to confirm receipt.
- Where any head of section has any concern over the schedule or process of the audit it shall be communicated to the IA Section in writing and copied to DG.

CHAPTER – 5
INTERNAL AUDIT PROCEDURES

TABLE OF CONTENTS

1. Scope of chapter 37
2. Definitions 38
   2.1. IA Program 38
   2.2. MIS 38
   2.3. Procurement 38
   2.4. Pre-qualification 38
   2.5. Post-qualification 38
   2.6. Risk 38
   2.7. Walk-through procedures 38
3. Policies 39
   3.1. IA Program 39
4. Procedures 126
   4.1. IA Program 126

1. SCOPE OF CHAPTER

This chapter comprises of IA techniques and procedures to be adopted during IA activity. This chapter covers the policies and procedures of IA activity for following sections;

- Finance
- Procurement
- HR & Admin
- M&E
- Infrastructure
- P&C
- Housing
- Media & Communication (M&C)
- MIS

Detailed policies and procedures related to above mentioned areas are covered in their respective manuals. The role of IA section is to ensure compliance with the policies and procedures applicable to all operational activities.

2. DEFINITIONS

For the purpose of this chapter following terms shall have given description:

2.1. IA Program

IA program refers to systematic, independent and documented process for obtaining audit evidence and evaluating it objectively to determine the extent to which audit criteria are fulfilled.

2.2. MIS

A Management Information System (MIS) provides information that organizations require to manage themselves efficiently and effectively. Management information systems are typically computer systems used for managing an entity.

2.3. Procurement

Procurement is the acquisition of goods, services or works from an external source.

2.4. Pre-qualification

Pre-qualification is the process of up-front identification of top-quality suppliers able to compete for specific types of contract opportunities.

2.5. Post-qualification

Post-qualification is the process of detailed evaluation of pre-qualified suppliers for contract award purpose.

2.6. Risk

Risk is the potential of losing something of value, weighed against the potential to gain something of value.

2.7. Walk-through procedures

Walk-through procedures are procedures in which an auditor follows a transaction from origination through the entity's processes, including information systems, until it is reflected in the entity's financial records, using the same documents and information technology that entity's personnel use. Walkthrough procedures usually include a combination of inquiry, observation, inspection of relevant documentation, and re-performance of controls.

3. POLICIES

This section contains policies for implementing PaRRSA's IA programs for all the departments covered in IA scope.

- IA programs
  - Finance
  - Procurement
  - HR & Admin
  - M&E
  - Infrastructure
  - P&C
  - Housing
  - M&C
  - MIS

3.1. IA Program

IA section shall prepare in advance, an IA program for conducting an effective and systematic IA for the period.

Before setting up the entire IA program the IA section shall review;

- Policies and procedures
- Prior audit reports
- External audit management reports
- Regulatory examination reports
- Related information on laws and regulations

The program shall incorporate all of the audit areas and procedures required to prepare the IA report.

The pre-designed program shall allow for necessary changes as and when required.

3.1.1.Finance

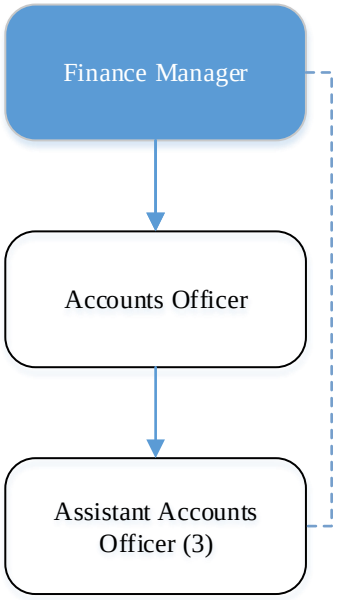
Departmental Introduction

The Finance section is headed by Finance Manager. The major functions performed by finance section include cash flow management, accounting, financial reporting to government and donors, and ensuring compliance with applicable laws and regulations.

The key activities of finance section are:

- Reimbursement of funds from USAID
- Release of funds to Executing Agencies (EA)
- Payments process
- Bank reconciliation and reporting process

Following is the graphical outline of the structure for Finance Section.



Process Framework and Risk Synopsis

The HOS IA shall identify mega, major and sub processes of this section and highlight the risks associated with them. It shall be categorized under Strategic, Financial, Operation or Compliance risk.

Please refer to Annexure I for Finance Section's Process Framework and Risk Synopsis Sample.

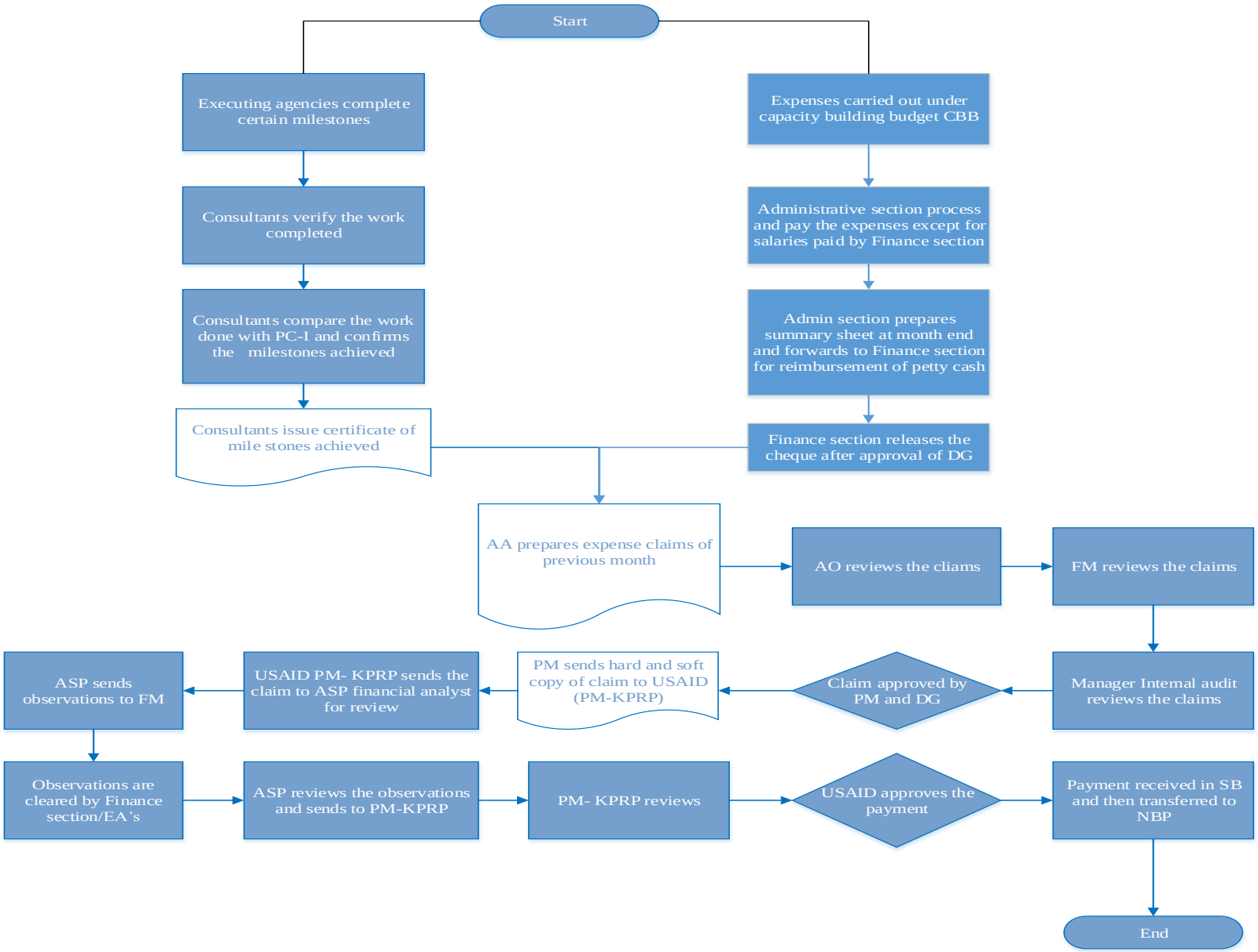
Finance Process Mapping- ***Reimbursement of funds from USAID***

Reimbursements are claimed from USAID for:

- Project specific expenses after completion of milestones and
- Operational expenses under Capacity Building Budget (CBB) on monthly basis.

Expenses under CBB are carried out on monthly basis, processed and paid by Administrative and Finance section respectively.

Following is the 'Reimbursement of funds from USAID' Process DFD

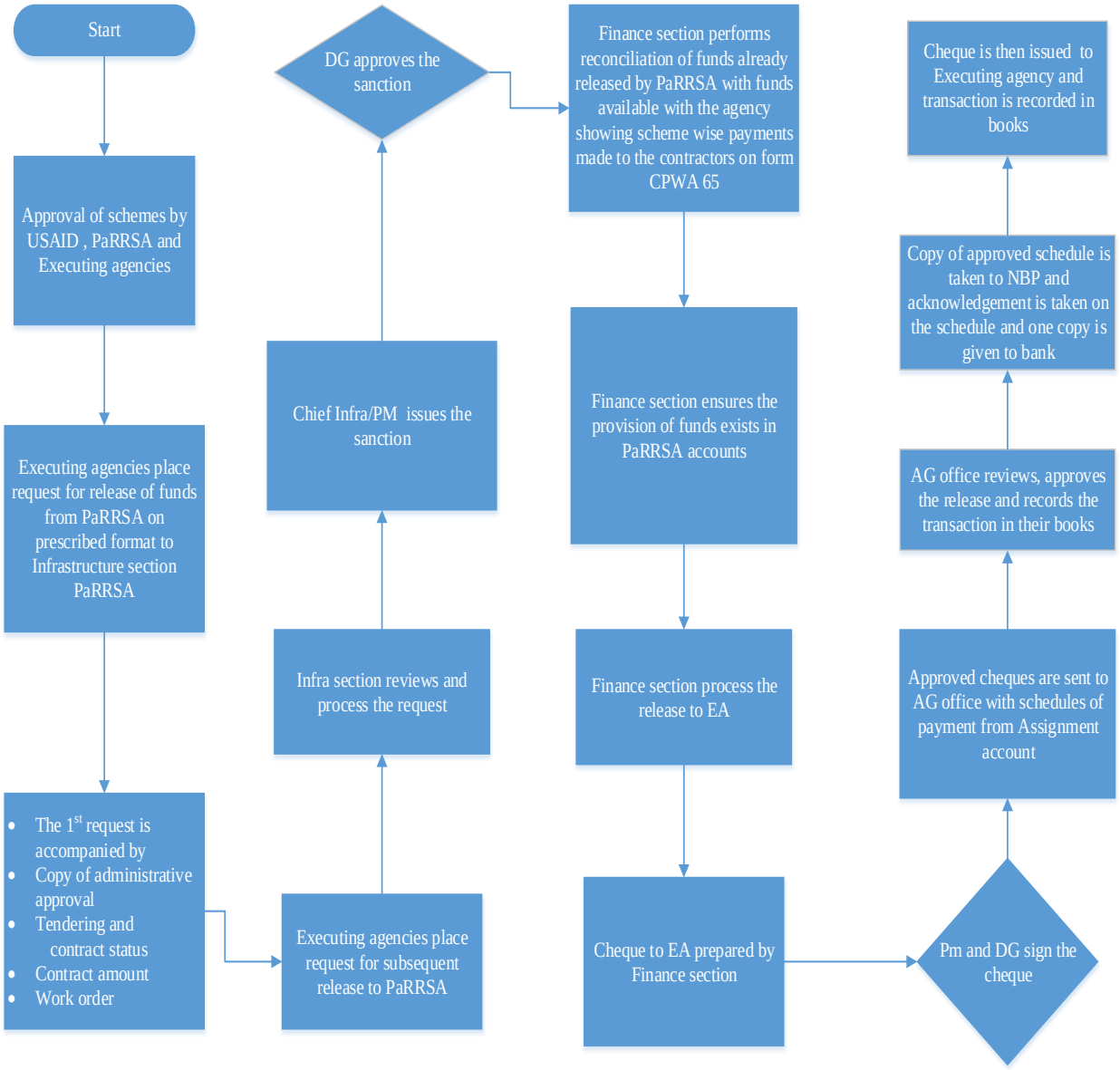

Start
Executing agencies complete certain milestones
Consultants verify the work completed
Consultants compare the work done with PC-I and confirms the milestones achieved
Consultants issue certificate of mile stones achieved
Expenses carried out under capacity building budget CBB
Administrative section process and pay the expenses except for salaries paid by Finance section
Admin section prepares summary sheet at month end and forwards to Finance section for reimbursement of petty cash
Finance section releases the cheque after approval of DG
AA prepares expense claims of previous month
AO reviews the cliams
FM reviews the claims
Manager Internal audit reviews the claims
Claim approved by PM and DG
PM sends hard and soft copy of claim to USAID (PM-KPRP)
USAID PM- KPRP sends the claim to ASP financial analyst for review
ASP sends observations to FM
Observations are cleared by Finance section/EA's
ASP reviews the observations and sends to PM-KPRP
PM- KPRP reviews
USAID approves the payment
Payment received in SB and then transferred to NBP
End

<u>Finance Process Mapping</u>- Release of funds to Executing Agencies

Release of funds to EA is done in accordance with the payment policy guidelines approved between USAID, PaRRSA and EAs. Funds are released to EAs in advance when they fully or substantially utilize the funds previously released to them. EAs place request for release of funds to DG. Infra section reviews and processes the request. Chief Infra and PM approve the sanction and finance section processes the payment as per procedure. Finance section performs reconciliation of funds already released to PaRRSA and determines whether the funds previously released have been fully or substantially utilized or not.

Finance section also carries out budget review to ensure the availability of funds for the specific scheme. Once processed, cheque is prepared and approved by PM and DG. Cheque along with three copies of schedule is submitted to AG office for approval of release of funds from assignment account. One copy is sent to NBP for their records and one copy is maintained with PaRRSA after taking bank's acknowledgment. Cheque is then issued to concerned executing agency and transaction is recorded in books.

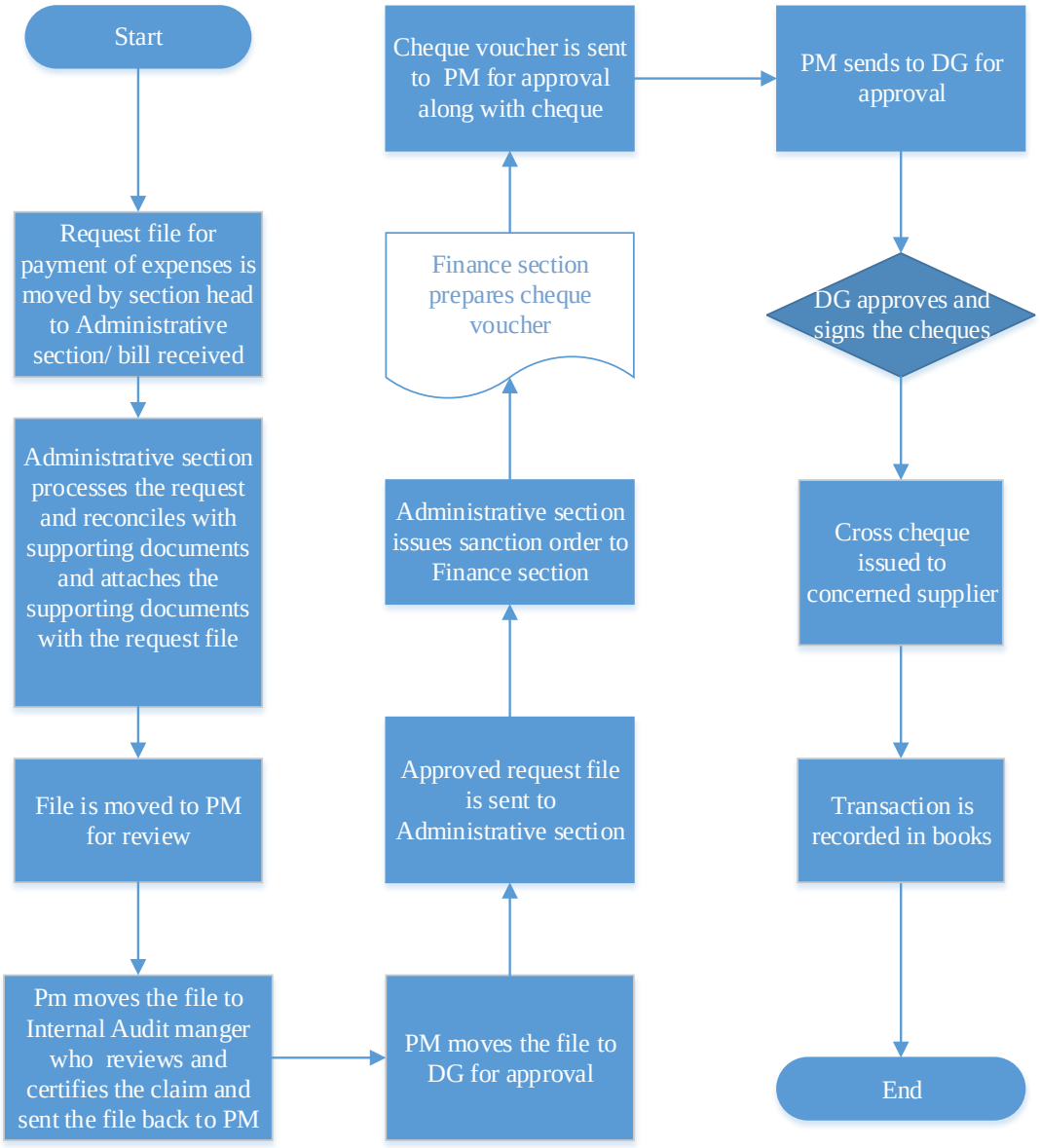
Following is the 'Release of funds to EAs' Process DFD


Start
Approval of schemes by USAID , PaRRSA and Executing agencies
Executing agencies place request for release of funds from PaRRSA on prescribed format to Infrastructure section PaRRSA
The 1st request is accompanied by
Copy of administrative approval
Tendering and contract status
Contract amount
Work order
Executing agencies place request for subsequent release to PaRRSA
Infra section reviews and process the request
Chief Infra/PM issues the sanction
DG approves the sanction
Finance section performs reconciliation of funds already released by PaRRSA with funds available with the agency showing scheme wise payments made to the contractors on form CPWA 65
Finance section ensures the provision of funds exists in PaRRSA accounts
Finance section process the release to EA
Cheque to EA prepared by Finance section
Pm and DG sign the cheque
Approved cheques are sent to AG office with schedules of payment from Assignment account
AG office reviews, approves the release and records the transaction in their books
Copy of approved schedule is taken to NBP and acknowledgement is taken on the schedule and one copy is given to bank
Cheque is then issued to Executing agency and transaction is recorded in books

Finance Process Mapping- ***Payment process***

Payment of expense is initiated in administrative section. Payment request files from different sections, approved by section head, are sent to administrative section for payment of expenses. However, third party invoices/bills are received by administrative section directly for payment. Administrative section processes the request and reconciles the bills with payment requests and other supporting documents. These supporting documents are attached to the file and forwarded to PM for review. PM reviews and forwards to PM. PM forwards to DG for approval. DG approves and moves the files to administrative section. Administrative section issues sanction order to finance section. Finance section prepares cheque voucher along with supporting documents and cheque. Voucher is approved duly by PM and DG and cheque is signed. After approval cross cheque is issued to concerned supplier and transaction is recorded in books.

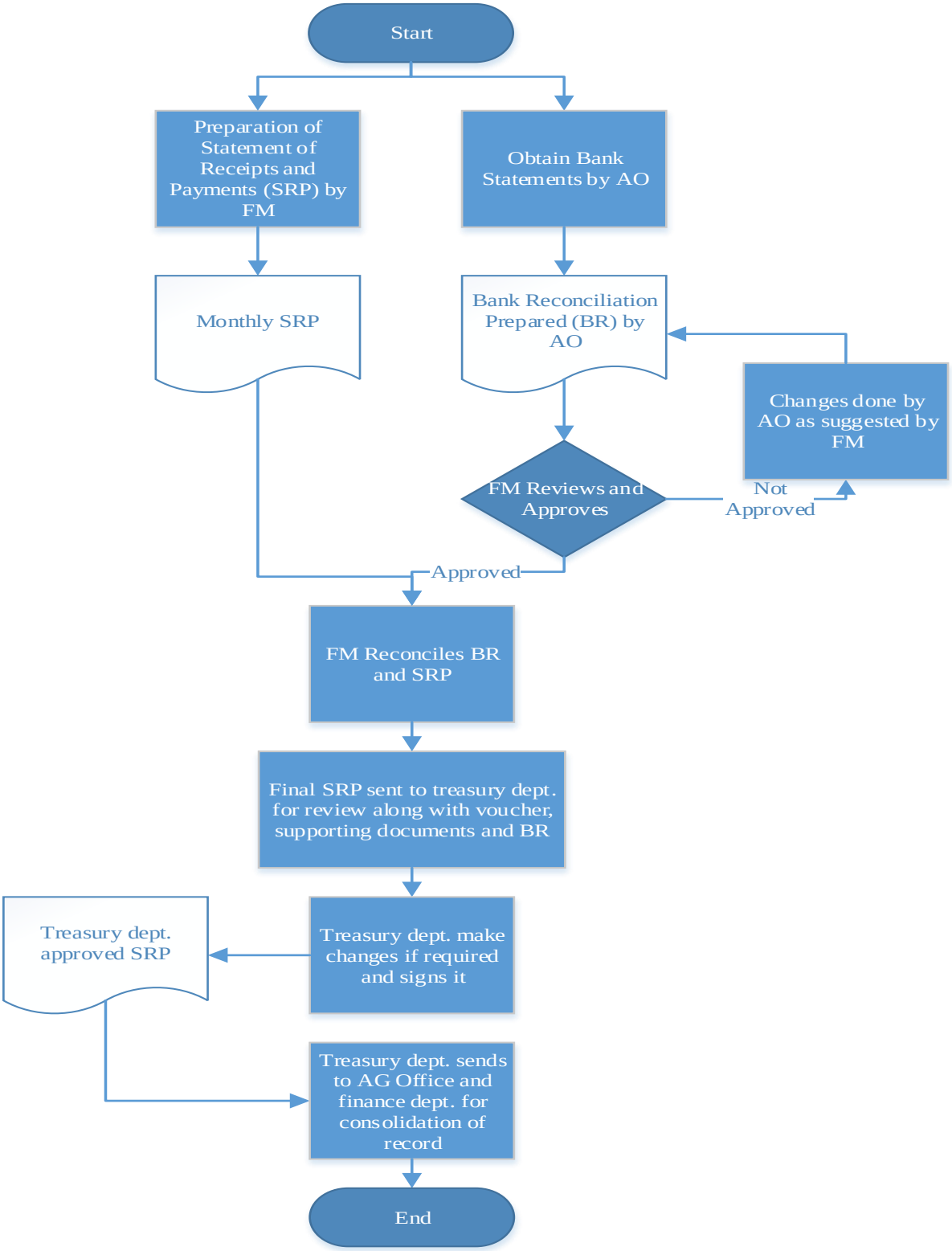
Following is the 'Payment' Process DFD


Start
Request file for payment of expenses is moved by section head to Administrative section/ bill received
Administrative section processes the request and reconciles with supporting documents and attaches the supporting documents with the request file
File is moved to PM for review
Pm moves the file to Internal Audit manger who reviews and certifies the claim and sent the file back to PM
PM moves the file to DG for approval
Approved request file is sent to Administrative section
Administrative section issues sanction order to Finance section
Finance section prepares cheque voucher
Cheque voucher is sent to PM for approval along with cheque
PM sends to DG for approval
DG approves and signs the cheques
Cross cheque issued to concerned supplier
Transaction is recorded in books
End

<u>Finance Process Mapping</u>- Bank reconciliation and reporting

PaRRSA operates on cash basis of accountancy in accordance with GoKPK rules and regulations. Reporting, therefore, is comprised of Statement of Receipts and Payments. Reporting is done on monthly basis. As a control, Bank Reconciliation is prepared and approved by PaRRSA and is reconciled with Statement of Receipts and Payments. A complete package consisting of Statement of Receipt and Payments, approved Bank Reconciliations, expenditure vouchers and relevant supporting documents is forwarded to Government's Treasury Department for further processing and eventually consolidation.

Following is the 'Bank reconciliation and reporting' Process DFD


Start
Preparation of Statement of Receipts and Payments (SRP) by FM
Obtain Bank Statements by AO
Monthly SRP
Bank Reconciliation Prepared (BR) by AO
Changes done by AO as suggested by FM
FM Reviews and Approves
Not Approved
Approved
FM Reconciles BR and SRP
Final SRP sent to treasury dept. for review along with voucher, supporting documents and BR
Treasury dept. approved SRP
Treasury dept. make changes if required and signs it
Treasury dept. sends to AG Office and finance dept. for consolidation of record
End

3.1.2.Procurement

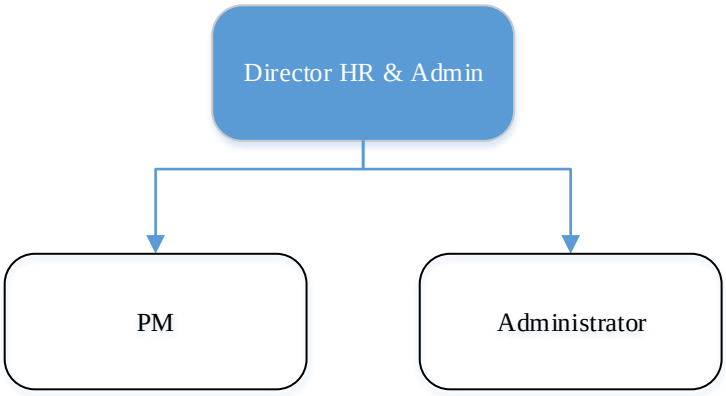
Departmental Introduction

Procurement process shall be done with the intent of ensuring compliance, consistency and transparency. The policies and procedures set forth in procurement manual have been developed in accordance with the applicable government laws and regulations, anticipated requirements of donor agencies and scale of PDMA-PaRRSA's activities, so that PDMA-PaRRSA's requirements for goods, services and works are achieved efficiently and effectively, and also catering to donor requirements.

