



MEDICAL TEACHING INSTITUTION (MTI)

KHYBER TEACHING HOSPITAL

KHYBER MEDICAL COLLEGE

KHYBER COLLEGE OF DENTISTRY

PESHAWAR

ANNUAL AUDIT FOR THE FINANCIAL YEAR 2023-2024

TERMS OF REFERENCE

1. INTRODUCTION

Khyber Teaching Hospital (KTH), Peshawar, is a premier healthcare institution spanning a covered area of 962,000 square feet with a capacity of 1,200 beds, providing medical care to over 500,000 patients annually. The governance and administration of Medical Teaching Institutions (MTIs) in Khyber Pakhtunkhwa are regulated under the Khyber Pakhtunkhwa Medical Teaching Institutions Reforms Act 2015 (KP MTI Act 2015), which grants autonomy to these institutions.

As per Section 5 of the Act, each MTI is governed by a Board of Governors (BoG) responsible for overseeing its administration and management. Furthermore, Section 7(1)(b) assigns the BoG the duty of policymaking and ensuring institutional efficiency and effectiveness.

2. SCOPE OF SERVICES

The Board of Governors has resolved to conduct an external audit of MTI-KTH/KMC/KCD through a Chartered Accountants Firm. Accordingly, proposals are invited from suitably qualified and experienced audit firms for the Annual Audit for the financial year ending June 30, 2024, covering:

- Khyber Teaching Hospital (KTH)
- Khyber Medical College (KMC)
- Khyber College of Dentistry (KCD)

The selected audit firm must comply with the Institute of Chartered Accountants of Pakistan (ICAP) Quality Control Review requirements. The audit must be conducted in accordance with International Standards on Auditing (ISA), as applicable in Pakistan and notified by ICAP. Additionally, engagement planning and execution must adhere to ICAP Quality Control Standards as a minimum benchmark.

3. OBJECTIVES AND KEY RESPONSIBILITIES

The appointed audit firm shall be responsible for the following:

1. Conducting an External Audit of MTI-KTH/KMC/KCD operations in line with ISA and other applicable rules and regulations.
2. **Expressing an independent audit opinion on whether:**
 - The Receipts & Payments Statements are prepared in accordance with Government Rules, Regulations, Institutional Policies, and other Generally Accepted Accounting Procedures.
 - The institution has maintained proper books of accounts.
 - The financial statements present a true and fair view of the institution's financial position
 - Ensure that these financial statements properly reconcile to the three institutions' records and accounts in respect of the services, equipment, consumables etc.

3. Risk Assessment & Internal Control Evaluation:

- Identifying and assessing risks of material misstatements in the financial statements due to fraud or error.
- Designing and implementing audit procedures responsive to these risks.
- Reviewing and evaluating the internal control and risk management system and providing recommendations for improvement.

4. Assessment of Accounting Policies:

- Evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates and disclosures made by management.

5. Information Systems Audit:

- Assessing the adequacy and effectiveness of the institution's information systems and related infrastructure.

6. Compliance Review:

- Ensuring adherence to Government Rules, Policies, and Procedures applicable to various institutional departments.

7. Value-Added Services:

- Providing any additional insights or recommendations that enhance institutional governance and financial management.

4. SPECIAL PURPOSE AUDIT

In addition to the financial audit, the appointed firm shall conduct a special purpose audit to evaluate the revised budget estimates and reappropriation of funds across various budget heads within MTI-KTH/KMC/KCD. The special audit shall include:

- **Verification of Revised Budget Estimates:** Ensuring accuracy and compliance with funds allocated and released by the Finance Department, Khyber Pakhtunkhwa.
- **Regulatory Compliance Assessment:** Evaluating whether the revised estimates align with financial regulations and budgetary policies.
- **Methodology Review:** Assessing the reasonableness and justification of budget adjustments.
- **Budget Reappropriation Analysis:**
 - Review the organization's actual expenditures against the approved budget for the fiscal year
 - Reviewing the necessity and justification for reallocation of funds due to over-expenditures or under-expenditures.
 - Ensuring that all reappropriation decisions comply with financial regulations and approval procedures.

- o Identifying any instances of misallocation or inappropriate use of funds.

5. SELECTION CRITERIA

The selection of the audit firm shall be conducted in accordance with Khyber Pakhtunkhwa Public Procurement Regulatory Authority (KPPRA) rules, utilizing the Quality and Cost-Based Selection (QCBS) method.

5.1. Technical Proposal Requirements

Interested audit firms must submit a Technical Proposal that includes:

- Confirmation of the firm's understanding of the Terms of Reference (TOR) and its capacity to deliver.
- Detailed methodology, work plan, and timelines for the assignment.
- Evidence of relevant experience in similar engagements.
- CVs of key personnel proposed for the assignment.

Mandatory Requirement: (Non-provision shall lead to disqualification of the firm)

S. No	Requirement	Provided/Not Provided
1	Registration with KPRA (Khyber Pakhtunkhwa Revenue Authority)	
2	Satisfactory Rating of ICAP Quality Control Review	
3	Affiliation/Membership with an internationally recognized audit firm	
4	NTN (Active Tax Payer List)	

5.2. Evaluation Criteria

Technical proposals shall be evaluated based on the following criteria:

- Years of Existence in the industry, leadership capacity, and human resource strength.
- General and relevant experience in external audits of similar institutions.
- Affiliation/Membership with an internationally recognized audit firm.
- Overall approach, methodology, and work plan for the assignment.
- Financial performance and stability of the firm.

Evaluation Criteria	Max. Marks
Year of Existence (03 Marks)	
<ul style="list-style-type: none"> Year of Incorporation up to 20 Years = 1.5 Marks Year of Incorporation, more than 20 Years= 03 Marks 	
Leadership Capacity (13 Marks)	
No. of Qualified Partners: <ul style="list-style-type: none"> 10 Partners= 1.5 Marks More than 10 Partners= 3 	
No. Of Qualified Chartered Accountants: <ul style="list-style-type: none"> Up to 20 chartered Accountants = 05 More than 20 Chartered Accountants = 10 	20
Human Resource Capacity (04 Marks):	
No. of Staff <ul style="list-style-type: none"> Up to 200= 1.5marks 200-500= 3 Marks More than 500= 4 Marks 	
Firms general and relevant experience; Firms prior experience in general consultancy services and specific experience in Audit of Government Semi Government Organizations in Previous 1 Year. 1 Marks for each experience.	10
Firms general and relevant experience (Corporate Clints); Firms prior experience in general consultancy services and specific experience in Audit of Corporate Clients in Previous 1 Year. 1 Marks for each experience.	25
Affiliation/ Membership with International Firm: <ul style="list-style-type: none"> Within Top 04 ranked worldwide= 25 Top 05-06=15 Other= 05 	25
Financial performance and stability of the firm: 01 