The key activities of procurement section are:

- Procurement planning (including annual procurement plans)
- Initiation of procurement process
- Planning an individual procurement requirement

Following is the graphical outline of the structure for Procurement Section



Process Framework and Risk Synopsis

The HOS IA shall identify mega, major and sub processes of this section and highlight the risks associated with them. It shall be categorized under Strategic, Financial, Operation or Compliance risk.

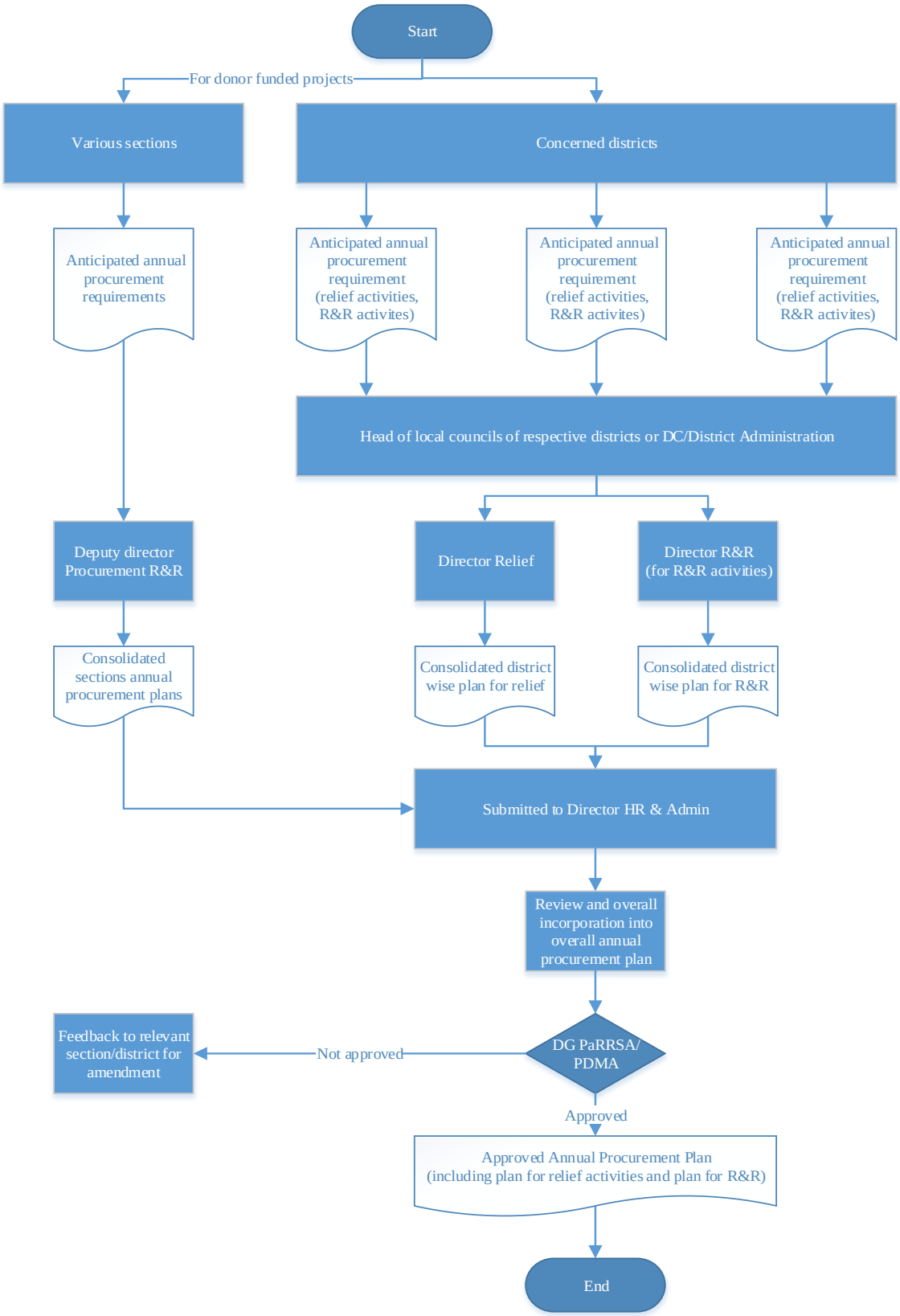
Please refer to Annexure J for Procurement Section's Process Framework and Risk Synopsis Sample

Procurement Process Mapping- Annual procurement plan

Development of annual procurement plan is a requirement under provision of KP Public Procurement Regulatory Authority Act 2012 Rule 12. It should be formulated in line with the annual Provincial Plan for Disaster Recovery Management (DRM) and District Plan (DP). It should be prepared with the objective of:

- Realistic requirement
- Available and expected source of funding
- Expected/ Proposed delivery period
- Procurement method to be applied
- Completion date and time

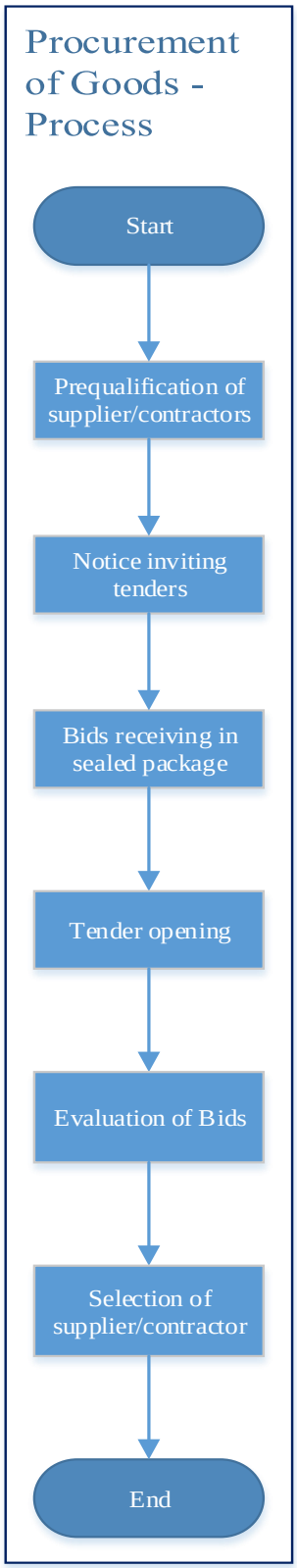
Following is the 'Annual procurement plan' Process DFD


Start
For donor funded projects
Various sections
Concerned districts
Anticipated annual procurement requirements
Anticipated annual procurement requirement (relief activities, R&R activites)
Anticipated annual procurement requirement (relief activities, R&R activites)
Anticipated annual procurement requirement (relief activities, R&R activites)
Head of local councils of respective districts or DC/District Administration
Deputy director Procurement R&R
Director Relief
Director R&R (for R&R activities)
Consolidated sections annual procurement plans
Consolidated district wise plan for relief
Consolidated district wise plan for R&R
Submitted to Director HR & Admin
Review and overall incorporation into overall annual procurement plan
DG PaRRSA/ PDMA
Not approved
Feedback to relevant section/district for amendment
Approved
Approved Annual Procurement Plan (including plan for relief activities and plan for R&R)
End

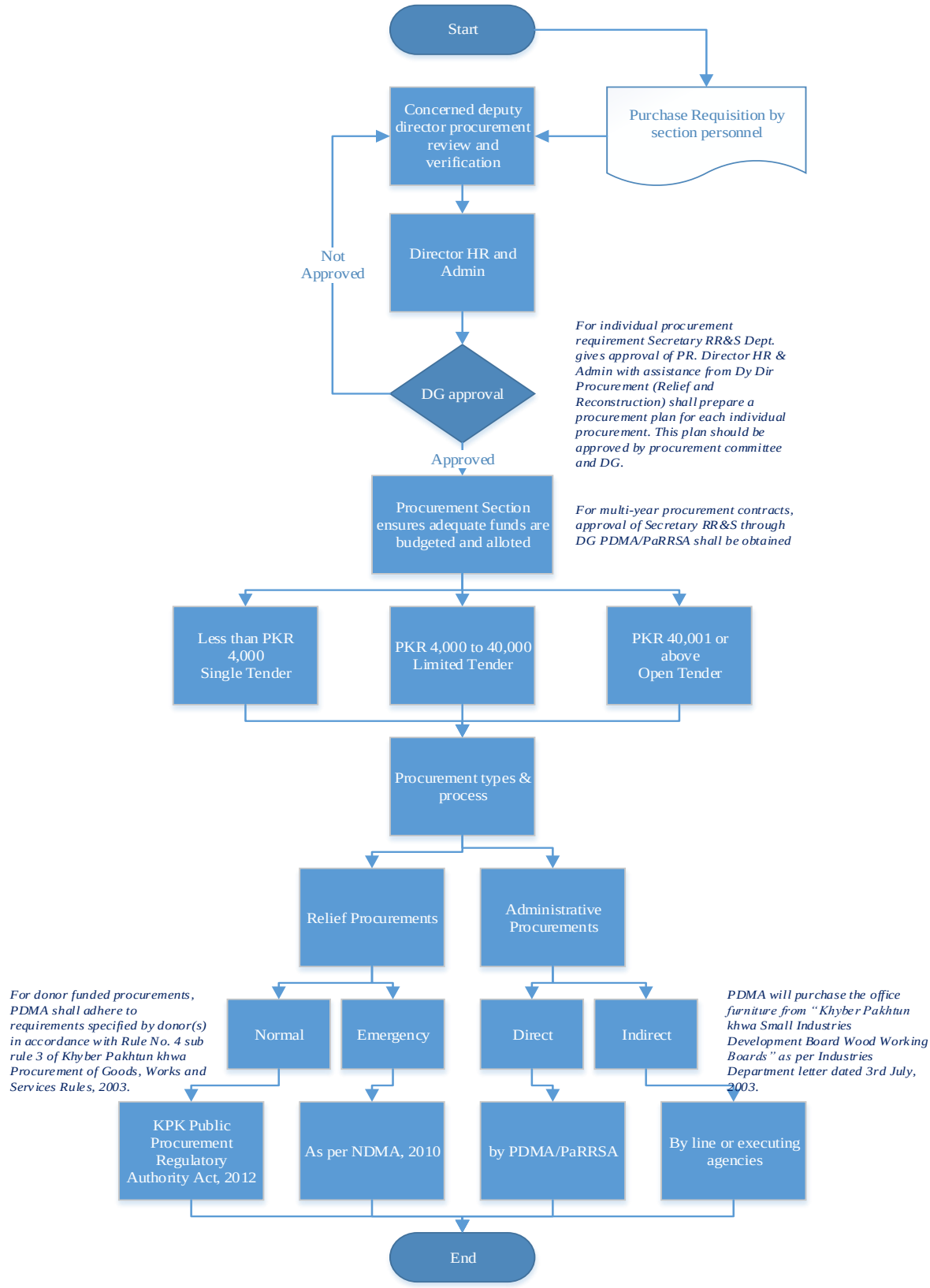
Procurement Process Mapping- ***Procurement of goods***

Procurement of goods is the acquisition of goods from an external source. It is favorable that the goods are appropriate and that they are procured at the best possible cost to meet the needs of the PaRRSA in terms of quality and quantity, time, and location. Responsibility of procurement of goods ultimately lies with procurement committee which will be constituted as per need basis of not less than 3 members and headed by Director of Relief wing.

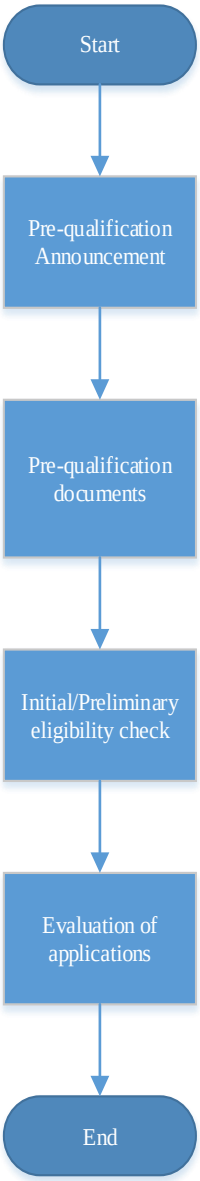
Following is the 'Payment' Process DFD


Procurement of Goods - Process
Start
Prequalification of supplier/contractors
Notice inviting tenders
Bids receiving in sealed package
Tender opening
Evaluation of Bids
Selection of supplier/contractor
End

Procurement Process - Purchase Requisition



Procurement of Goods – Pre-qualification procedure



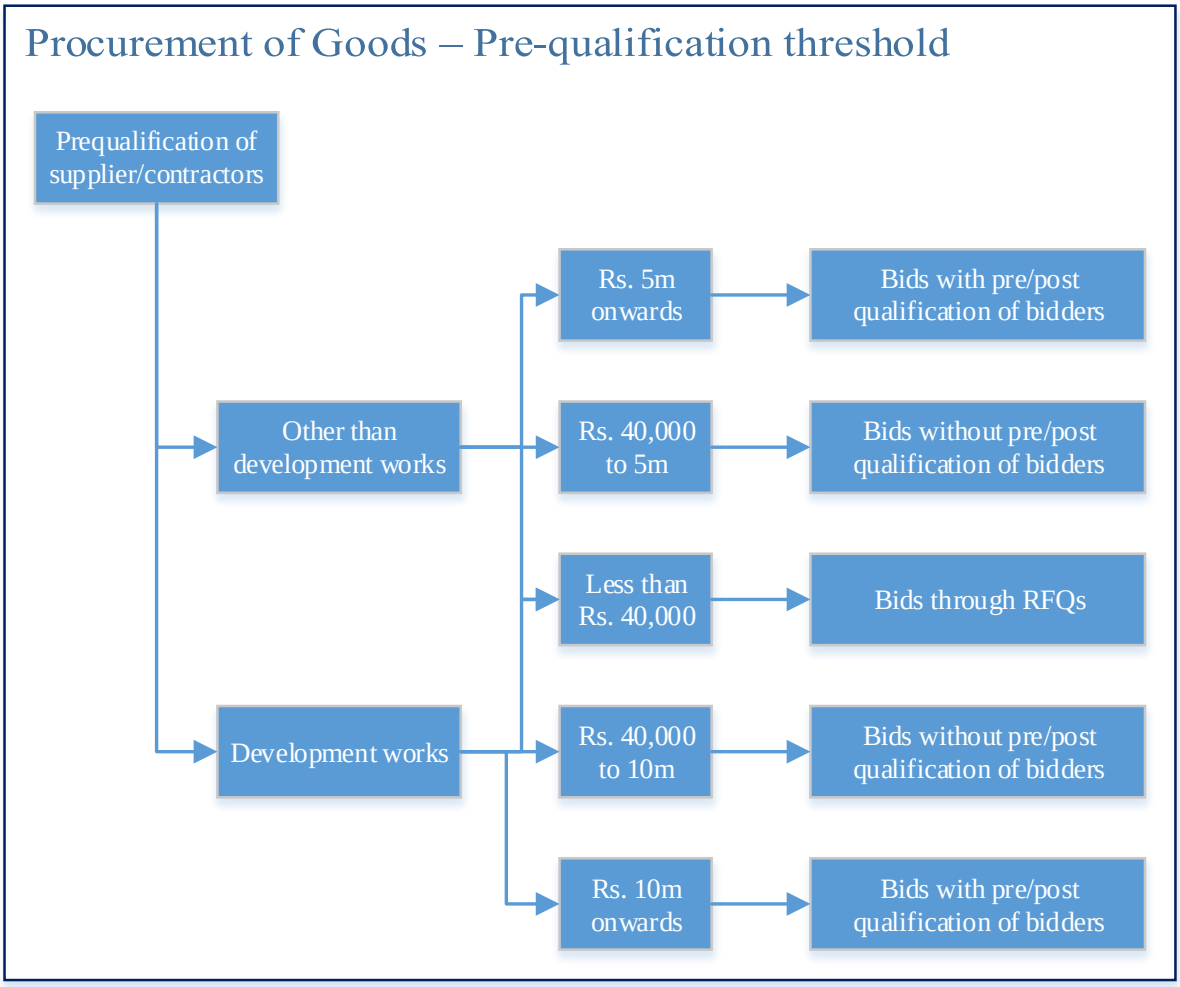
Inviting applications for pre-qualification shall be published in at least two daily newspapers with at least 30 days time period

Pre-qualification documents shall be issued to all applicants that requests it and a record of applicants shall be maintained.
For relief procurements, procurement committee shall be responsible and for admin procurements, Director HR and Admin with assistance of Dy Dirs shall be responsible with approval of DG

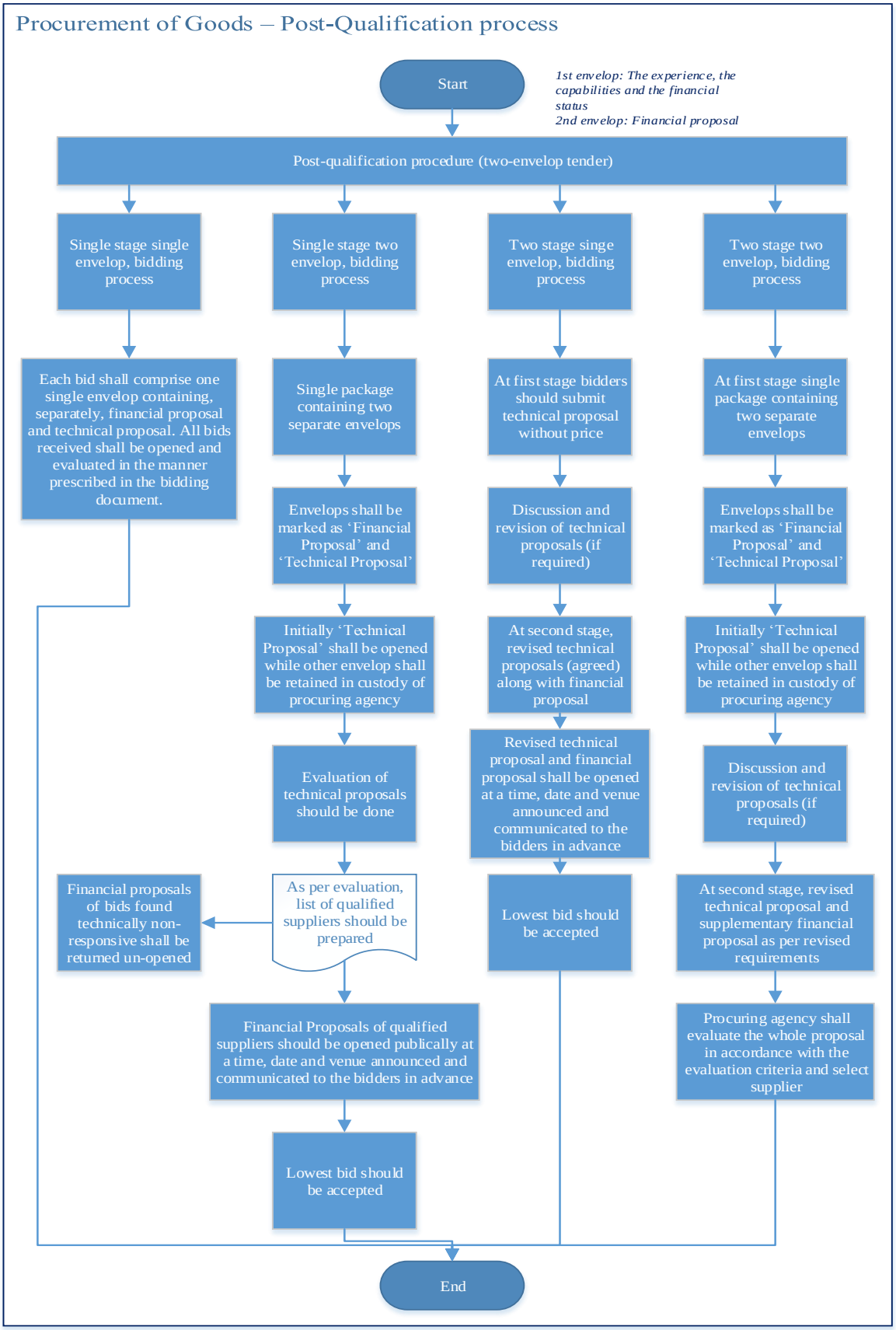
Eligibility check should be done against pre-defined criteria set by procurement committee with approval of DG. It may include;

- *Bids/applications are sealed, signed, duly stamped, received on time and through proper channel;*
- *Bid validity period (in case of post qualification);*
- *Submission of required documents;*
- *Certifications as required in the advertisement;*
- *Call deposit as per the applicable rules and regulations (If any);*
- *Tender fee and stamp duty must also be deposited in the shape of bank draft (If any).*

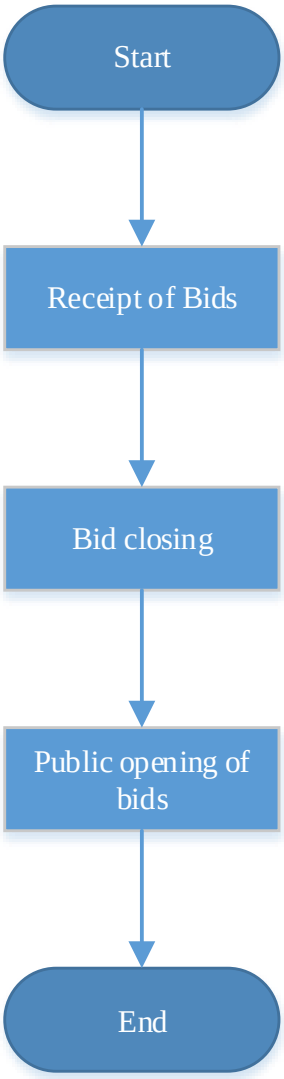
Documents shall be evaluated by procurement committee and reasons for acceptance and rejection shall be clearly stated in file. Results shall be approved by competent authority.
Pre-qualification can be for group of contracts, in which case it should be made clear to applicants and information shall be verified prior to each contract award


Procurement of Goods – Pre-qualification threshold
Prequalification of supplier/contractors
Other than development works
Development works
Rs. 5m onwards
Rs. 40,000 to 5m
Less than Rs. 40,000
Rs. 40,000 to 10m
Rs. 10m onwards
Bids with pre/post qualification of bidders
Bids without pre/post qualification of bidders
Bids through RFQs
Bids without pre/post qualification of bidders
Bids with pre/post qualification of bidders

Procurement of Goods – Post-Qualification process



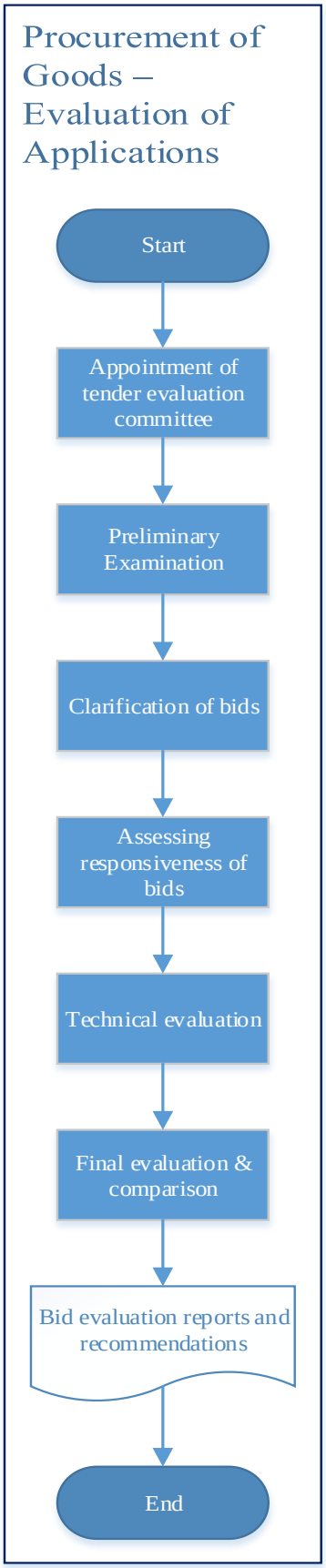
Procurement of Goods – Tender Opening

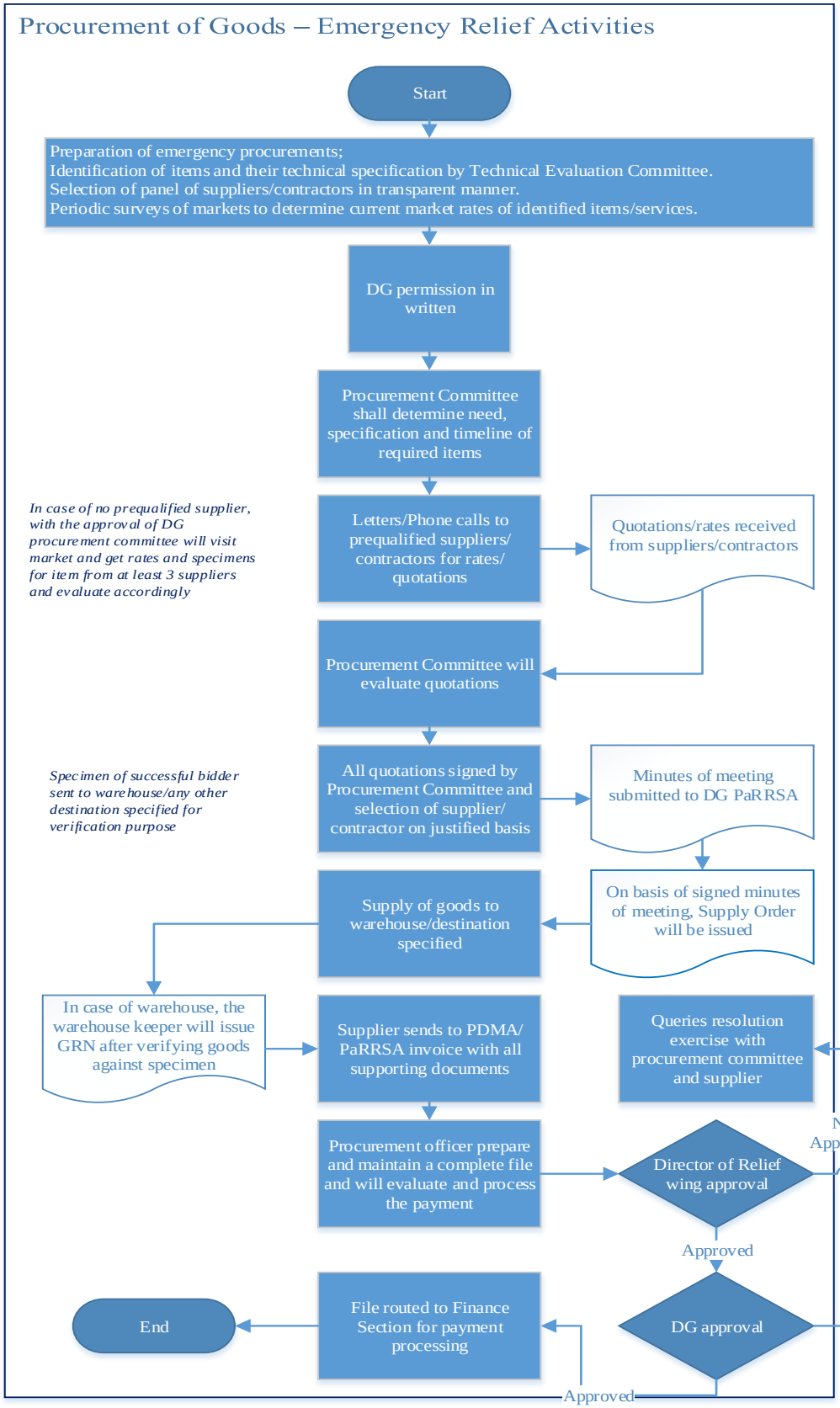


Bids shall be opened and evaluated by tender opening committee appointed by competent authority

Bids received after closing time shall be marked as late and returned unopened, however, record of them should be maintained.

Bids shall be opened at predefined location, date & time.
Attendance sheet should be maintained of applicants present in bid opening process.
In case of RFQs, same procedure should be followed except attendance sheet maintenance.


Procurement of Goods – Evaluation of Applications
Start
Appointment of tender evaluation committee
Preliminary Examination
Clarification of bids
Assessing responsiveness of bids
Technical evaluation
Final evaluation & comparison
Bid evaluation reports and recommendations
End

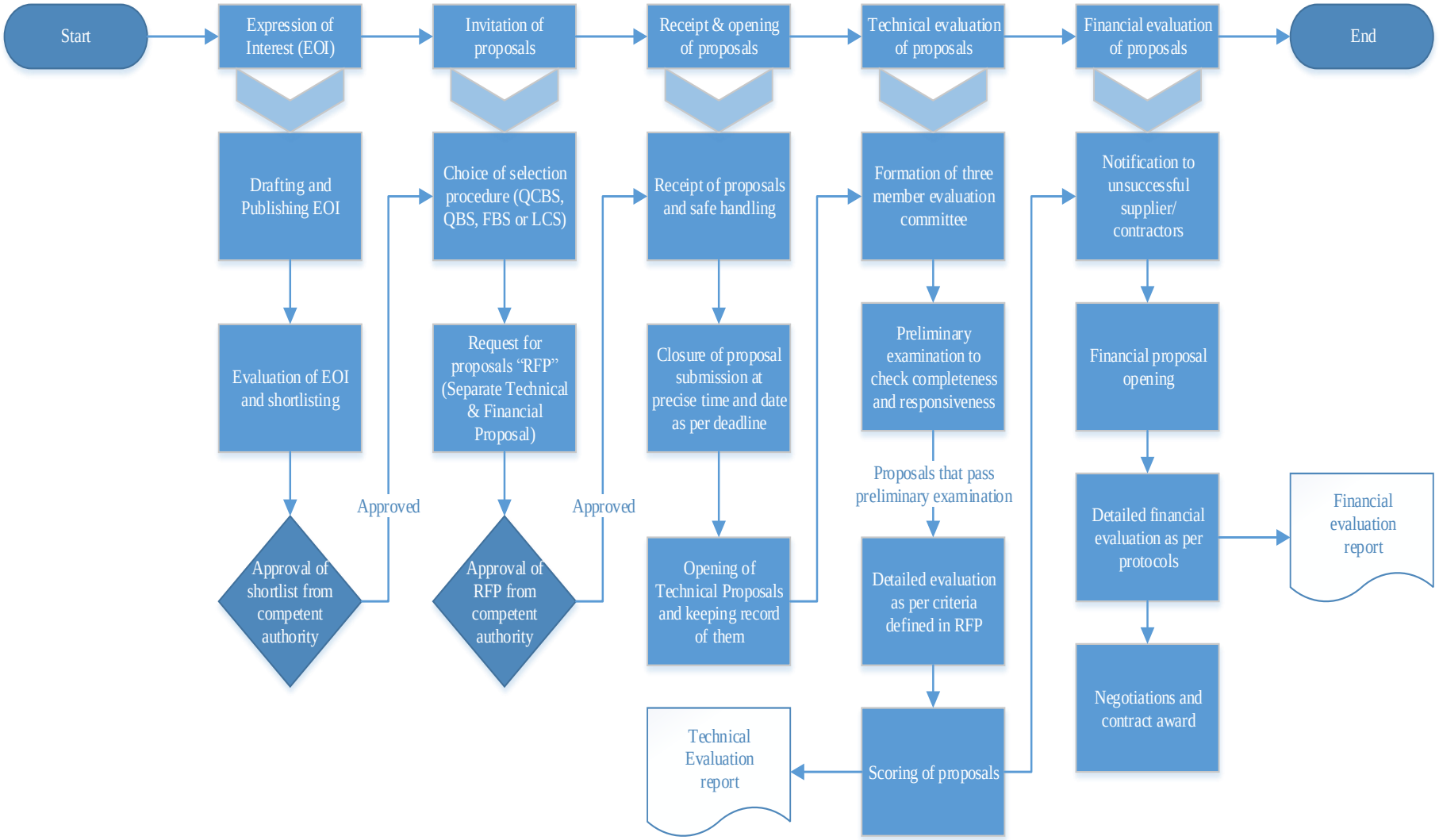

Procurement of Goods – Emergency Relief Activities
Start
Preparation of emergency procurements;
Identification of items and their technical specification by Technical Evaluation Committee.
Selection of panel of suppliers/contractors in transparent manner.
Periodic surveys of markets to determine current market rates of identified items/services.
DG permission in written
Procurement Committee shall determine need, specification and timeline of required items
In case of no prequalified supplier, with the approval of DG procurement committee will visit market and get rates and specimens for item from at least 3 suppliers and evaluate accordingly
Letters/Phone calls to prequalified suppliers/ contractors for rates/ quotations
Quotations/rates received from suppliers/contractors
Procurement Committee will evaluate quotations
Specimen of successful bidder sent to warehouse/any other destination specified for verification purpose
All quotations signed by Procurement Committee and selection of supplier/ contractor on justified basis
Minutes of meeting submitted to DG PaRRSA
On basis of signed minutes of meeting, Supply Order will be issued
Supply of goods to warehouse/destination specified
In case of warehouse, the warehouse keeper will issue GRN after verifying goods against specimen
Supplier sends to PDMA/ PaRRSA invoice with all supporting documents
Queries resolution exercise with procurement committee and supplier
Not Approved
Procurement officer prepare and maintain a complete file and will evaluate and process the payment
Director of Relief wing approval
Approved
DG approval
End
File routed to Finance Section for payment processing
Approved

Procurement Process Mapping- ***Procurement of consultancy services***

Same as 'Procurement of Goods', acquisition of external expertise in the form of services is called as 'Procurement of Consultancy Services'. Consultants might either be individuals or consulting entities depending on need of PDMA/PaRRSA. Successful 'Procurement of Consultancy Services' involves following steps;

- Invitation of proposals
- Receipt and opening of proposals
- Technical evaluation of proposals
- Financial evaluation of proposals

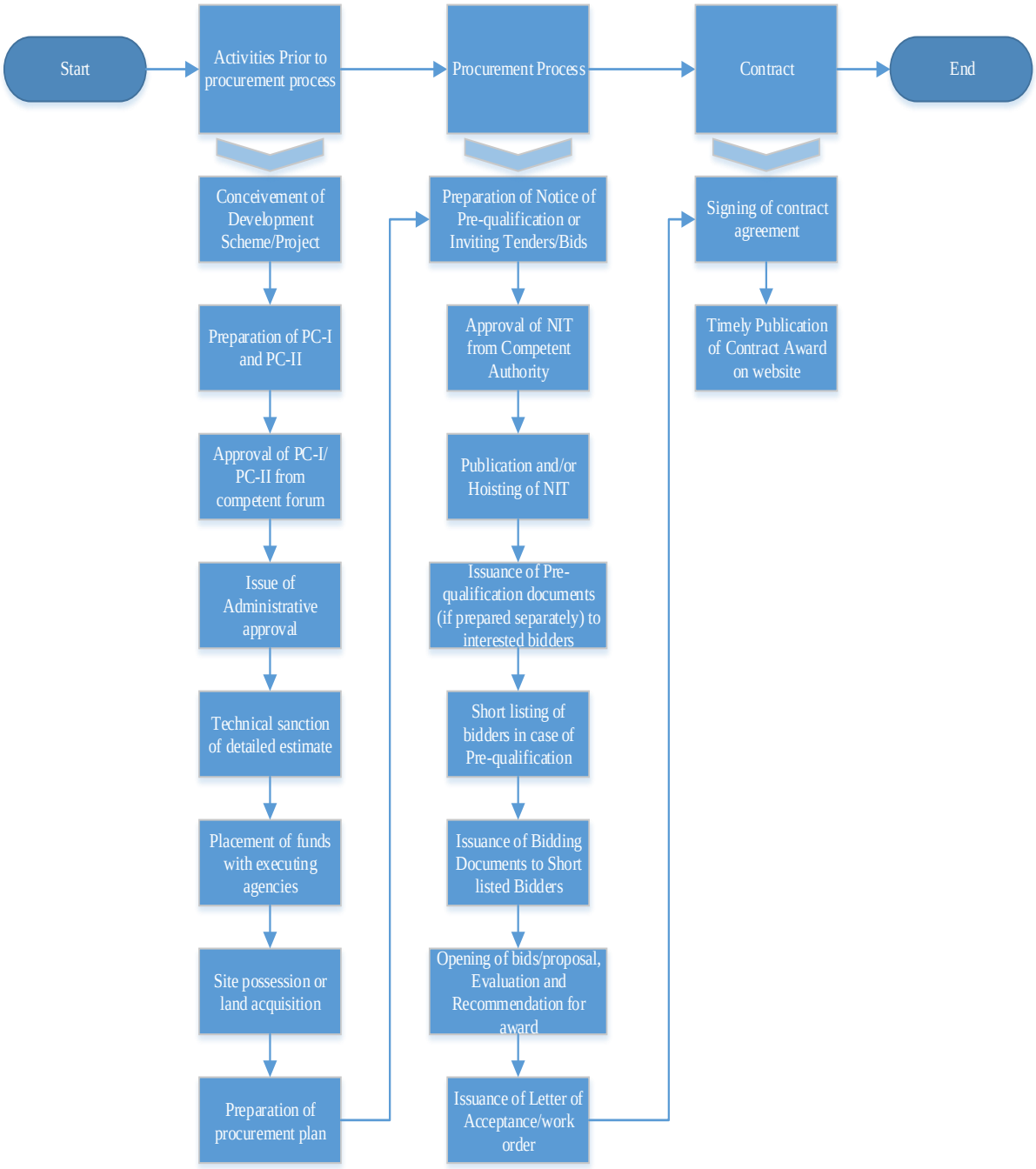
Following is the 'Procurement of consultancy services' Process DFD


Start
Expression of Interest (EOI)
Invitation of proposals
Receipt & opening of proposals
Technical evaluation of proposals
Financial evaluation of proposals
End
Drafting and Publishing EOI
Choice of selection procedure (QCBS, QBS, FBS or LCS)
Receipt of proposals and safe handling
Formation of three member evaluation committee
Notification to unsuccessful supplier/ contractors
Evaluation of EOI and shortlisting
Request for proposals "RFP" (Separate Technical & Financial Proposal)
Closure of proposal submission at precise time and date as per deadline
Preliminary examination to check completeness and responsiveness
Financial proposal opening
Approved
Approved
Proposals that pass preliminary examination
Approval of shortlist from competent authority
Approval of RFP from competent authority
Opening of Technical Proposals and keeping record of them
Detailed evaluation as per criteria defined in RFP
Detailed financial evaluation as per protocols
Financial evaluation report
Technical Evaluation report
Scoring of proposals
Negotiations and contract award

Procurement Process Mapping-*Procurement of works*

Procurement of Works is normally done by line agencies of PDMA/PaRRSA. However, the following procedure will be applicable if PDMA/PaRRSA gets directly involved in Procurement of Works.

Following is the 'Procurement of works' Process DFD



3.1.3.HR & Admin

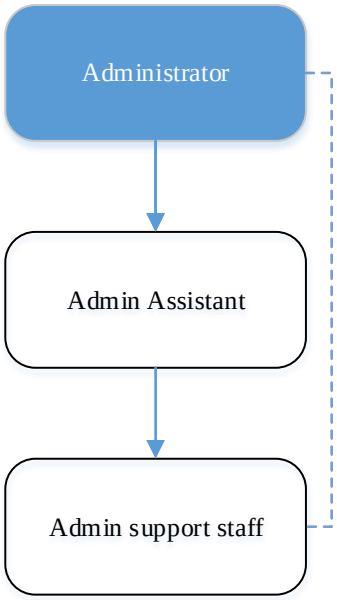
Departmental Introduction

The Administrative section is headed by Administrator. The major functions performed by this section include recruitment, payroll, petty cash and administration.

The key activities of finance section are:

- Recruitment
- Payroll
- Payments through petty cash
- Petty cash maintenance and reimbursement

Following is the graphical outline of the structure for HR & Admin Section



Process Framework and Risk Synopsis

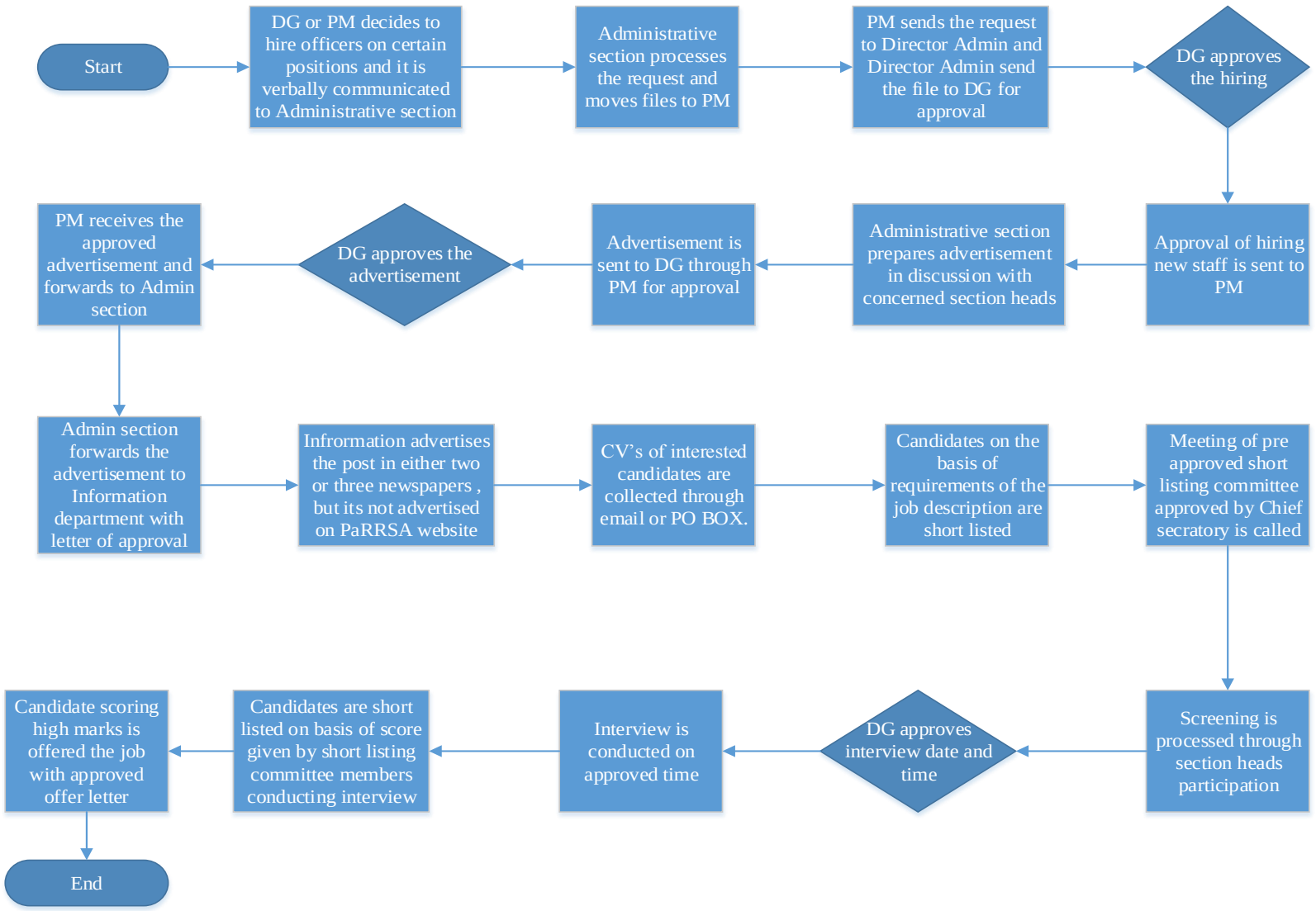
The HOS IA shall identify mega, major and sub processes of this section and highlight the risks associated with them. It shall be categorized under Strategic, Financial, Operation or Compliance risk.

Please refer to Annexure K for HR & Admin Section's Process Framework and Risk Synopsis Sample

HR & Admin Process Mapping- ***Recruitment Process***

Recruitment is processed by Administrative department with the approval of DG and PM. Advertisement for the required post is delegated to the Info department where they advertise the post in two (2) local newspapers. Candidates on the basis of merits are short listed and interviewed. Candidate scoring high marks in interview are hired for the job.

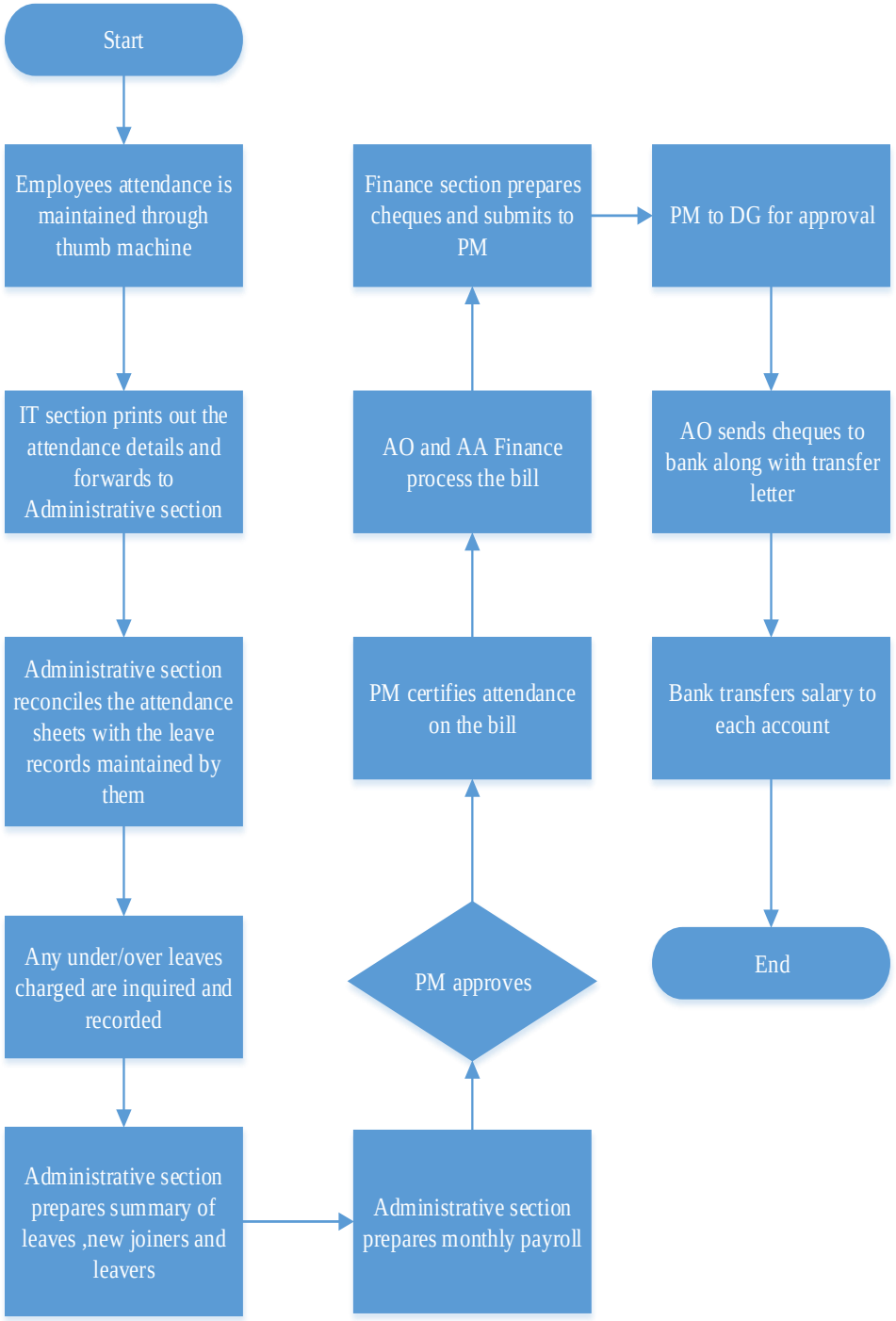
Following is the 'Recruitment Plan' Process DFD


Start
DG or PM decides to hire officers on certain positions and it is verbally communicated to Administrative section
Administrative section processes the request and moves files to PM
PM sends the request to Director Admin and Director Admin send the file to DG for approval
DG approves the hiring
Approval of hiring new staff is sent to PM
Administrative section prepares advertisement in discussion with concerned section heads
Advertisement is sent to DG through PM for approval
DG approves the advertisement
PM receives the approved advertisement and forwards to Admin section
Admin section forwards the advertisement to Information department with letter of approval
Infrormation advertises the post in either two or three newspapers , but its not advertised on PaRRSA website
CV's of interested candidates are collected through email or PO BOX.
Candidates on the basis of requirements of the job description are short listed
Meeting of pre approved short listing committee approved by Chief secratory is called
Screening is processed through section heads participation
DG approves interview date and time
Interview is conducted on approved time
Candidates are short listed on basis of score given by short listing committee members conducting interview
Candidate scoring high marks is offered the job with approved offer letter
End

HR & Admin Process Mapping-*Payroll*

Payroll is prepared by Administrative section and payments are released by Finance Section. IT section prints out attendance details from thumb machines and forwards the details to Administrative section for further processing. Administrative Section compares the attendance sheet and leave records maintained with them. Any under or over records are investigated and recorded. Payroll is prepared and submitted to PM for review and approval. After approval obtained from PM, payroll is forwarded to Finance section for release of payments. Finance Section prepares cheques and submit to PM and DG for approval. Cheques are then submitted in bank with authority letter and transferred to employee's accounts.

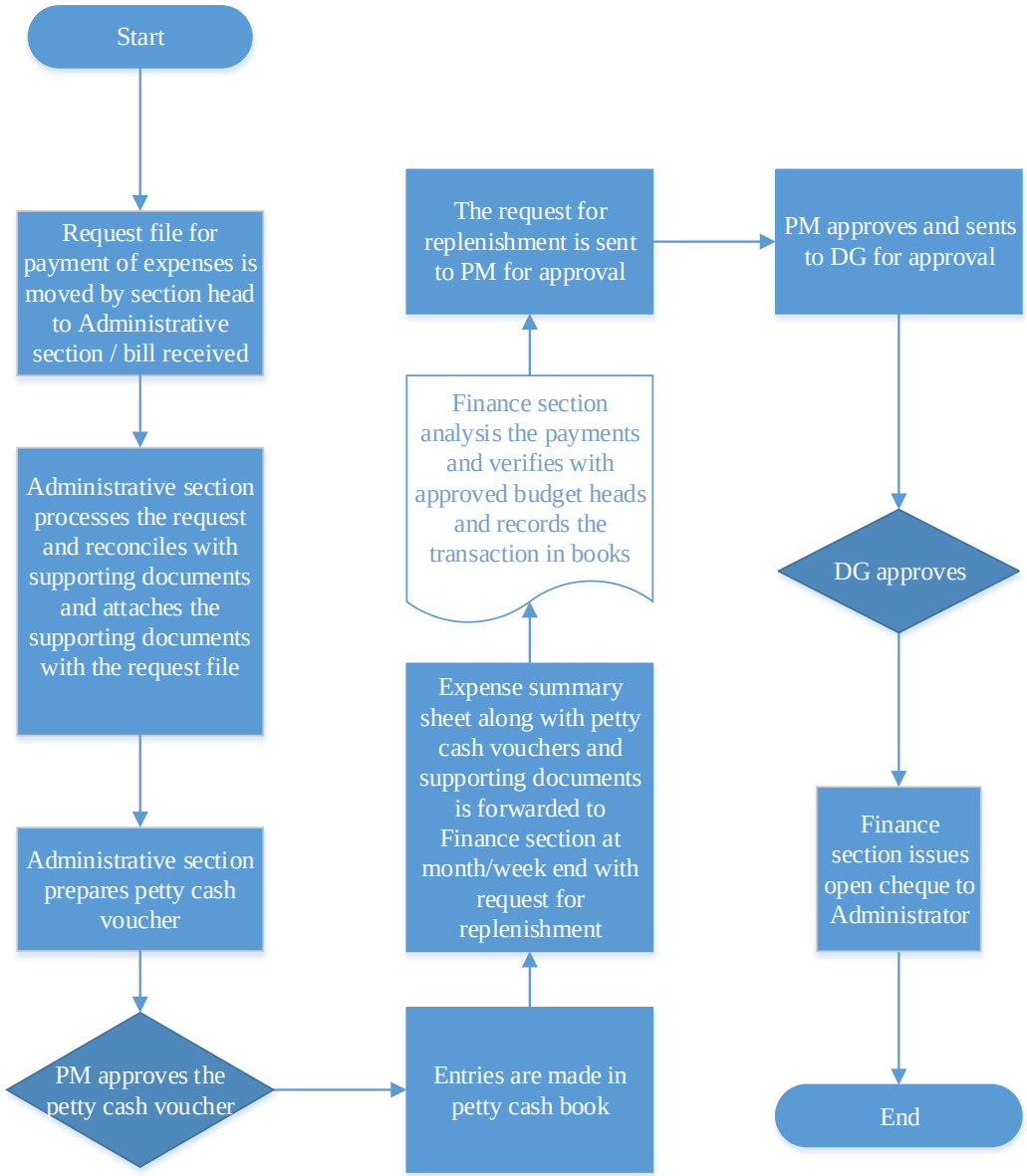
Following is the 'Payroll' Process DFD


Start
Employees attendance is maintained through thumb machine
IT section prints out the attendance details and forwards to Administrative section
Administrative section reconciles the attendance sheets with the leave records maintained by them
Any under/over leaves charged are inquired and recorded
Administrative section prepares summary of leaves ,new joiners and leavers
Administrative section prepares monthly payroll
PM approves
PM certifies attendance on the bill
AO and AA Finance process the bill
Finance section prepares cheques and submits to PM
PM to DG for approval
AO sends cheques to bank along with transfer letter
Bank transfers salary to each account
End

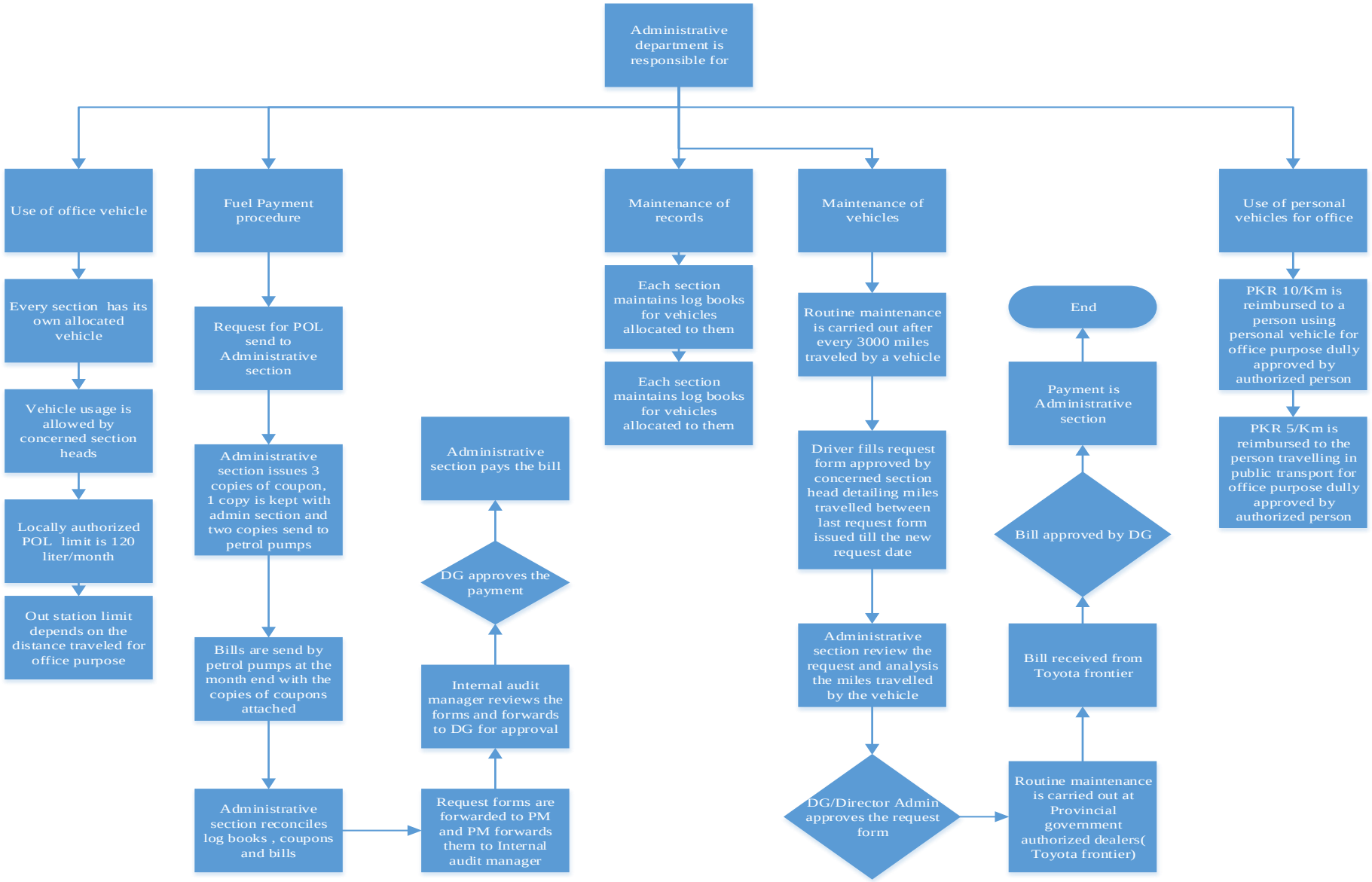
HR & Admin Process Mapping- ***Payment process through petty cash***

Payments related to day to day operational expenses are paid through petty cash. Bills received for payments or requests for payments raised by other sections are forwarded to Administrative section. Administrative section processes the request and reconciles the bills with other supporting documents and attached the documents with the file. Petty cash voucher is prepared and moved to PM for approval. Payment is released after approval. Entries are made in petty cash book. Petty cash is reimbursed after two or three weeks.

Following is the 'Payment process through petty cash' Process DFD


Start
Request file for payment of expenses is moved by section head to Administrative section / bill received
Administrative section processes the request and reconciles with supporting documents and attaches the supporting documents with the request file
Administrative section prepares petty cash voucher
PM approves the petty cash voucher
Entries are made in petty cash book
Expense summary sheet along with petty cash vouchers and supporting documents is forwarded to Finance section at month/week end with request for replenishment
Finance section analysis the payments and verifies with approved budget heads and records the transaction in books
The request for replenishment is sent to PM for approval
PM approves and sents to DG for approval
DG approves
Finance section issues open cheque to Administrator
End

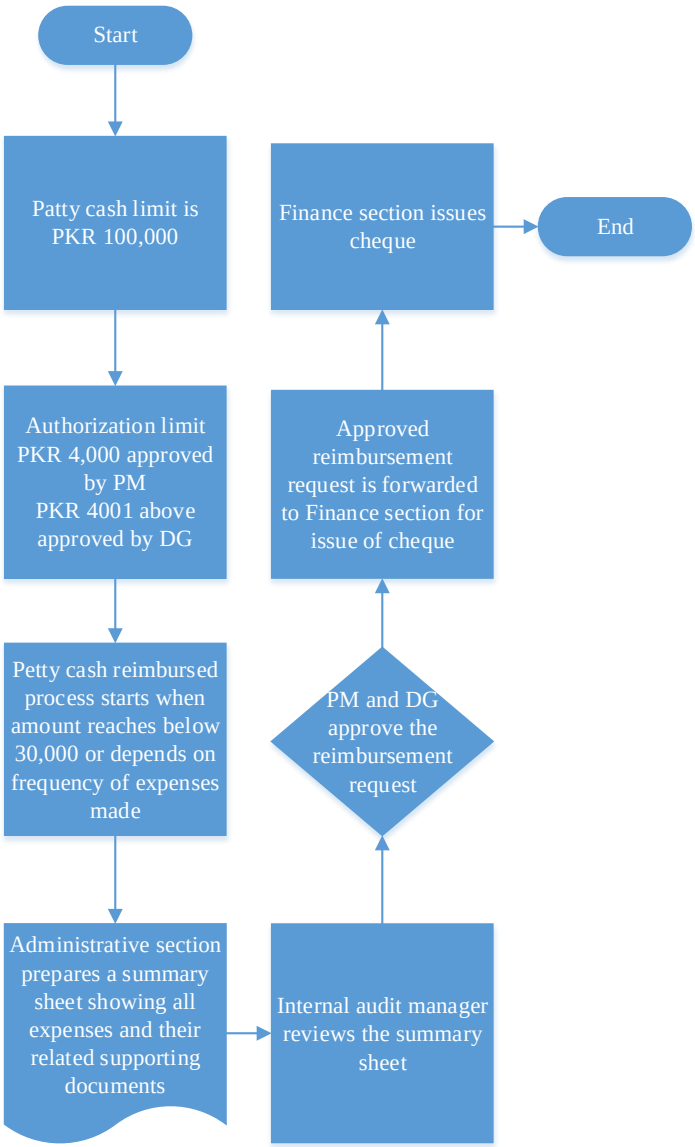
Policies and procedures related to Vehicles maintenance, POL, use of office vehicles, use of personal vehicles for official purpose



HR & Admin Process Mapping- ***Petty cash reimbursement process***

Petty cash limit is PKR. 100,000. The authorization limit for PM is PKR. 4,000 and expense above that amounts are authorized by DG. Petty cash is reimbursed when the amount reaches below PKR 30,000 or depends on the frequency of transactions. Reimbursement request is supported by summary sheet showing all expenses and their supporting documents. Once approved by PM and DG, cheque is issued by Finance section for reimbursement.

Following is the 'Petty cash reimbursement' Process DFD



3.1.4.M&E

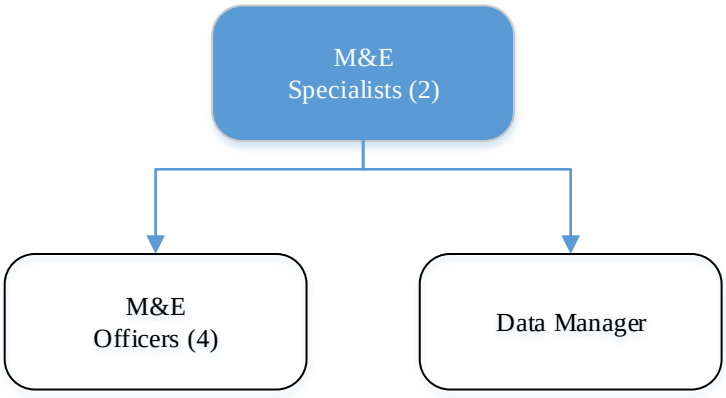
Departmental Introduction

Monitoring and Evaluation system is a mechanism and an integrated set of tools for managing and assessing the efficiency and effectiveness of development interventions. The section has a wide ranging role which encompasses various operational and administrative domains of PDMA-PARRSA. M&E is a collaborative process between PDMA/PaRRSA, partners and communities to review what has taken place, to identify changes that have occurred, and to consider whether the programme has contributed to these changes keeping in view overall impact and outcome.

The key activities of M&E section are:

- *M&E Plan*
- *Monitoring*
- *Project review*
- *Project reporting*
- *Project evaluation*
- *Performance management plan*

Following is the graphical outline of the structure for M&E Section



Process Framework and Risk Synopsis

The HOS IA shall identify mega, major and sub processes of this section and highlight the risks associated with them. It shall be categorized under Strategic, Financial, Operation or Compliance risk.

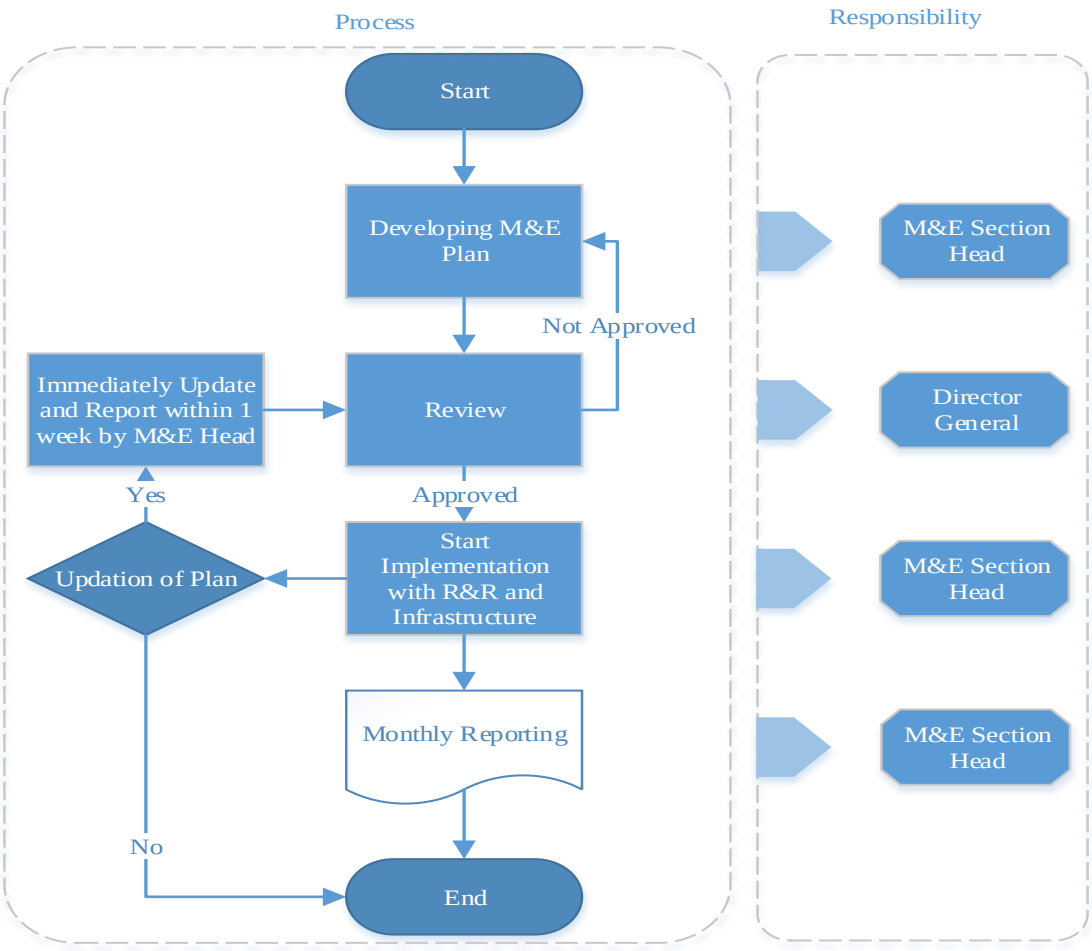
Please refer to Annexure L for M&E Section's Process Framework and Risk Synopsis Sample

M&E Process Mapping- ***M&E Plan***

An M&E plan is a table that is developed according to the project/program Results Framework and log-frame (in project proposal/PC-I) along with details of essential requirements for indicators of the expected results (outputs and intermediate results) keeping in view risks and assumptions involved. It is developed during initial planning and design stage on basis of nature of project.

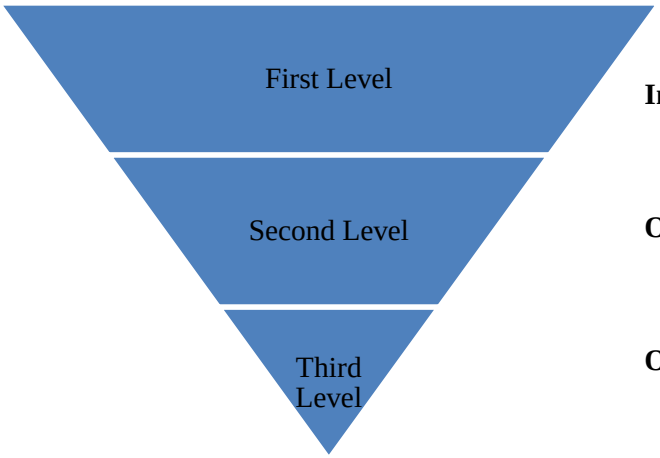
Person responsible for developing M&E Plan is M&E Section Head in consultation with relevant section and through assistance from Deputy M&E Section Head and respective M&E Officer within the M&E section.

Following is the Annexure AD for 'M&E Plan' Process DFD



M&E Process Mapping- ***Monitoring***

The methodology and tools for monitoring is developed by M&E Section within one month after approval of project/program. Monitoring is done at three levels represented by Monitoring Pyramid;



Implementation Monitoring

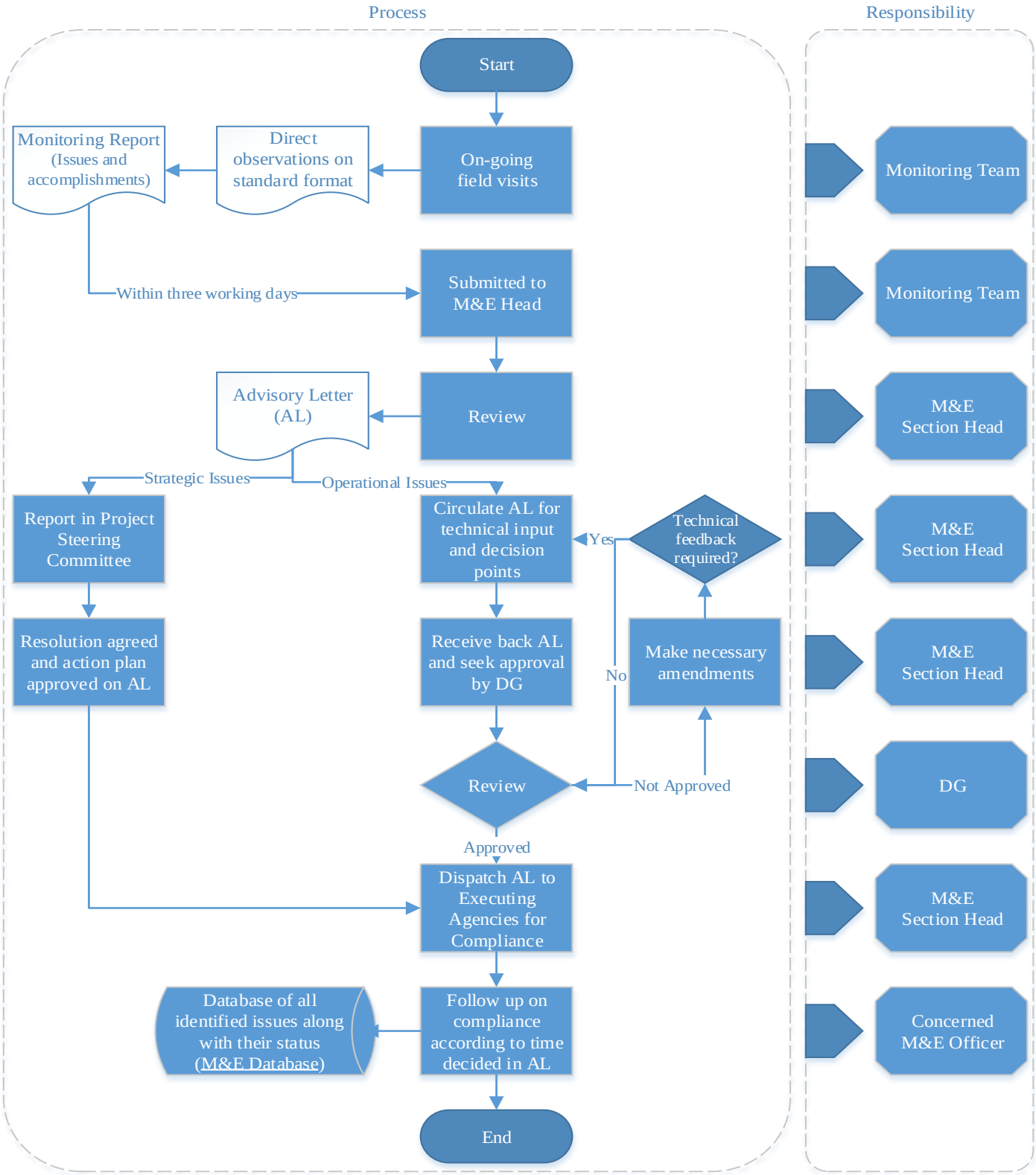
Output Monitoring

Outcome Monitoring

M&E Process Mapping- ***First Level – Implementation Monitoring***

The first level of monitoring is done at service delivery level to ensure compliance with set standards at execution. It is carried out on an ongoing basis through field visits and direct observations.

Following is the 'Implementation Monitoring' Process DFD


Process
Responsibility
Start
On-going field visits
Direct observations on standard format
Monitoring Report (Issues and accomplishments)
Monitoring Team
Within three working days
Submitted to M&E Head
Monitoring Team
Review
Advisory Letter (AL)
M&E Section Head
Strategic Issues
Operational Issues
Report in Project Steering Committee
Circulate AL for technical input and decision points
Technical feedback required?
Yes
M&E Section Head
Resolution agreed and action plan approved on AL
Receive back AL and seek approval by DG
Make necessary amendments
No
M&E Section Head
Review
Not Approved
DG
Approved
Dispatch AL to Executing Agencies for Compliance
M&E Section Head
Database of all identified issues along with their status (M&E Database)
Follow up on compliance according to time decided in AL
Concerned M&E Officer
End

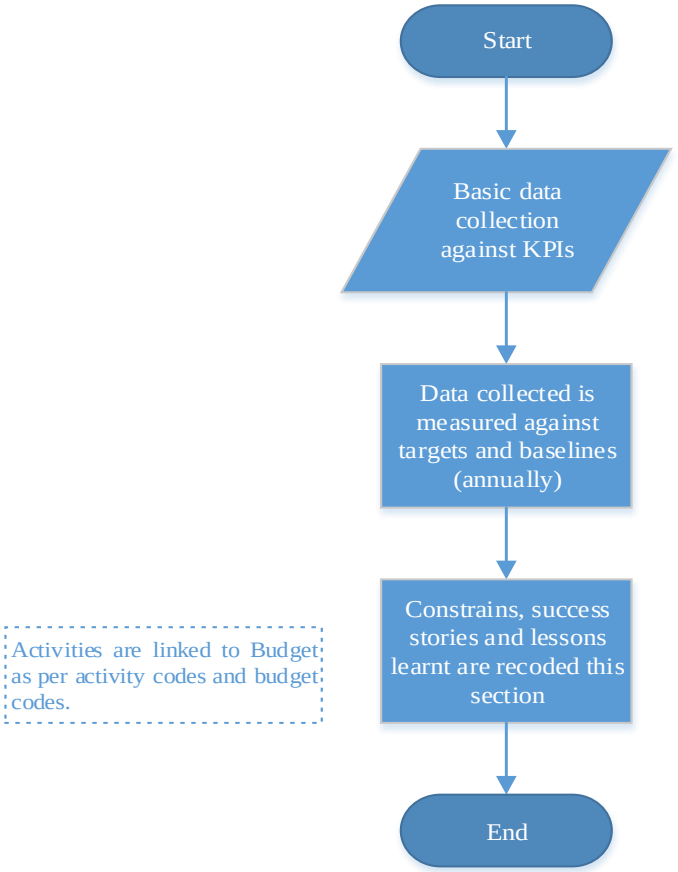
M&E Process Mapping- ***Second Level – Output Monitoring***

Second level of Monitoring is based on deliverables or outputs of the activities. It is carried out when out/deliverable is ready for monitoring. The data collection for output monitoring is carried out once completion /substantial completion report is submitted by line departments.

The data on deliverables/output indicators allow the management to determine whether:

- Activities have contributed to the achievement of outputs and the logical sequence is valid.
- A deliverable/output has been achieved as a result of the set of activities implemented.

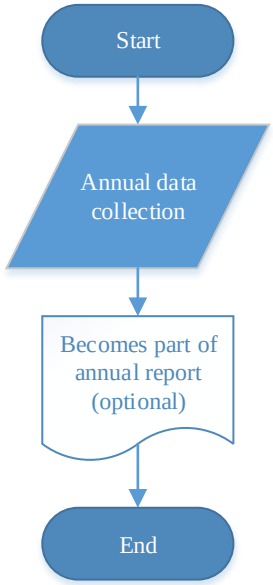
Following is the 'Output Monitoring' Process DFD



M&E Process Mapping- ***Third Level – Outcome Monitoring***

Third level monitoring is primarily based on KPIs. Outcome Monitoring is annual monitoring of key outcomes associated with intermediate results to gauge timeliness, quality and cost efficiency. This ensures that program implementation is on track towards achieving the objectives economically, effectively and efficiently.

Following is the 'Outcome Monitoring' Process DFD



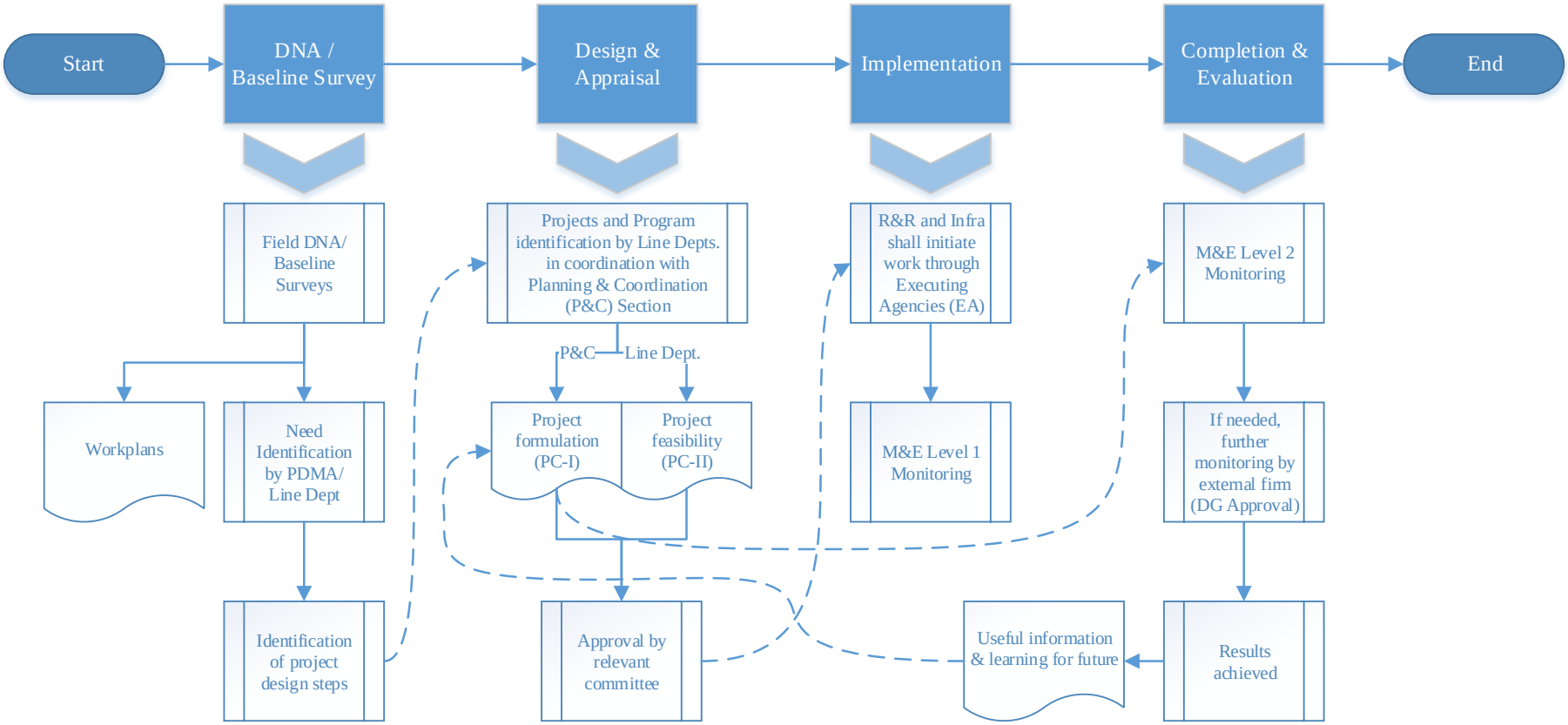
M&E Process Mapping- ***Relevant Project Cycle***

A project cycle is a set of interrelated activities tasks and functions that must be performed in the lifespan of a project to achieve the overall objectives of the project.

Project cycle of PaRRSA contains stages of planning on Damage Need Assessment (DNA)/baseline basis, design appraisal and approval, implementation, completion and evaluation.

The monitoring is done throughout the life span of project.

Following is the 'Relevant Project Cycle' Process DFD


Start
DNA / Baseline Survey
Design & Appraisal
Implementation
Completion & Evaluation
End
Field DNA/ Baseline Surveys
Projects and Program identification by Line Depts. in coordination with Planning & Coordination (P&C) Section
R&R and Infra shall initiate work through Executing Agencies (EA)
M&E Level 2 Monitoring
P&C
Line Dept.
Workplans
Need Identification by PDMA/ Line Dept
Project formulation (PC-I)
Project feasibility (PC-II)
M&E Level 1 Monitoring
If needed, further monitoring by external firm (DG Approval)
Identification of project design steps
Approval by relevant committee
Useful information & learning for future
Results achieved

M&E Process Mapping- ***Project Review and Reporting***

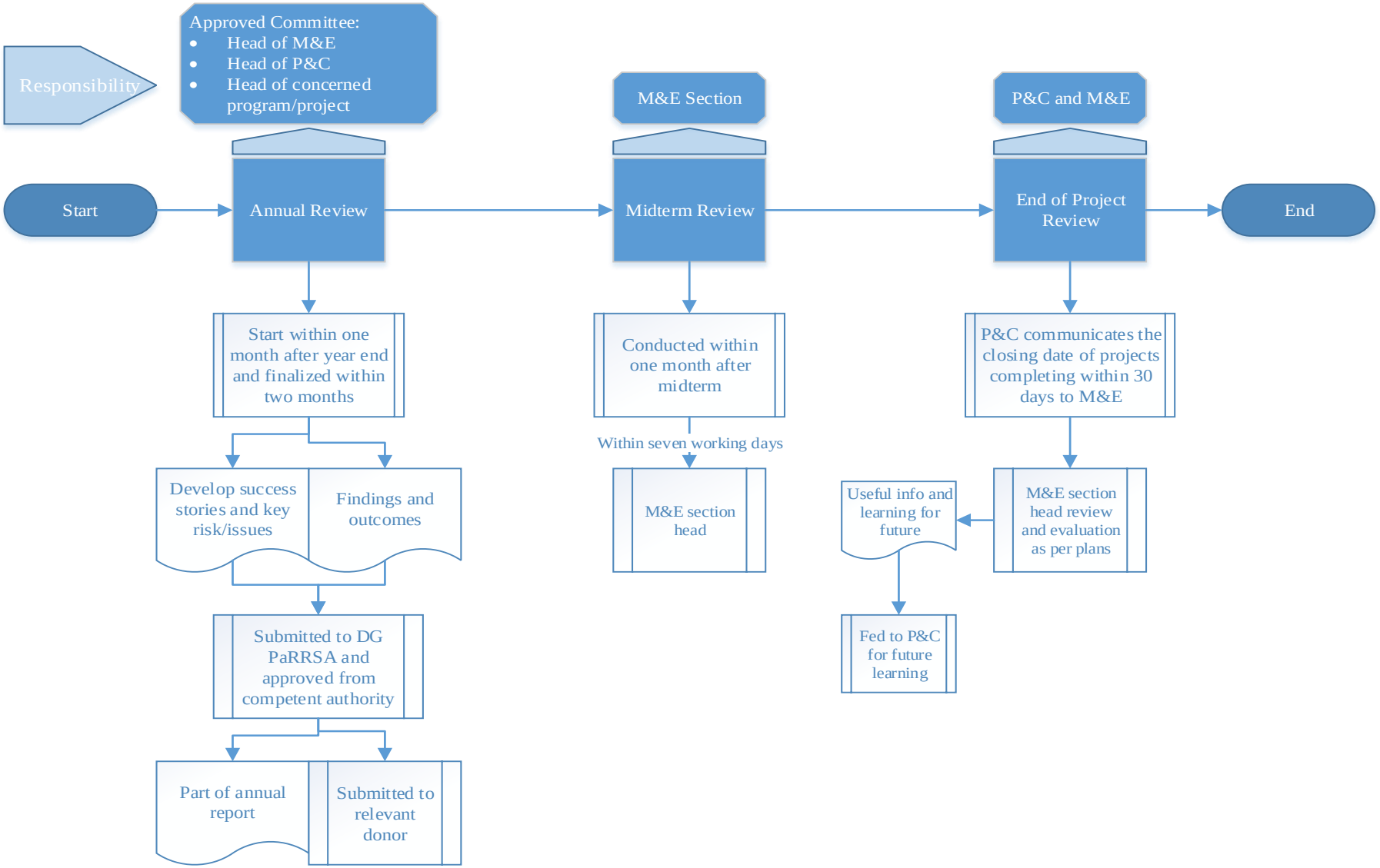
Another form of monitoring mechanism is Project Reviews and then Reporting. This two-process exercise is conducted six monthly or yearly. Details of each process are as follows;

Project Review

The first step of this exercise reviews the overall progress towards achievement of project targets. This process is differing than monitoring exercises in a sense this review is on-desk files review with focus on targets v/s achievements and challenges encountered.

This exercise comprises of Midterm review, Annual Review and End of Project review.

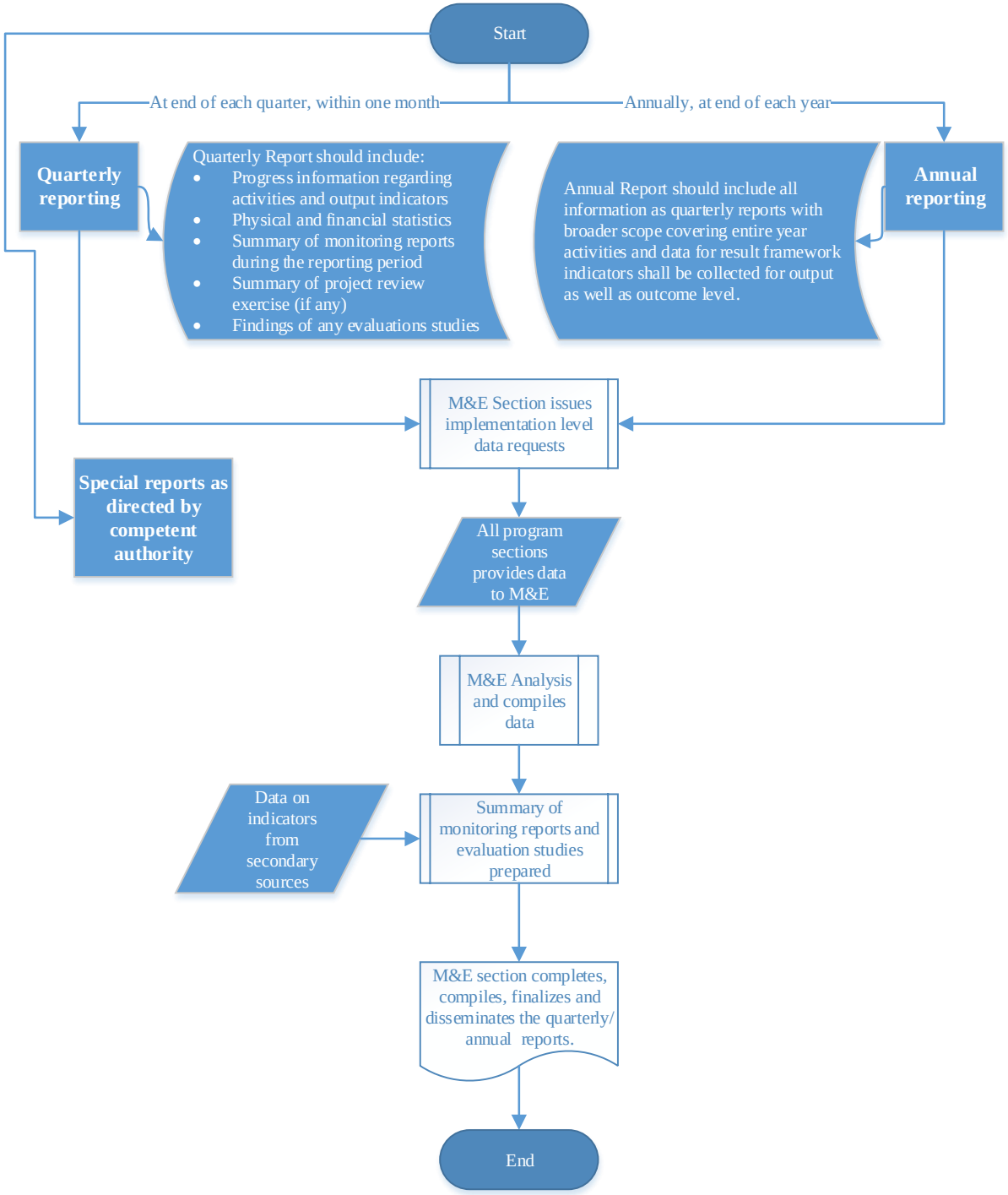
Following is the 'Project Review' Process DFD


Responsibility
Approved Committee:
Head of M&E
Head of P&C
Head of concerned program/project
M&E Section
P&C and M&E
Start
Annual Review
Midterm Review
End of Project Review
End
Start within one month after year end and finalized within two months
Conducted within one month after midterm
P&C communicates the closing date of projects completing within 30 days to M&E
Within seven working days
Develop success stories and key risk/issues
Findings and outcomes
M&E section head
Useful info and learning for future
M&E section head review and evaluation as per plans
Submitted to DG PaRRSA and approved from competent authority
Fed to P&C for future learning
Part of annual report
Submitted to relevant donor

M&E Process Mapping- ***Project Reporting***

Other than extensive monitoring activities, M&E section is also responsible for extensive reporting on performance. M&E section shall generate quarterly and annual reports elaborating a broader picture on service delivery & rehabilitation and development expenditures.

Following is the 'Project Reporting' Process DFD


Start
At end of each quarter, within one month
Annually, at end of each year
Quarterly reporting
Quarterly Report should include:
Progress information regarding activities and output indicators
Physical and financial statistics
Summary of monitoring reports during the reporting period
Summary of project review exercise (if any)
Findings of any evaluations studies
Annual Report should include all information as quarterly reports with broader scope covering entire year activities and data for result framework indicators shall be collected for output as well as outcome level.
Annual reporting
M&E Section issues implementation level data requests
Special reports as directed by competent authority
All program sections provides data to M&E
M&E Analysis and compiles data
Data on indicators from secondary sources
Summary of monitoring reports and evaluation studies prepared
M&E section completes, compiles, finalizes and disseminates the quarterly/ annual reports.
End

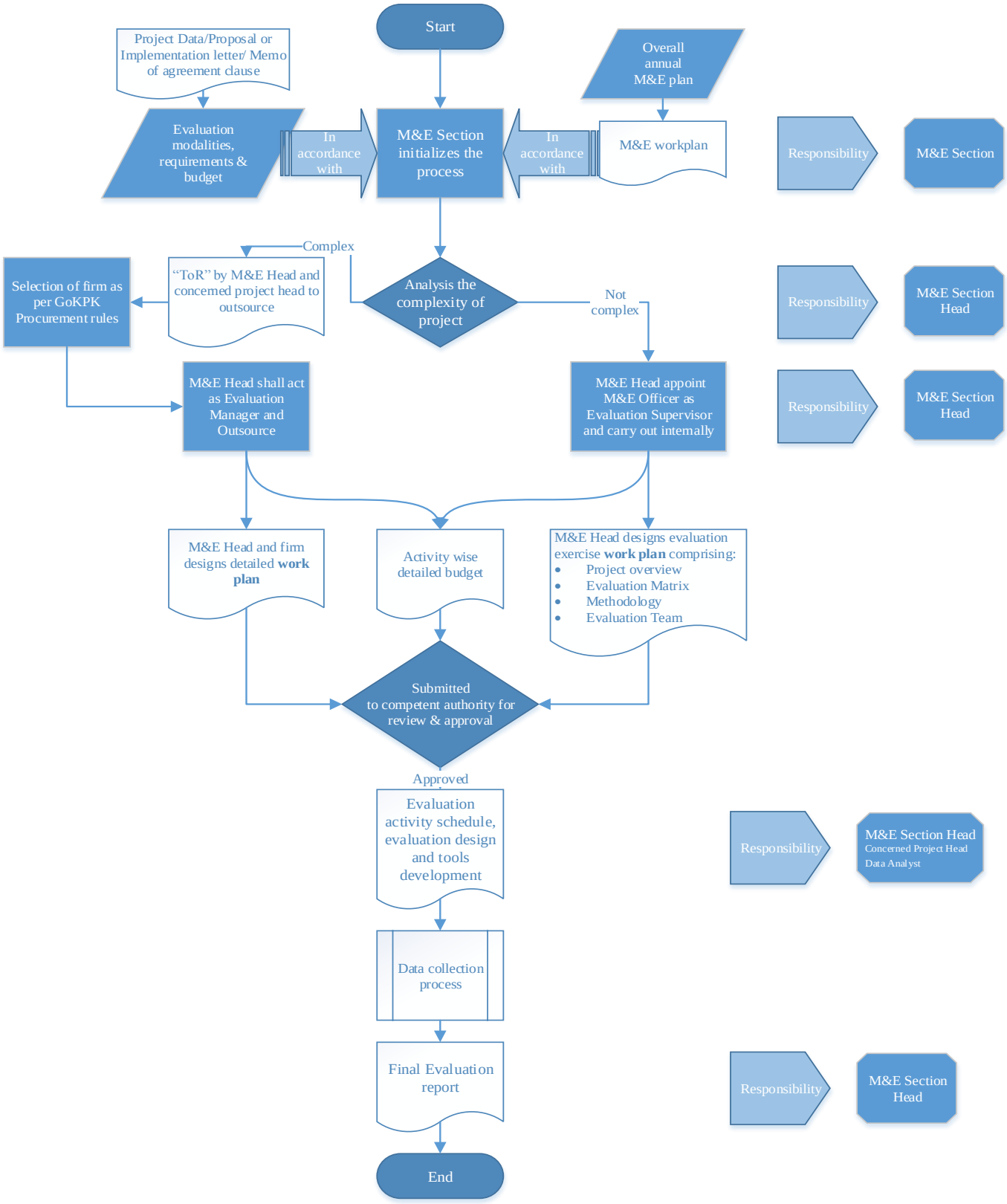
M&E Process Mapping- ***Evaluation***

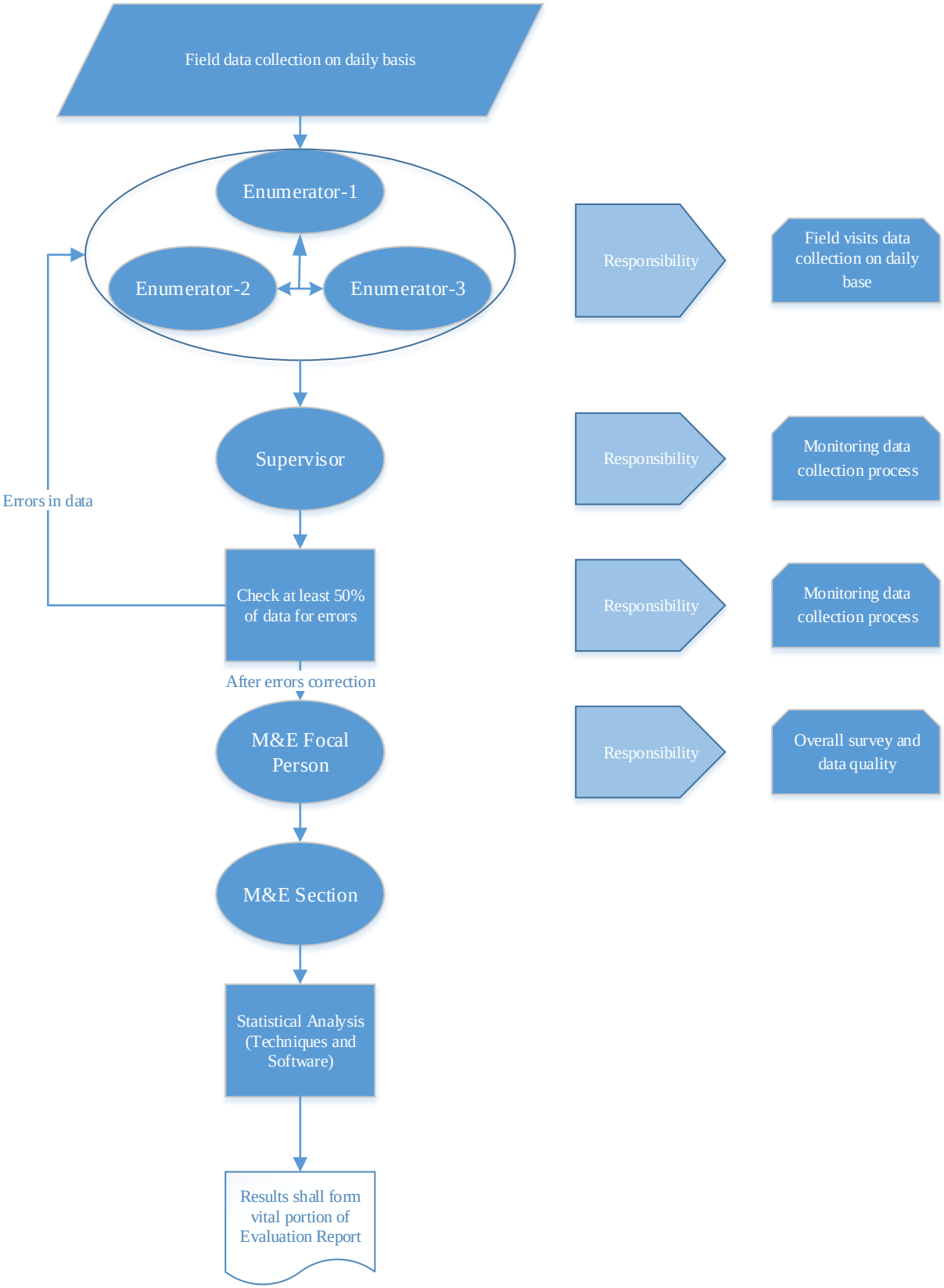
Programme evaluations provide us with independent and rigorous analyses of the effectiveness of PaRRSA's programmes at a particular point in time. Evaluation should be done while assessing the outcomes and impacts of selected programs and projects. PM is responsible for undertaking evaluations of their programmes. Line managers are responsible for ensuring that evaluations are carried out, used and shared in accordance with this policy. Depending on nature and complexity of project it can be outsourced but basic responsibility lies with M&E section.

The basic purpose of Evaluation exercise is;

- To determine the relevance and fulfilment of programme objectives, development efficiency, effectiveness, impact and sustainability.
- To help us learn about what does and doesn't work towards overcoming programme issues and enable us to be accountable to our wide range of stakeholders
- To measure the impact of and assess the effectiveness, efficiency, relevance and sustainability of a specific development/rehabilitation intervention.
- Provide findings, conclusions and recommendations with respect to a specific project/rehabilitation intervention in order to draw lessons for future design and implementation.

Following is the 'Evaluation' Process DFD

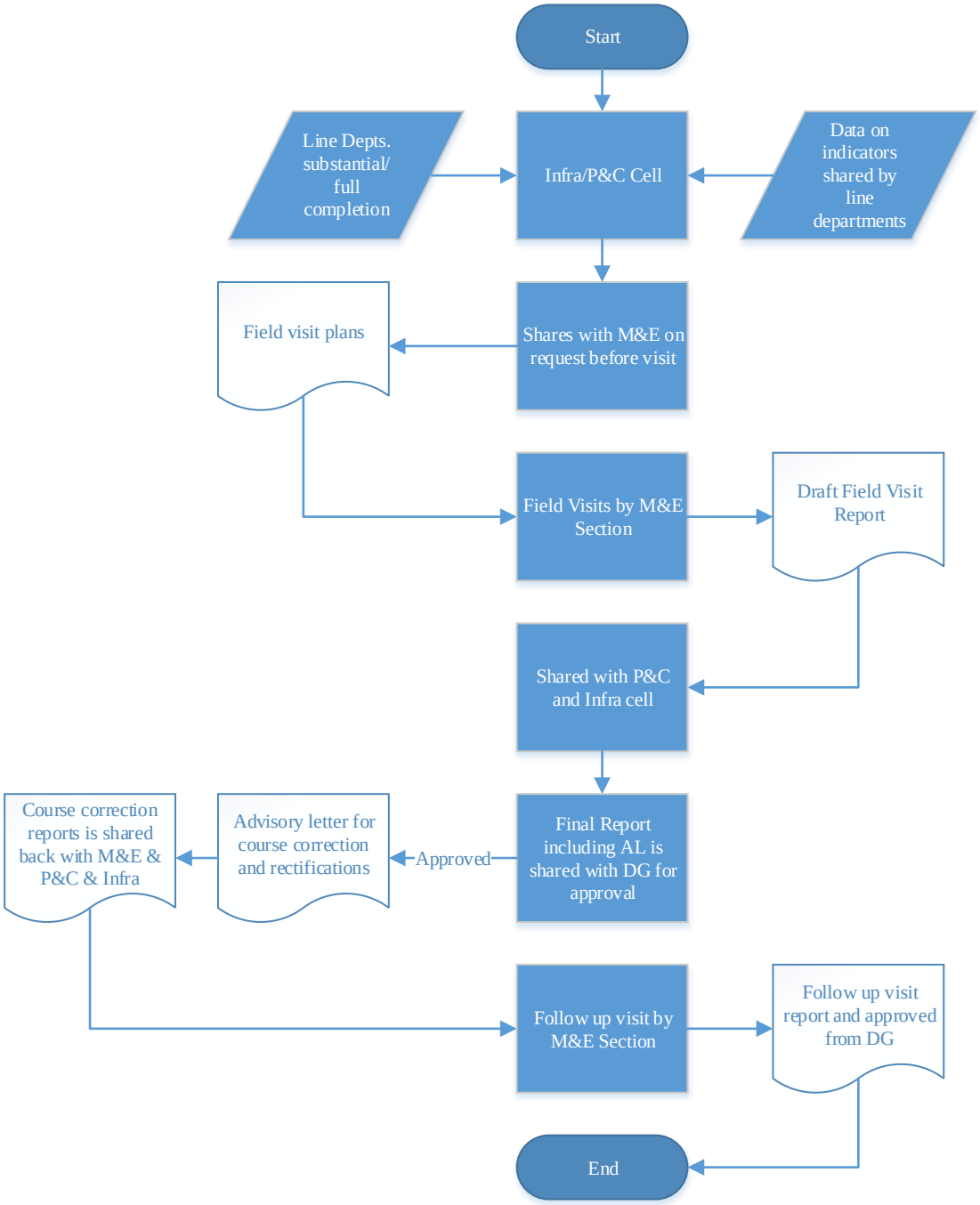

Start
Project Data/Proposal or Implementation letter/ Memo of agreement clause
Overall annual M&E plan
Evaluation modalities, requirements & budget
In accordance with
M&E Section initializes the process
In accordance with
M&E workplan
Responsibility
M&E Section
Complex
Selection of firm as per GoKPK Procurement rules
"ToR" by M&E Head and concerned project head to outsource
Analysis the complexity of project
Not complex
Responsibility
M&E Section Head
M&E Head shall act as Evaluation Manager and Outsource
M&E Head appoint M&E Officer as Evaluation Supervisor and carry out internally
Responsibility
M&E Section Head
M&E Head and firm designs detailed work plan
Activity wise detailed budget
M&E Head designs evaluation exercise work plan comprising:
Project overview
Evaluation Matrix
Methodology
Evaluation Team
Submitted to competent authority for review & approval
Approved
Evaluation activity schedule, evaluation design and tools development
Responsibility
M&E Section Head
Concerned Project Head
Data Analyst
Data collection process
Final Evaluation report
Responsibility
M&E Section Head
End


Field data collection on daily basis
Enumerator-1
Enumerator-2
Enumerator-3
Supervisor
Errors in data
Check at least 50% of data for errors
After errors correction
M&E Focal Person
M&E Section
Statistical Analysis (Techniques and Software)
Results shall form vital portion of Evaluation Report
Responsibility
Field visits data collection on daily base
Responsibility
Monitoring data collection process
Responsibility
Monitoring data collection process
Responsibility
Overall survey and data quality

M&E Process Mapping- ***Performance Management Plan***

Performance Management Plan (PMP) is a living document whose primary objective is to reflect changing conditions which affect Khyber Pakhtunkhwa Reconstruction Program (KPRP) activities. It systematically measures changes overtime through data collection, management and analysis.

Following is the 'Performance management plan' Process DFD



3.1.5.Infrastructure

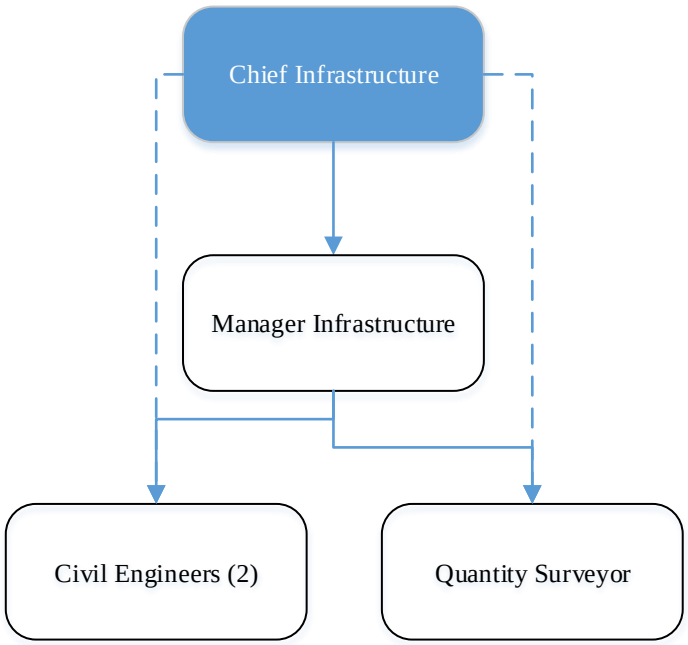
Departmental Introduction

Infra Section is responsible for engineering design and drawings, preparation of cost estimates, project plan/PC-1 and implementation supervision/coordination with the nation building departments and donors. The section is responsible for conducting appraisal of the projects and initiatives, designed by PaRRSA and hasa multi-lateral scope of activities which ranges from detailed conceptualizing of PaRRSA's program interventions to their in-depth review and appraisal.

Key processes are:

- Preparation of cost estimates
- Cost estimates/engineering design
- Signing of PIL
- Approval of PC 1
- Execution
- Progress reporting

Following is the graphical outline of the structure for Infrastructure Section



Process Framework & Risk Synopsis

The HOS IA shall identify mega, major and sub processes of this section and highlight the risks associated with them. It shall be categorized under Strategic, Financial, Operation or Compliance risk.

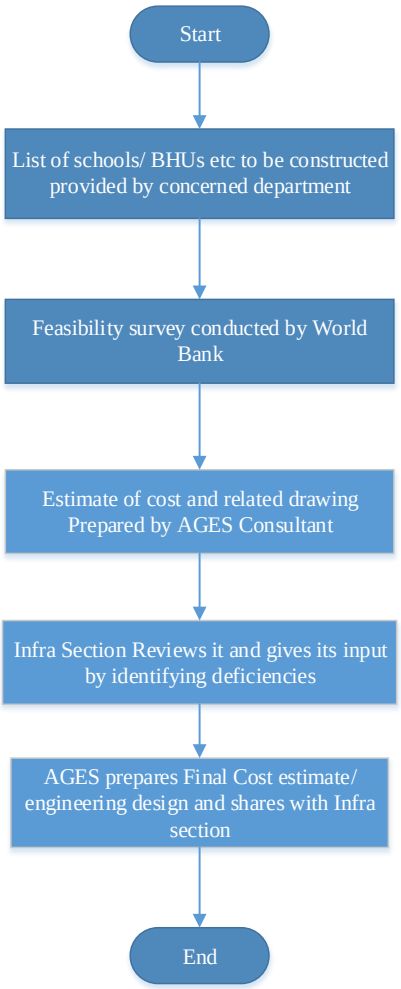
Please refer to Annexure M for Infrastructure Section's Process Framework and Risk Synopsis Sample

Infra Section Process Mapping- ***Preparation of cost estimate/ engineering design***

List of schools/ BHUs/ bridges/ headwork to be constructed is shared by concerned department. Concerned departments include Education Department, Health Department, KPK Highway Authority and Irrigation Department. Feasibility survey is conducted by World Bank, as per the listings provided by concerned departments.

After the survey, AGES, the external consultant, prepares Cost estimate/ engineering designs of the schools/ BHUs/ bridges/ headwork to be constructed. The cost estimate/ engineering design is shared with Infra Section of PaRRSA. Infra Section reviews it and gives its input by identifying deficiencies (if any) which are agreed with the consultant. On the basis of identified deficiencies, consultant prepares Final cost estimate/ engineering design.

Following is the 'Preparation of cost estimate/ engineering design' Process DFD

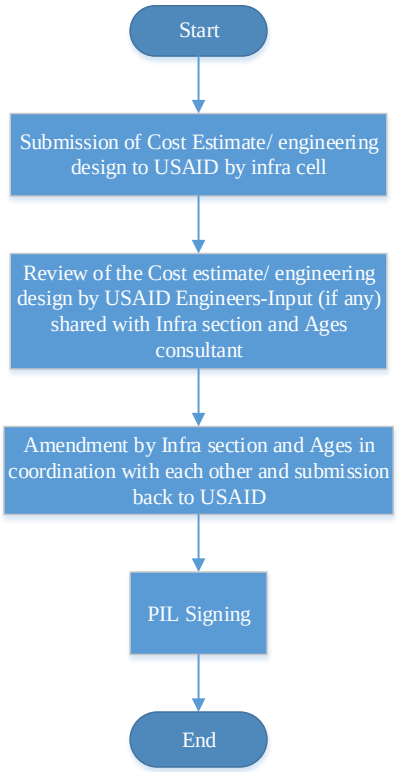


<u>Infra Section Process Mapping-</u>*Signing of PIL (Project Implementation Letter)*

The cost estimate/ engineering design finalized by Infra Section in co-ordination with the consultant is submitted to USAID for review and approval. The cost estimate/ engineering design is reviewed by USAID structural engineers. USAID, after reviewing it, shares its input (if any) with the consultant and Infra Section. The cost estimate/ engineering design is amended by consultant and infra cell in co-ordination with each other and sent back to USAID.

After receiving the amended cost estimate/ engineering design, PIL gets signed between USAID and PaRRSA.

Following is the 'Signing of PIL' Process DFD

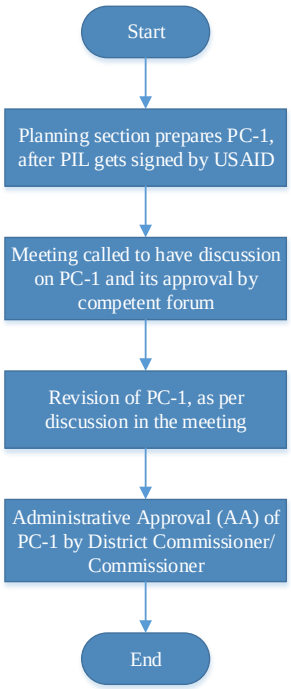


<u>Infra Section Process Mapping</u> - ***Approval of PC-1***

After PIL is signed by USAID, PC-1 is prepared by Planning Section of PaRRSA. Afterwards a meeting of relevant committee is called. Relevant committees include DRRC (District Reconstruction, Rehabilitation Committee-headed by Deputy Commissioner), DAC (Divisional Approval Committee-headed by Commissioner), and PSC (Provincial Steering Committee-headed by Chief Secretary).

Participants of the meeting include representatives of Infra Section, Planning Section, concerned program section and approving authority. Competent Authority for approval up to PKR 40 million is Deputy Commissioner and for PKR 40-100 million is Commissioner whereas for PKR 100 million plus is Chief Secretary. After discussion on PC-1, its Administrative Approval is given by the concerned authority.

Following is the 'Approval of PC-1' Process DFD



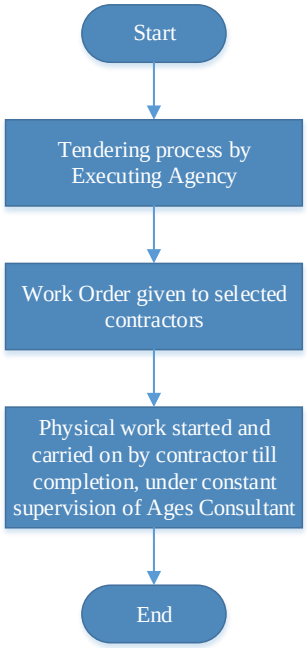
Infra Section Process Mapping- ***Execution***

After PC-1 gets approved, Tendering process is started by the concerned Executing Agency. Executing Agencies concerned include the following:

- Communication and Works (C&W)
  - Schools
  - BHUs
- Public Health Engineering department (PHE)
  - Water & Sanitations
- Pakhtunkhwa Highway Authority (PHA)
  - Khwazakhela Bridge
  - Mingora Bridge
- Irrigation department
  - Amandara Headworks
  - Munda Headworks

Through the tendering process, contractors are selected. Work Order is issued to selected contractors. Work Order includes details of construction work regarding rate, duration etc. Physical work is started by contractor and carried on till completion, under constant supervision of AGES Consultant.

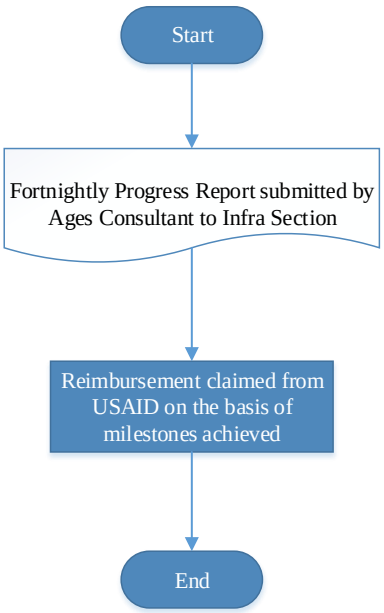
Following is the 'Execution' Process DFD



Infra Section Process Mapping-*Progress Reporting*

AGES consultant constantly supervises the physical construction work and issues fortnightly progress report. Progress report is shared with Infra Section. Progress report contains certification of milestones achieved till date. On the basis of certification of consultant, reimbursement is claimed from USAID.

Following is the 'Progress Reporting' Process DFD



3.1.6.P&C

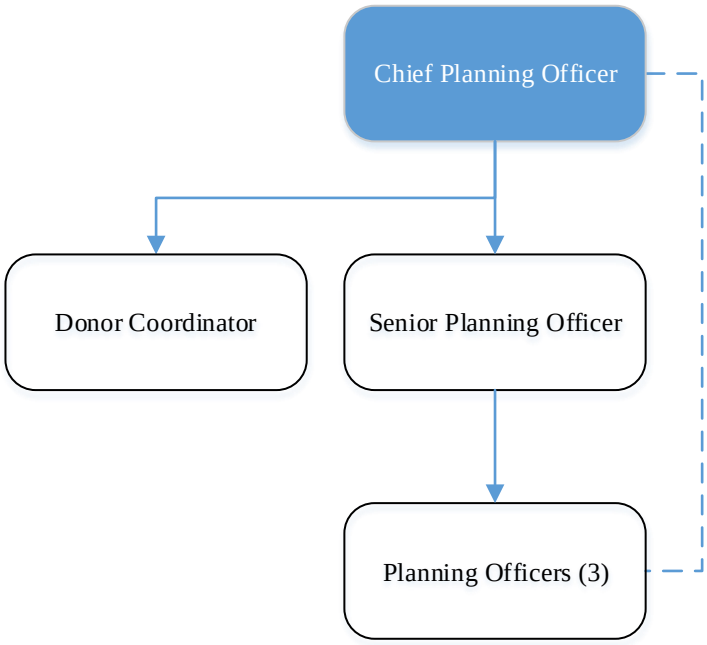
Departmental Introduction

Planning and Coordination (P&C) Section is responsible for project plans on the basis of mandate and strategic direction set by competent authorities and coordination within and outside PaRRSA.

Key process are:

- Damage need assessment
- Proposal development
- PC 1
- Monthly and quarterly progress report submitted by partners
- NOC
- Other on-going activities

Following is the graphical outline of the structure for P&C Section,



Process Framework & Risk Synopsis

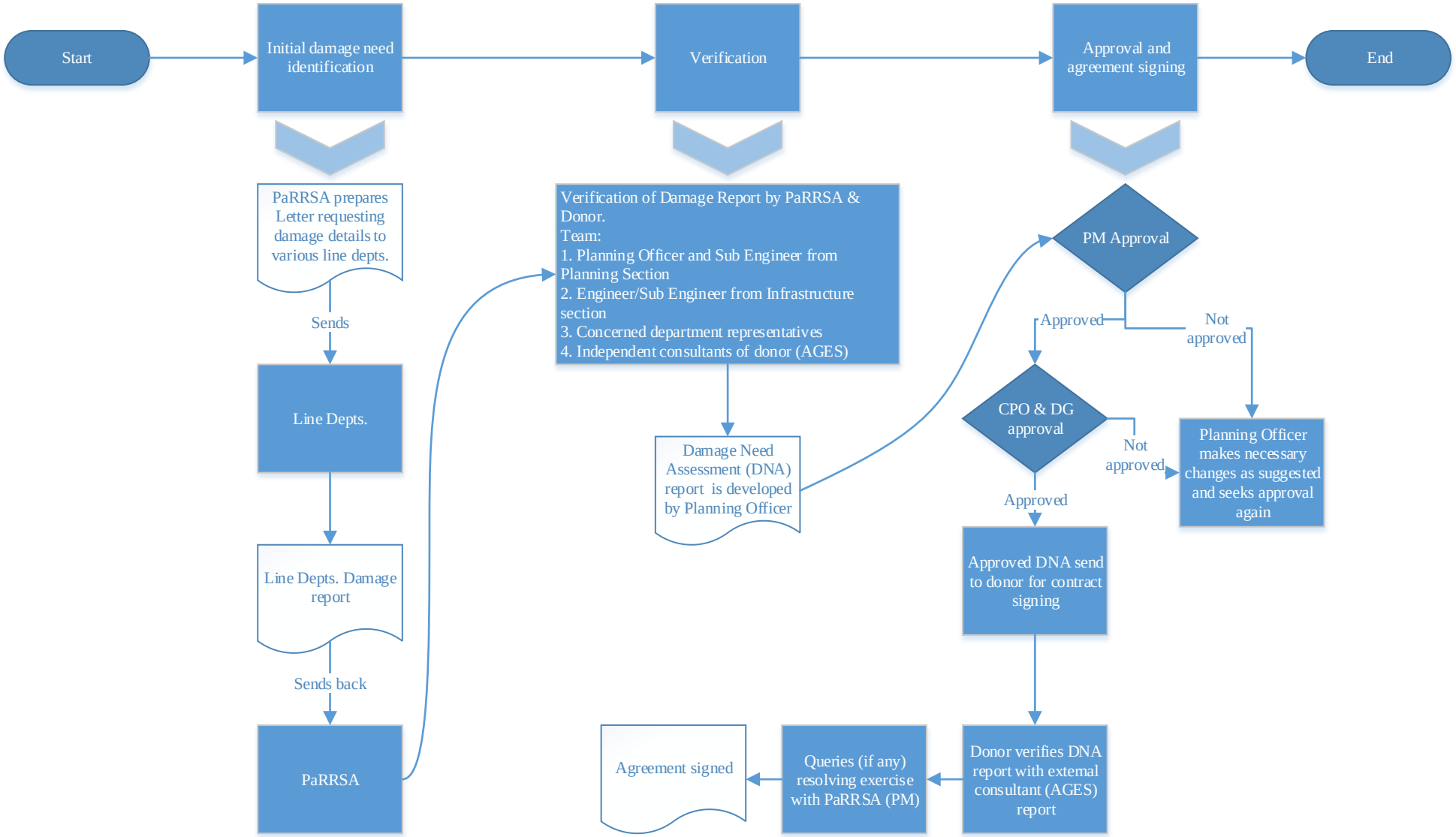
The HOS IA shall identify mega, major and sub processes of this section and highlight the risks associated with them. It shall be categorized under Strategic, Financial, Operation or Compliance risk.

Please refer to Annexure N for P&C Section's Process Framework and Risk Synopsis Sample

P&C Process Mapping- ***Damage Need Assessment (DNA)***

This process involves collection of data on damage and its verification by Damage Need Assessment (DNA). This assessment is primarily carried out by planning cell but various other sections representatives also visit to facilitate planning cell. Donor appointed consultants are also placed in process for transparency.

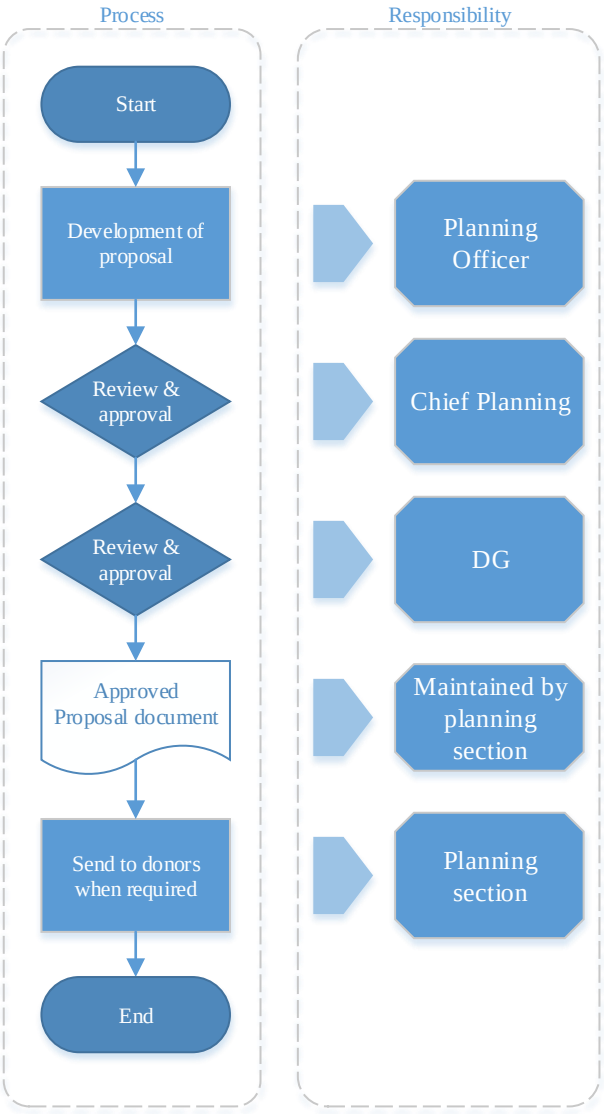
Following is the 'DNA' Process DFD


Start
Initial damage need identification
Verification
Approval and agreement signing
End
PaRRSA prepares Letter requesting damage details to various line depts.
Sends
Line Depts.
Line Depts. Damage report
Sends back
PaRRSA
Verification of Damage Report by PaRRSA & Donor.
Team:
1. Planning Officer and Sub Engineer from Planning Section
2. Engineer/Sub Engineer from Infrastructure section
3. Concerned department representatives
4. Independent consultants of donor (AGES)
Damage Need Assessment (DNA) report is developed by Planning Officer
PM Approval
Approved
Not approved
Planning Officer makes necessary changes as suggested and seeks approval again
CPO & DG approval
Not approved
Approved
Approved DNA send to donor for contract signing
Donor verifies DNA report with external consultant (AGES) report
Queries (if any) resolving exercise with PaRRSA (PM)
Agreement signed

P&C Process Mapping-*Proposal development*

Funding proposal development is an important process as it brings finance of different international donors to PaRRSA. P&C section is primarily responsible developing proposals for different donors.

Following is the 'Proposal development' Process DFD

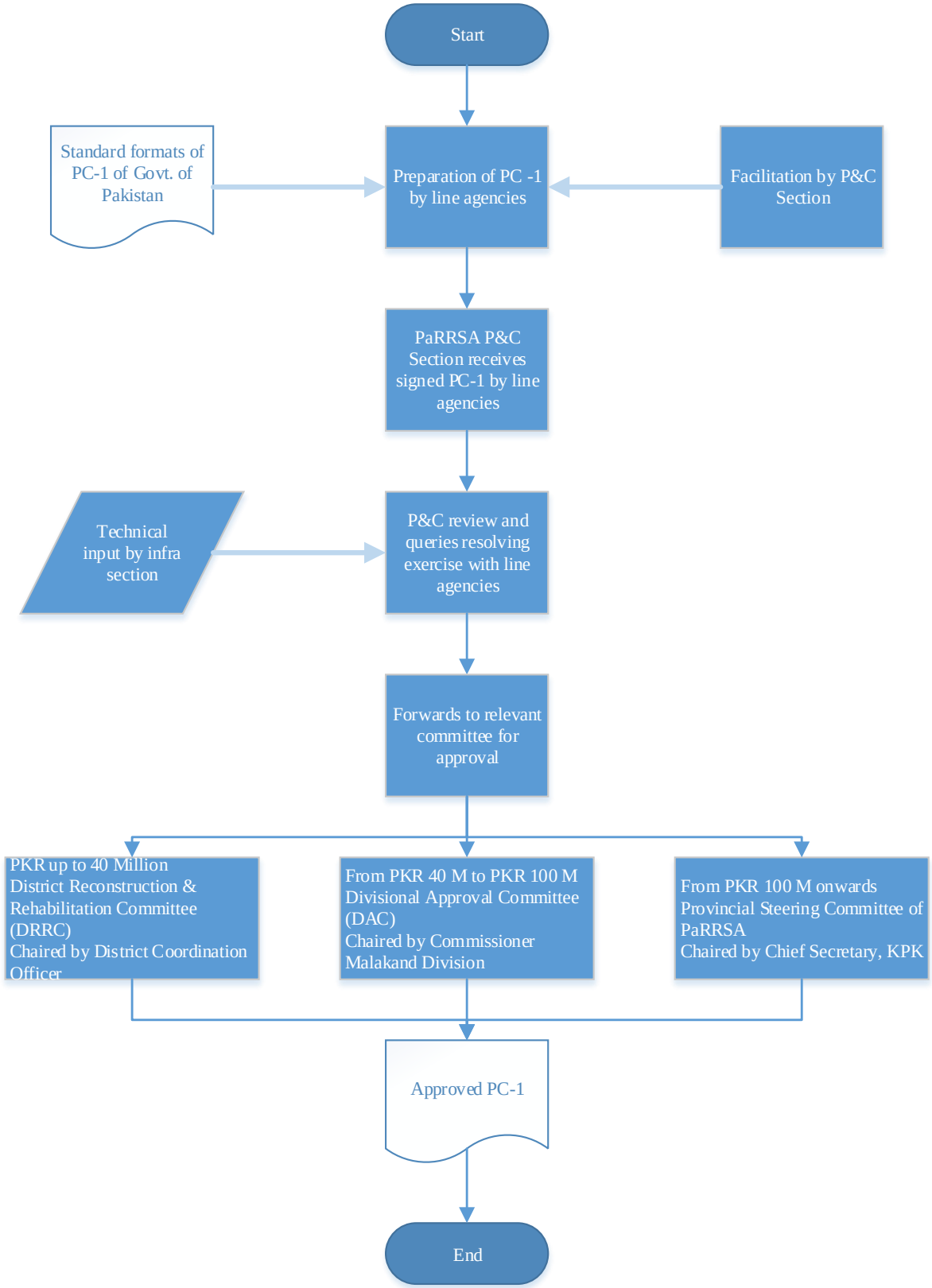


P&C Process Mapping - ***PC-1***

Planning Commission 1 (PC-1) is project formulation document developed by planning section for each project of PaRRSA at planning stage. PC-1 is developed on standard format developed and issued by Government of Pakistan. The main components of PC-1 are;

- Name of the project
- Location
- Authority responsible
- Plan provision
- Project objectives and its relationship with sect-oral objections
- Description, justification and technical parameters
- Capital cost estimates
- Annual operating and maintenance cost after completion of project
- Demand and supply analysis
- Financial plan and mode of financing
- Project benefits and analysis
- Implementation schedule
- Management structure and manpower requirements including specialized skills during execution and operational phases
- Additional projects/decisions required to maximize socio-economic benefits from the proposed project
- Certification that the project proposal has been prepared on the basis of instructions provided by planning commission for the preparation of PC-1 for social sector projects.

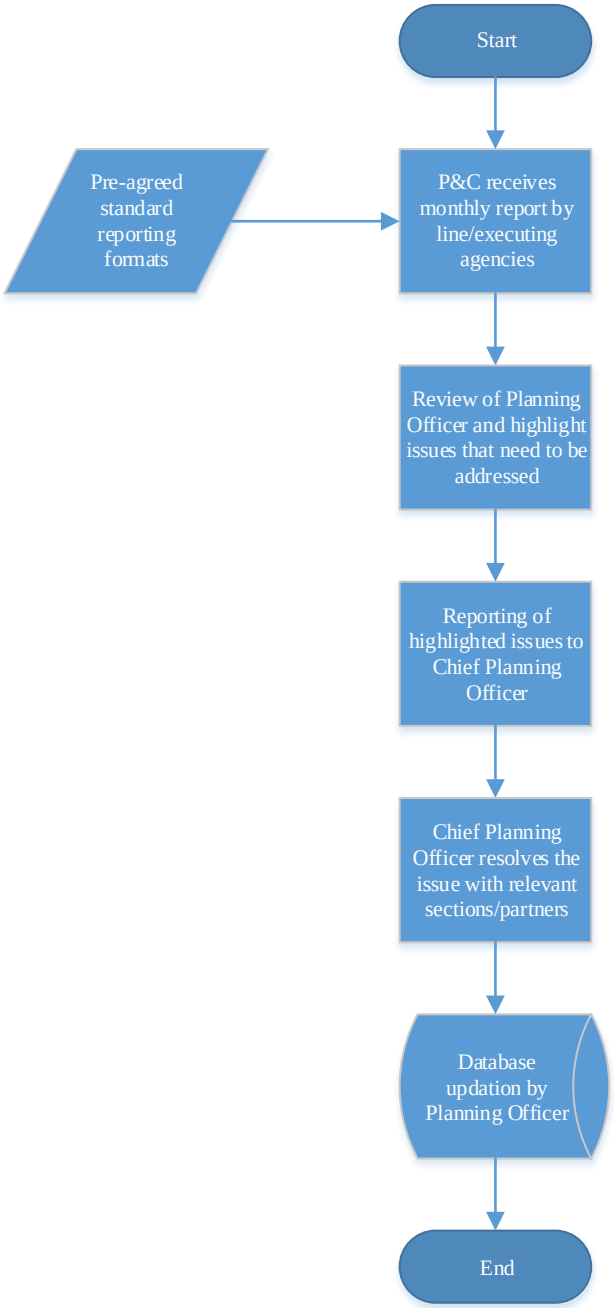
Following is the 'PC-1' Process DFD


Start
Standard formats of PC-1 of Govt. of Pakistan
Preparation of PC -1 by line agencies
Facilitation by P&C Section
PaRRSA P&C Section receives signed PC-1 by line agencies
Technical input by infra section
P&C review and queries resolving exercise with line agencies
Forwards to relevant committee for approval
PKR up to 40 Million
District Reconstruction & Rehabilitation Committee (DRRC)
Chaired by District Coordination Officer
From PKR 40 M to PKR 100 M
Divisional Approval Committee (DAC)
Chaired by Commissioner Malakand Division
From PKR 100 M onwards
Provincial Steering Committee of PaRRSA
Chaired by Chief Secretary, KPK
Approved PC-1
End

P&C Process Mapping - ***Monthly progress review submitted by partners***

Another activity of P&C is to review progress of line and executing agencies. Technical inputs are incorporated with coordination of concerned partner and PaRRSA's infra cell. The primary purpose of this activity is to maintain track on projects, highlight any issues in progress reports and address them with relevant competent authority. P&C also updates PaRRSA's database from monthly reporting.

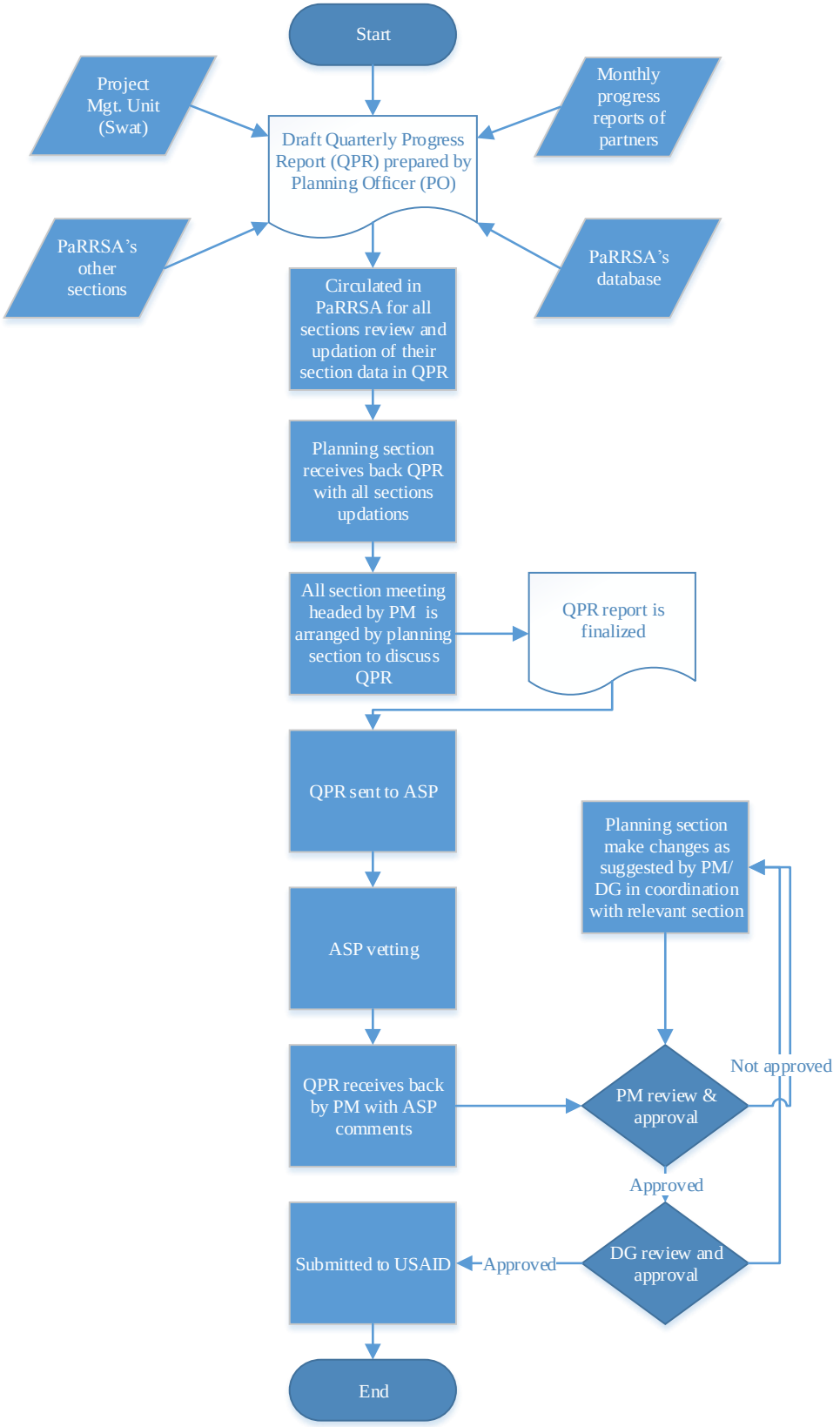
Following is the 'Monthly progress review submitted by partners' Process DFD



P&C Process Mapping - ***Quarterly Progress Reports (QPR) for USAID***

PaRRSA is responsible for quarterly reporting on progress to USAID as agreed. P&C section prepares such reports using variety of information sources (however, the main sources is highlighted in process DFD) in coordination with different sections. The reporting is normally done on standard format agreed with USAID.

Following is the 'QPR for USAID' Process DFD


Start
Project Mgt. Unit (Swat)
Monthly progress reports of partners
Draft Quarterly Progress Report (QPR) prepared by Planning Officer (PO)
PaRRSA's other sections
PaRRSA's database
Circulated in PaRRSA for all sections review and updation of their section data in QPR
Planning section receives back QPR with all sections updations
All section meeting headed by PM is arranged by planning section to discuss QPR
QPR report is finalized
QPR sent to ASP
ASP vetting
QPR receives back by PM with ASP comments
Planning section make changes as suggested by PM/ DG in coordination with relevant section
PM review & approval
Not approved
Approved
DG review and approval
Approved
Submitted to USAID
End

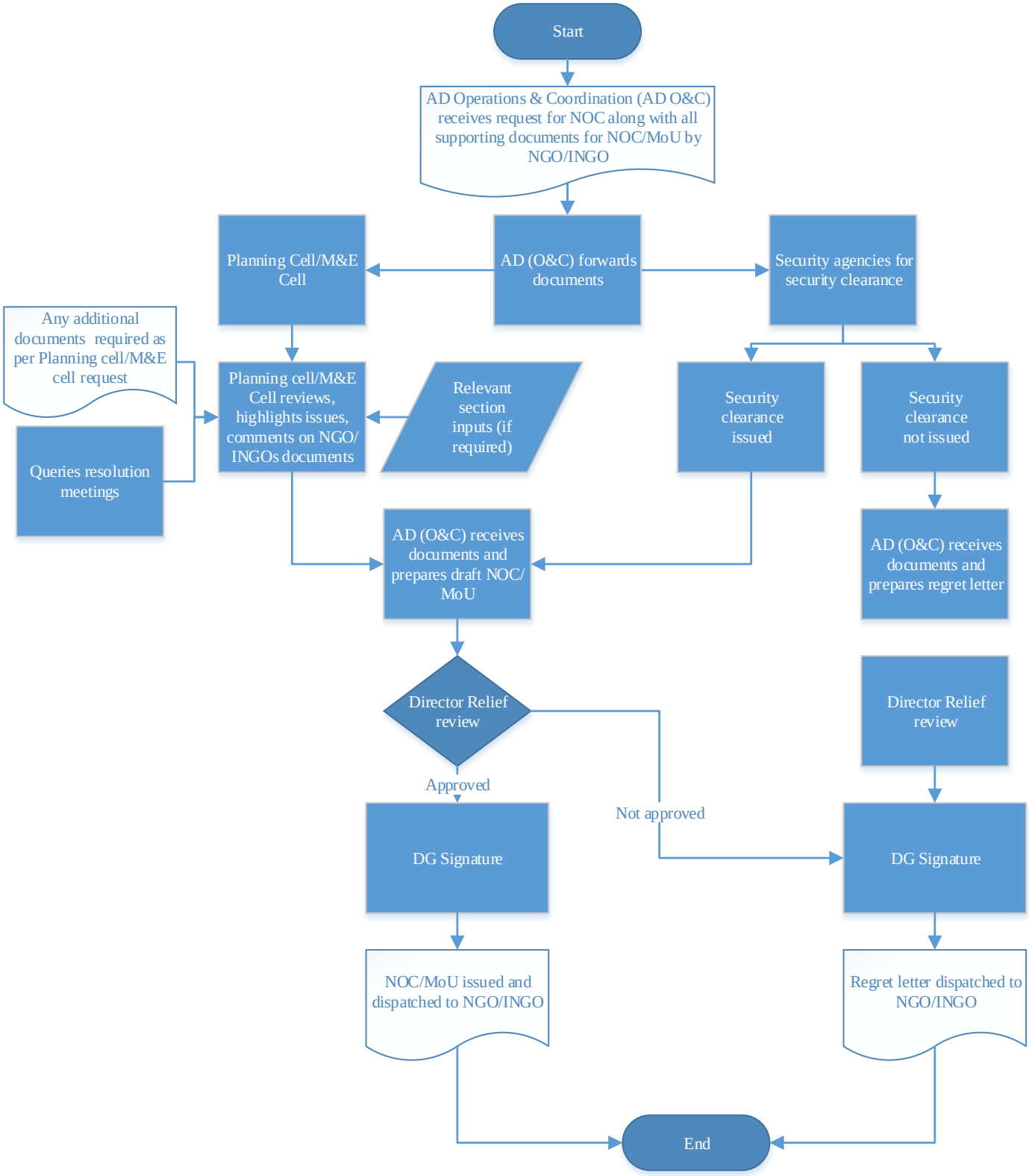
P&C Process Mapping - ***No Objection Certificates (NOCs) and Memorandum of Understanding (MoU) for NGO/INGOs***

No Objection Certificate or popularly abbreviated as NOC is a legal certificate for clearance issued by PaRRSA to independent NGOs/INGOs working in KPK on reconstruction and rehabilitation activities. This clearance clarifies many things when it goes through government process; hence, it's a legal requirement. Please note that first time NOC issuance exercise is carried out by planning cell and extension of existing NOCs is dealt by M&E cell.

Memorandum of Understanding (MoU) is an agreement between PaRRSA (representing GoKPK) and NGOs/INGOs to express convergence of will, indicating an intended common line of action. It describes the relationship between two parties and serves as legal notice for NGO/INGO that they are allowed to work in province by provincial government.

The security agencies mentioned in the process DFD below includes Special Branch Police and, if required, Intelligence Bureau. However, PaRRSA doesn't directly correspond with above mentioned organizations, instead as per Standard Operating Procedure (SOP) of Provincial Government. PaRRSA submits clearance request to Home Department and they forward the request to abovementioned organizations as per their own procedures.

Following is the for 'NOCs and MoUs for NGO/INGOs' Process DFD


Start
AD Operations & Coordination (AD O&C) receives request for NOC along with all supporting documents for NOC/MoU by NGO/INGO
Planning Cell/M&E Cell
AD (O&C) forwards documents
Security agencies for security clearance
Any additional documents required as per Planning cell/M&E cell request
Queries resolution meetings
Planning cell/M&E Cell reviews, highlights issues, comments on NGO/ INGOs documents
Relevant section inputs (if required)
Security clearance issued
Security clearance not issued
AD (O&C) receives documents and prepares draft NOC/ MoU
AD (O&C) receives documents and prepares regret letter
Director Relief review
Director Relief review
Approved
Not approved
DG Signature
DG Signature
NOC/MoU issued and dispatched to NGO/INGO
Regret letter dispatched to NGO/INGO
End

P&C Process Mapping - ***Other on-going activities***

Other than above mentioned activities P&C section is also responsible to deal with issues that arising on daily basis. The process of these recurring nature activities varies as per need, therefore, can't be documented/mapped as one standard process. Some of these activities are briefed below.

Overall coordination within and outside PaRRSA

P&C Section is responsible for overall coordination within and outside PaRRSA. P&C section is required to make sure the effective coordination between different sections within PaRRSA, to ensure they run together smoothly and efficiently. P&C Section also serves as one window dealing counter for external partners of PaRRSA. The main external partners of PaRRSA include;

- National and International donors
- Line agencies
- Executing agencies
- Any other individual or organization seeking information on GoKPK R&R plans and activities

Arrangement of meetings, meetings minutes recording and its circulation

P&C Section as part of its coordination function is required to arrange meetings that involves;

- Setting the objectives/agenda of meeting in coordination with relevant sections
- Deciding the location of meeting
- Specifying necessary technical elements and additional requirement for the event
- Arrangement of accommodation for out station members participating in meetings
- Informing the details of meeting to participants
- Arrangement of stationery and printed documents (if any) for meeting

P&C Section is also required to record minutes of meetings. Minutes of meetings are the instant written record of a meeting or hearing. They typically describe the events of the meeting, starting with a list of attendees, a statement of the issues considered by the participants, and related responses or decisions for the issues. P&C Section circulates these recorded minutes of meeting in participants of meeting.

Briefings and presentations

Briefings and presentations exercise on need basis is part of P&C Section responsibilities. CPO personally arranges and delivers such activities for quality assurance purpose.

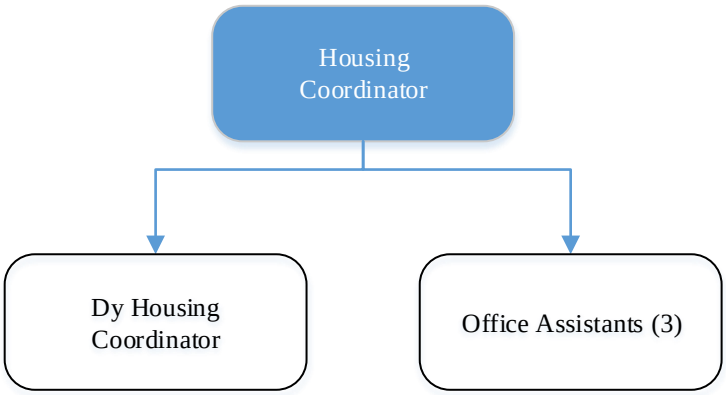
3.1.7.Housing

Departmental Introduction

The Housing Section is primarily responsible for Shelter Activities. Currently housing section is operating four main projects;

- Citizen Damage Compensation Program (CDCP) (All over KPK)
- Housing Uniform Assistant Subsidy Project (HUASP) (Targeted areas "Malakand& FATA")
- Special Compensation project (Internally Displaced Persons (IDPs) Doag,Dara, Dir Upper)
- Disaster Risk Reduction (DRR)

Following is the graphical outline of the structure for Housing Section



Project 1 – Citizen Damage Compensation Program (CDCP) (All over KPK)

- Rapid House Survey (RHS) during 2010 floods in collaboration with district administration
- Data entry & scrutiny in PDMA
- Collaboration with NADRA and banks
- Coordination with Cabinet Division and Finance Division
- Grievance desk for affectees/beneficiaries
- Third party validation
- Provincial Appeal Secretariat (PAS)
- Honoraria for district review committees and PAS
- Closing of Citizen Damages Compensation Program (CDCP) Phase II
- Future Disaster Risk Action Plan (FDRAP)

Project 2 – Housing Uniform Assistant Subsidy Project (HUASP)

- DNA
- Damaged houses survey
- Grievance phase for remaining beneficiaries
- Data entry & validation

- Project documentation
- Fund Flow Mechanism
- Fund disbursements to beneficiaries via banks
- Reconciliation with banks
- Internal & External audits
- Third party validation

Project 3 – Special Compensation Project (Internally Displaced Persons – IDPs Doag,Dara, Dir Upper)

- Verification from NADRA
- Coordination with Cabinet Division for funds
- Coordination with NADRA and banks
- Court cases related to IDPs (Shangla and Buner)

Project 4 – Disaster Risk Reduction (DRR)

- Vetting of projects proposal on DRR
- Technical guidance to INGO/NGOs on DRR & Disaster Resilient Construction Designs (DRCD)
- Early recovery working group on housing/Thematic working group on DRR
- Monsoon contingency plan
- Disaster Risk Management (DRM) road map

3.1.8.M&C

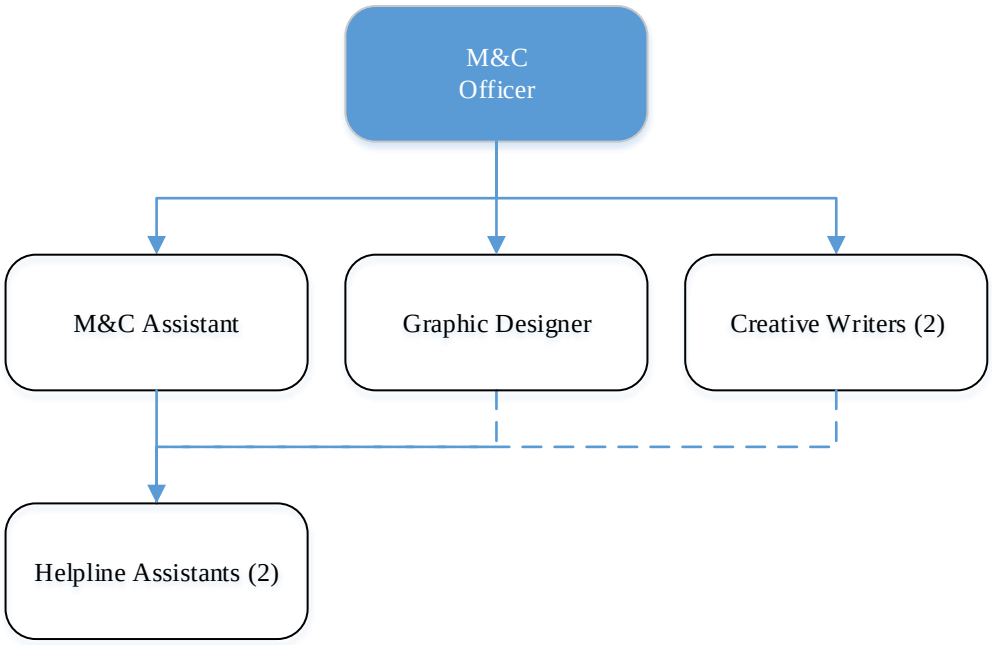
Departmental Introduction

The M&C section is headed by M&C officer. The major functions performed by this section includes developing mass media activities such as organizing visits to project sites, facilitating photo coverage and TV footage, radio interviews and special events, and utilizes both web-based and traditional media when appropriate to generate and maintain public interest in organization's endeavors. The section is also responsible for drafting and distribution of WADAN magazine quarterly and organizing festivals for awareness and tourism promotion.

Key processes are:

- Media activities
- Quarterly publications of WADAN Magazine
- Organizing festivals

Following is the graphical outline of the structure for M&C section



M&C- ***Process Framework and Risk Synopsis***

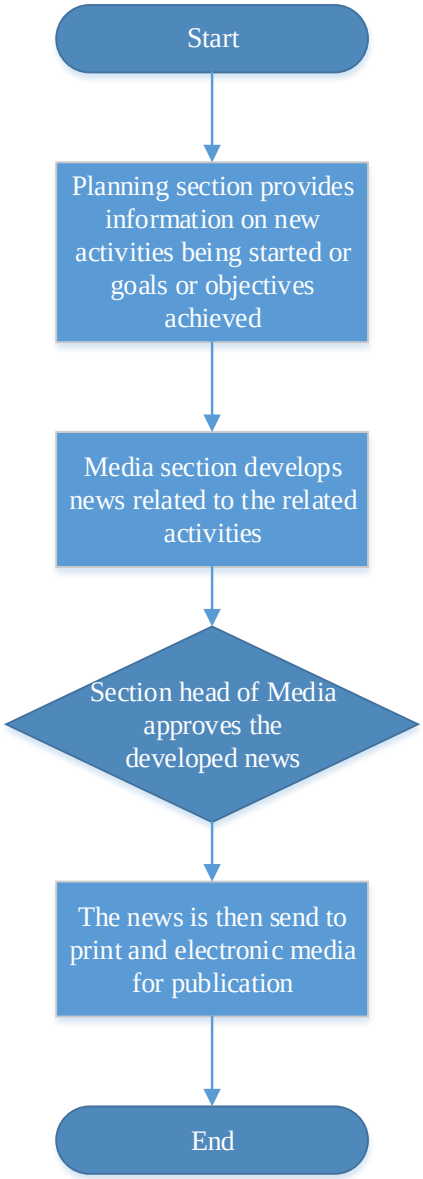
The HOS IA shall identify mega, major and sub processes of this section and highlight the risks associated with them. It shall be categorized under Strategic, Financial, Operation or Compliance risk.

Please refer to Annexure O for M&C Section's Process Framework and Risk Synopsis Sample

M&C Process Mapping- Media activities

The process includes press releases, features writing, special supplements, advertisements related to jobs in print media and electronic media. Planning section provides information about latest activities going to be held and activities that have come to the end. Media section then prepares news headlines related to the information provided by planning section. Media and communication officer (section head) approves the news and sends it to print and electronic media publishers.

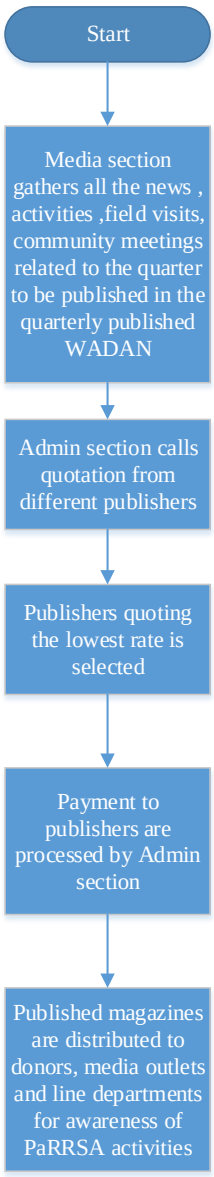
Following is the 'Media activities' Process DFD



M&C Process Mapping -***Quarterly publication of WADAN (magazine)***

WADAN is a magazine that is published quarterly by PaRRSA. It is published for awareness of the activities and objectives of PaRRSA. It includes the activities carried out in related quarter such as festivals, seminars, field visits, community meetings etc. It is funded by USAID. There are no authorized publishers, every quarter Admin section calls for quotations and the lowest bidder is selected for publication. WADAN is disseminated by Media section to donors, media outlets and line departments for awareness of PaRRSA's activities.

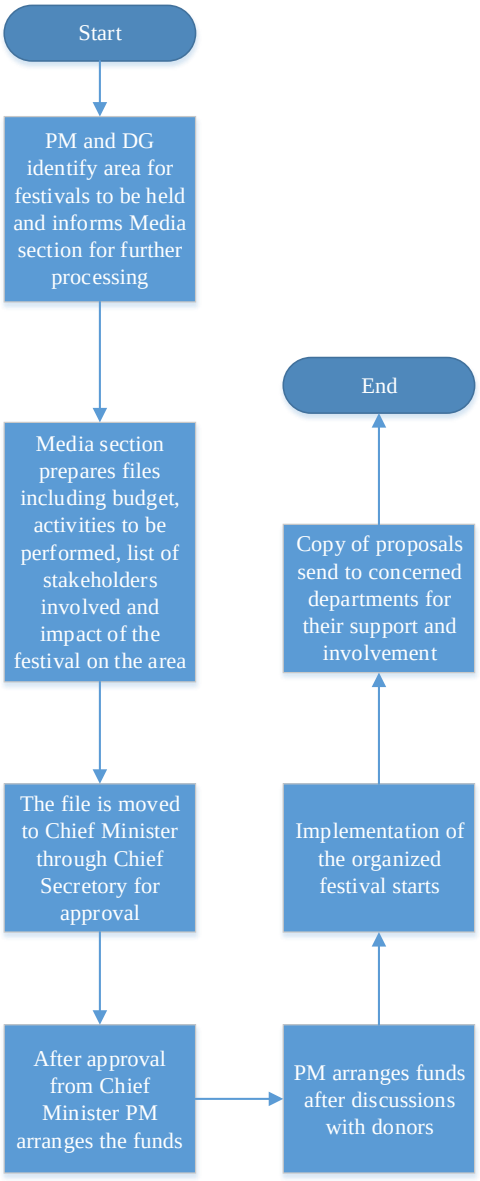
Following is the 'Quarterly publication of WADAN magazine' Process DFD



M&C Process Mapping - ***Organizing festivals:***

Different festivals are organized every year in different districts for the awareness and publicity of donors and PaRRSA's activities and contributions towards the nation. PaRRSA has organized four festivals from 2009 to 2012 in Swat, Buner, Shangla, Malakand, Dir Lower and Dir Upper. These festivals were funded by UNDP. DG or PM identifies area and mode of festivals to be organized.

Following is the 'Organization of festivals' Process DFD

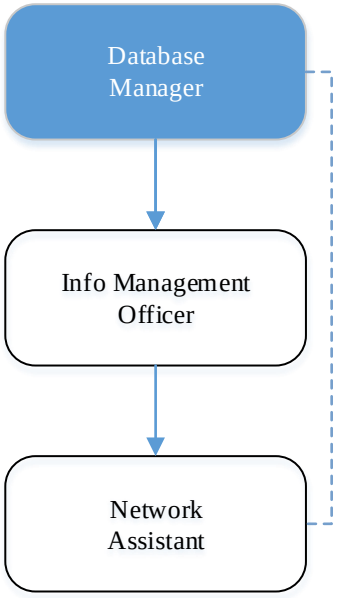


3.1.9.MIS

Departmental Introduction

The MIS Section is headed by Database Manager. The major functions performed by this section include design development, operation of information system and strengthening IT functions in PaRRSA.

Following is the graphical outline of the structure for MIS Section



Process Framework and Risk Synopsis

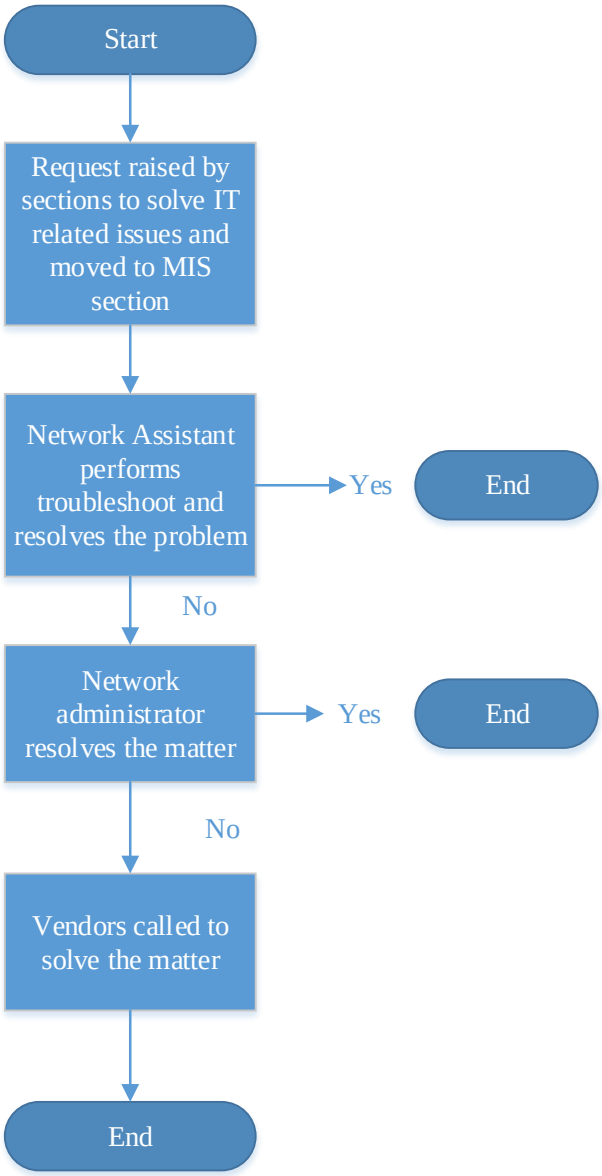
The HOS IA shall identify mega, major and sub processes of this section and highlight the risks associated with them. It shall be categorized under Strategic, Financial, Operation or Compliance risk.

Please refer to Annexure P for MIS Section's Process Framework and Risk Synopsis Sample

MIS Process Mapping- ***Network administration***

Network administration involves network monitoring, administration of network servers, desktop computers, printers and routers; testing the network for weakness, installing and implementing security programs such as email and internet filters. Usually request is generated by different sections, when some problem arises in network, internet, windows computers etc. Main tasks include trouble shooting by network professionals in the team.

Following is the 'Network administration' Process DFD



MIS Process Mapping-*Software development/outsourcing and installation*

Need assessments are carried out by the section to identify new software requirements. File is moved to HR Director for review and approval. After approval of HR director file is moved to DG for approval. After approval decision regarding in house development of software or outsourcing is carried out along with budgets analysis, through consultation with different vendors by IT section head, in a meeting with the committee.

Following Applications are developed for smooth operations of activities during the year 2013.

Progress Reporting & Monitoring System: is a web based application to track physical and financial information of projects and Programs being undertaken by PaRRSA for reconstruction and rehabilitation of crisis affected area or any other mandate given by the Provincial Government.

Milestone Tracking System: Milestone Tracking System application / module track the current status of milestones i.e. how many milestones are pending, achieved or claimed including dates of agreement, type of agreement /contract etc between the PaRRSA and USAID. The main feature of this system is generating claims, reimbursement, suspended milestones reports and different required reports. The data entry phase is completed by the consultants and is in testing phase.

Web Revamp: The new template /portal for the website is developed and deployed to be used internally and will be available online for external community very soon.

MIS Process Mapping-*Planning and management of technology lifecycle*

Need assessments regarding upgrading existing technology or purchasing new equipment is carried out by IT section time to time. Requisition is raised to HR director for purchasing new hardware/equipment. HR director send to DG for approval. After approval of DG, MIS section forwards the approved request to Administrative section including information regarding prices and vendors after conducting market survey. Administrative section carries out further process and equipment is provided to MIS section.

4. PROCEDURES

This section contains procedures for implementing PaRRSA's policies for all the operational departments of Authority.

- IA Program
  - Finance
  - Procurement
  - HR & Admin
  - M&E
  - Infrastructure
  - P&C
  - Housing
  - Media
  - MIS

4.1. IA Program

For drawing up periodical IA program, the available working days in such IA period shall be worked out by the IA section.

- For conducting outstation audits, transit time shall have to be provided.
- Care shall be taken while drafting the program to include all important areas for review, and depending upon the strength of the audit personnel, as many sections as possible should be covered in the audit program.
- To minimize objection of Statutory / Govt. Auditors on PaRRSA's accounts, their previous observations and objections should be kept in view while preparing the program.
- The audit work shall be allotted to the IA personnel by the head of IA section as far as practicable, who shall adhere to the approved program. Any deviation from the approved audit program found necessary shall be made with the concurrence of the DG.
- Review policies and procedures to determine adequacy. Ensure that policies and procedures have been communicated to all appropriate personnel.
- Review prior reports to determine whether corrective action has been successfully implemented.
- Areas that shall be covered by the audit program include the audit objectives, test procedures, sample size, sample selection, time period, reports for sample selections, reports and documents subject for review as well as attributes for testing.

4.1.1.Finance

Step by step IA program for finance section is as given below;

Walk-through procedures

First of all IA team will perform walk-through procedures on each process identified and detailed above. This exercise shall ensure that the processes listed in this manual in the form of DFDs are actually being followed and any discrepancies will be highlighted. This exercise will further highlight the extent to which the auditor wishes to rely on internal controls and can design the required audit procedures to reduce the audit risk to an acceptable level.

Please refer Annexure Q for a template of "Walk-through procedures form"

Risk exposure rating

IA shall perform risk assessment procedures to analyze risk on "likelihood" and "consequence" framework to prioritize them and focus on more dangerous risks. Processes should be listed and prioritized as per following form. The primary purpose of this exercise is to get the list of processes that needs more attention than others.

Please refer Annexure R for a template of "Risk exposure rating"

Risk control matrix

After prioritizing, this matrix provides an overview of existing controls in place against each risk that needs action plan and further gives testing details for that risk. This matrix helps IA team decide to which extent controls mitigate the risk and what level of testing is required.

The scoring under each control group is based on auditor's judgment of controls after walk-through procedures and risk assessment procedures. Based on his judgmental score he/she can decide to rely on TOCs alone or substantive testing or a combination of both.

Please refer Annexure S for a template of "Risk control matrix"

Control testing form

From the 'Risk control matrix' auditor can design his/her TOCs based on the strength of internal controls. Risk control matrix provides suggestive procedures to be applied. Sample of transactions to be tested shall be determined by auditor keeping in view the recurrence of transactions, population and other conditions.

Please refer Annexure T for a template of "Control testing form"

Substantive testing

Substantive testing comprise of analytical procedures and test of details of transactions. The head of IA section shall decide the use of analytical procedure on case to case basis and develop analytical testing sheets accordingly.

Test of details of transaction should be executed as per sample size determined by the auditor. . Auditor shall document the substantive procedures performed along with the basis for selection of sample. This document shall become part of the audit file.

Please refer Annexure U for a template of "Finance audit program checklist" and Annexure BO-a for audit program template.

4.1.2.Procurement

Step by step IA program for procurement is as given below;

Walk-through procedures

First of all IA team will perform walk-through procedures on each process identified and detailed above. This exercise shall ensure that the processes listed in this manual in the form of DFDs are actually being followed and any discrepancies will be highlighted. This exercise will further highlight the extent to which the auditor wishes to rely on internal controls and can design the required audit procedures to reduce the audit risk to an acceptable level.

Please refer Annexure Q for a template of "Walk-through procedures form"

Risk exposure rating

IA shall perform risk assessment procedures to analyze risk on "likelihood" and "consequence" framework to prioritize them and focus on more dangerous risks. Processes should be listed and prioritized as per following form. The primary purpose of this exercise is to get the list of processes that needs more attention than others.

Please refer Annexure R for a template of "Risk exposure rating"

Risk control matrix

After prioritizing, this matrix provides an overview of existing controls in place against each risk that needs action plan and further gives testing details for that risk. This matrix helps IA team decide to which extent controls mitigate the risk and what level of testing is required.

The scoring under each control group is based on auditor's judgment of controls after walk-through procedures and risk assessment procedures. Based on his judgmental score he/she can decide to rely on TOCs alone or substantive testing or a combination of both.

Please refer Annexure S for a template of "Risk control matrix"

Control testing form

From the 'Risk control matrix' auditor can design his/her TOCs based on the strength of internal controls. Risk control matrix provides suggestive procedures to be applied. Sample of transactions to be tested shall be determined by auditor keeping in view the recurrence of transactions, population and other conditions.

Please refer Annexure T for a template of "Control testing form"

Substantive testing

Substantive testing comprise of analytical procedures and test of details of transactions. The head of IA section shall decide the use of analytical procedure on case to case basis and develop analytical testing sheets accordingly.

Test of details of transaction should be executed as per sample size determined by the auditor. . Auditor shall document the substantive procedures performed along with the basis for selection of sample. This document shall become part of the audit file.

Please refer Annexure V for a template of "Procurement audit program checklist" and Annexure BO-a for audit program template.

4.1.3.HR & Admin

The HOS IA shall ensure the effectiveness of HR & Admin Section. To evaluate that, HR & Admin audit program, given in annexure, shall be used. This program is in the form of checklist and shall be reviewed and updated by HOS IA to incorporate or remove amendments in HR & Admin section's ToR over time.

Please refer Annexure W for a template of "HR & Admin audit program checklist"

4.1.4.M&E

The head of IA section shall ensure the effectiveness of M&E section. To evaluate that, M&E audit program, given in annexure, shall be used. This program is in the form of checklist and shall be reviewed and updated by head of IA section to incorporate or remove amendments in M&E section's ToR over time.

Please refer Annexure X for a template of "M&E audit program checklist"

4.1.5.Infrastructure

The HOS IA shall ensure the effectiveness of Infra section. To evaluate that, Infrastructure audit program, given in annexure, shall be used. This program is in the form of checklist and shall be reviewed and updated by HOS IA to incorporate or remove amendments in Infra section's ToR over time.

Please refer Annexure Y for "Infrastructure audit program checklist"

4.1.6.P&C

The HOS IA shall ensure the effectiveness of P&C section. To evaluate that, P&C audit program, given in annexure, shall be used. This program is in the form of checklist and shall be reviewed and updated by HOS IA to incorporate or remove amendments in P&C section's ToR over time.

Please refer Annexure Z for "P&C audit program checklist"

4.1.7.Housing

The HOS IA shall design IA procedure projects that are subject to IA. Following are the steps that HOS IA shall follow;

- Developing understanding of project
- Planning IA
- Assessing key risks of the project
- Preparing project specific IA tools
- Audit execution
- Reporting
- Follow-up

4.1.8.M&C

The HOS IA shall ensure the effectiveness of M&C section. To evaluate that, M&C audit program, given in annexure, shall be used. This program is in the form of checklist and shall be reviewed and updated by HOS IA to incorporate or remove amendments in M&C section's ToR over time.

Please refer Annexure AA for "M&C audit program checklist"

4.1.9.MIS

The HOS IA shall ensure the effectiveness of MIS section. To evaluate that, MIS audit program, given in annexure, shall be used. This program is in the form of checklist and shall be reviewed and updated by HOS IA to incorporate or remove amendments in MIS section's ToR over time.

Please refer Annexure AB for "MIS audit program checklist"

CHAPTER – 6
REPORTING

TABLE OF CONTENTS

1. Scope of chapter 133
2. Definitions 134
3. Policies 135
   - 3.1. IA Report 135
   - 3.2. IA Reporting Format 135
   - 3.3. IA Log Sheet 136
4. Procedures 137
   - 4.1. IA Report 137
   - 4.2. IA Reporting Formats 137
   - 4.3. IA Log Sheet 138

1. SCOPE OF CHAPTER

This chapter states the policies and procedures of the IA Section relating to the IA reports.

This chapter covers the following areas:

- IA report
- IA reporting formats
- IA reporting log sheet

2. DEFINITIONS

For the purpose of this chapter following terms shall have the given definitions:

2.1. Fraud

This shall refer to an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.

2.2. Organizational Risk

In this chapter this shall refer to the business, treasury, and pure risks of an organization (i.e., all exposures, hazards, and perils, whether traditionally the subject of insurance or not), which collectively create uncertainty as to the financial outcome of an enterprise.

2.3. Risk

Risk is the potential of losing something of value, weighed against the potential to gain something of value.

3. POLICIES

This section contains policies for following aspects of IA functional requirements:

- IA report
- IA reporting format
- IA reporting log sheet

3.1. IA Report

The reporting phase of audits shall provide IA the opportunity to communicate the results of the IA assignment. IA audit reports shall have the following objectives:

- To inform potential readers of the conditions found during the audit and the criteria against which the conditions were evaluated.
- To persuade management of the validity of the conditions and their actual or potential effect; and
- To provide constructive and practical means to management to take adequate corrective action to address issues that need improvement.

The HOS IA shall report periodically to IA Committee on the IA activity's purpose, authority, responsibility, and performance relative to its plan. Reporting shall also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by DG and IA Committee or SC.

A measure of uniformity in the form and content of the Internal Auditor's report shall be ensured to promote the reader's understanding of the Internal Auditor's report and to identify unusual circumstances when they occur.

IA Section shall also conduct various types of audit and prepare and issue reports on them as and when requested by the management.

Refer to Annexure AC for different types of IA within an organization

3.2. IA Reporting Format

The HOS IA shall have the responsibility to prepare the IA Report in a format prescribed in procedures and shall exercise due professional care to ensure that the IA report, inter alia, is:

- **Accurate-** communications are free from errors (of substance, grammar, punctuation, etc.) and, data and evidence gathered are presented with care and precision.

- **Objective-** communications are fair, impartial and unbiased, and are the result of a fair-minded and balanced assessment of all relevant facts and circumstances.

- **Clear-** communications are easily understood and logical. All significant and relevant information are provided and unnecessary technical language and jargon are avoided. Clarity can be improved by the use of tables, graphs, diagrams and pictures.

- **Concise-** communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy and wordiness.

- **Constructive-** communications are helpful to the audited entity and lead to improvements where needed.

- **Complete-** communications include all significant and relevant information and observations necessary to support recommendations and conclusions.

- **Timely-** communications are suitable and practical. Audit reports shall be presented to the audited entity without undue delay to enable prompt, effective action for careful consideration by those tasked with implementing the recommendations.

3.3. IA Log Sheet

IA Section shall maintain a log sheet for all its reports submitted to different tiers of management.

The log sheet shall provide information about;

- Date of Report
- Reporting Period
- Report Title
- Type of report
- Submitted to
- Reporting Medium
- Reference (if any)

4. PROCEDURES

Reports shall be prepared by the IA Section in defined formats as per following procedures;

- IA report
- IA reporting format
- IA log sheet

4.1. IA Report

After carrying out the IA procedures for the biannual audit, IA Section shall gather all the working to evaluate the overall organizational activities in line with the IA scope.

Depending on the Internal Auditors judgment, where he/she considers it necessary the observations gathered from the pre audit activity shall also be included in the biannual IA report.

The different stages of communication and discussion shall be as under:

- **Discussion Draft** - At the conclusion of departmental IA exercise, the Internal Auditor shall draft the report after thoroughly reviewing the working papers and the discussion draft before it is presented to the management for auditee's comments. This discussion draft shall be submitted to the management for their review before the exit meeting.

- **Exit Meeting** - The Internal Auditor shall hold a meeting to discuss with the management, the findings, observations, recommendations, and text of the discussion draft. At this meeting, the management shall give its comments on the draft and the IA team shall work to achieve consensus and reach an agreement on the IA findings.

- **Formal Draft** - The Internal Auditor shall then prepare a formal draft, taking into account any revision or modification resulting from the exit meeting and other discussions. When the changes have been reviewed by both the Internal Auditor and the management; the final report shall be issued.

- **Final Draft Report** - After consolidating departmental reports and preparing an executive summary of the findings the draft shall be shared with the Director General (DG) for comments (if any). The HOS IA shall submit the final draft to the audit committee for approval.

  Where the audit is being carried out as a special assignment specifically provided by the IA Committee, sharing with the DG shall be at the discretion of HOS IA.

4.2. IA Reporting Formats

The Internal Auditor's report shall include the following basic elements:

- Title;
- Addressee;

- Report distribution list;
- Period of coverage of the Report;
- Opening or introductory paragraph;
- Identification of the processes/functions and items of financial statements audited;
- A statement of the responsibility of the entity's management and the responsibility of the Internal Auditor;
- Objectives paragraph - statement of the objectives and scope of the IA activity ;
- Scope paragraph (describing the nature of an IA):
  - a reference to the generally accepted IIA procedures in Pakistan , as applicable;
  - a description of the methodology of the IA together with procedures performed by the Internal Auditor; and
  - a description of the population and the sampling technique used.

- Executive Summary, highlighting the key material issues, observations, control weaknesses and exceptions;
- Observations, findings and recommendations made by the Internal Auditor;
- Comments from the management;
- Action Taken Report (follow up) – Action taken/ not taken pursuant to the observations made in the previous IA reports;
- Date of the report; and;
- Internal Auditor's signatures.

Please refer to Annexure AD for IA report format

4.3. IA Log Sheet

- Before submitting the draft to the management the IA Section shall mark an entry in the IA report log sheet.
- The log sheet shall be duly signed by the HOS IA for approval.
- The receipt/ acknowledgement of report shall be kept in IA record.

Please refer to Annexure AE for IA log sheet format.

CHAPTER – 7
GENDER POLICIES & COMPLIANCE

TABLE OF CONTENTS

1. Scope of chapter 141
2. Definitions 142
   2.1. Gender Equality 142
   2.2. Gender Impact Analysis/Assessment 142
   2.3. Gender Mainstreaming 142
3. Policies 143
   3.1. Gender Mainstreaming 143
   3.2. Compliance with PaRRSA Policies 143
   3.3. Reporting 143
   3.4. Follow Up 143
4. Procedure 145
   4.1. Gender Mainstreaming 146
   4.2. Compliance with PaRRSA Policies 147
   4.3. Reporting 147
   4.4. Follow Up 147

1. SCOPE OF CHAPTER

This chapter states the policies and procedures of the IA section for conducting IA activity to support gender mainstreaming within PaRRSA.

This Chapter covers the following areas:

- Gender mainstreaming
- Compliance with PaRRSA's policies and procedures
- Reporting
- Follow up

2. DEFINITIONS

For the purpose of this chapter following terms shall have given description:

2.1. Gender Equality

Refers to the different behaviour, aspirations and needs of women and men are equally valued and favoured and do not give rise to different consequences that reinforce inequalities.

2.2. Gender Impact Analysis/Assessment

Examines policies and practices to ensure they have equally beneficial effects on women and men. It identifies the existence and extent of differences between women and men and the implications of these differences for specific policy areas. It assesses policies and practices to see whether they will affect women and men differently so as to neutralise discrimination and provide equality. Where possible, it needs to use statistics and indicators disaggregated by gender.

2.3. Gender Mainstreaming

Gender mainstreaming involves ensuring that gender perspectives and attention to the goal of gender equality are central to all activities - policy development, research, advocacy/dialogue, legislation, resource allocation, and planning, implementation and monitoring of programs and projects. All project proposals and official documents will have gender sensitive language, context, content, targets and outcomes.

3. POLICIES

This section contains policies for following aspects of IA activities;

- Gender mainstreaming
- Compliance with PaRRSA policies and procedures
- Reporting
- Follow up

3.1. Gender Mainstreaming

IA Section shall ensure that management is;

- Mainstreaming gender into all policies and procedures, internal practices, and ways of working, which shall reflect commitment to gender equality, ensuring that PaRRSA's/PDMA's work improves lives of both women and men and promotes gender equality.

- Investing dedicated resources in engendering all of PaRRSA's/PDMA's activities to increase relevance, effectiveness and efficiency by bringing the respective needs of women and men to the core of all planning.

3.2. Compliance with PaRRSA Policies

Internal auditor along with other compliance tests shall check compliance of PaRRSA/ PDMA's policies to ensure gender mainstreaming specifically in the following areas;

- Business ethics
- Harassment and Discrimination policy
- Sexual exploitation policy
- Working environment
- Personal conduct
- Grievances
- Investigation and Disciplinary actions

3.3. Reporting

In case the IA becomes aware of any issue in gender mainstreaming and/or non compliances or gaps identified in its IA activity, he/she shall report the same to Director HR for necessary action.

3.4. Follow Up

The IA shall carry out the follow up of the issues identified, relating to gender mainstreaming and/or non compliances or gaps identified.

The nature, timing and extent of the follow-up activities shall take into account the significance of the

reported finding and the effect if corrective action is not taken. The timing of IA follow-up activities in relation to the original reporting shall be a matter of professional judgement dependent on a number of considerations, such as the nature or magnitude of associated risks and costs to the organisation.

4. PROCEDURE

The IA Section shall carry out the following procedures

- Gender mainstreaming
- Compliance with PARRSA policies and procedures
- Reporting
- Follow up

4.1. Gender Mainstreaming

IA Section shall carry out gender impact analysis to review how gender mainstreaming is incorporated in PaRRSA's;

- Policy design
- Decision-making
- Access to resources
- Procedures and practices
- Methodology
- Implementation
- Monitoring and evaluation

The IA Section shall carry out following procedures to ensure that gender mainstreaming is given due importance within PaRRSA:

- Review of measures in place that recognise, respect and meet the different needs of both genders. Assessing how PaRRSA find out its specific needs and how does it meet these needs?

- Review of staff composition in terms of women or men, at different levels and areas of responsibility been recruited within PaRRSA.

- Review the ability to understand gender equality issues a requirement for employment and how PaRRSA provide gender training for newly arrived staff that does not have this knowledge.

- Analysis of flexible working hours (if any) offered in PaRRSA for women and men staff and studies the gender pattern for its utilization.

- Review PaRRSA's pay structure to ensure there is equal pay among staff and fair and equal opportunities to receive training and access career opportunities within the organisation.

- Review training need assessment forms to evaluate how staff skills and knowledge is used to determine training needs and whether gender equality training provided for all staff.

- Analyse how gender equality issues are taken into account in PaRRSA's bids for goods and services. For example, equal opportunity should be given to firms owned by women and men.

- Review PaRRSA recruitment procedure to take account of equality between women and men (publicity campaigns, information brochures, selection procedures).

4.2. Compliance with PaRRSA Policies

- The IA Officer while drafting its IA program shall ensure that time and resources are allocated for ensuring compliance with PaRRSA policies regarding gender mainstreaming within PaRRSA.

- The HOS IA shall review the IA procedures specifically designed for ensuring compliance with the gender mainstreaming policies of PaRRSA.

- All relevant sections/personnel shall provide information requested by the IA Section.

4.3. Reporting

The IA Section shall draft the initial findings of the matter as a result of procedures performed to review gender mainstreaming impact on PaRRSA's policies and procedures along with the compliance with those policies.

The HOS IA shall review the draft and seek comments from the relevant departments. The report shall be submitted to the DG for immediate action. The HOS IA shall also frame the matter in the periodical IA report, where the matter was reported on an occasion other than biannual IA activity.

4.4. Follow Up

IA Section shall carry out the follow up of the matter at an appropriate level. The HOS IA shall be responsible to ensure that the Internal Auditors have taken all measures to identify and report the matter to the appropriate level and shall ensure;

- The recording of a time frame within which management shall respond to agreed-upon recommendations.

- An evaluation of management's response.

- A verification of the response, if thought appropriate.

- Follow-up work.

- A communications procedure that escalates outstanding and unsatisfactory responses/actions to the appropriate levels of management.

- A process for providing reasonable assurance of management's assumption of associated risks, in the event that remedial action is delayed or not proposed to be implemented.

- In case where the management has not been able to resolve the matter in due time it shall be reported to the Audit Committee.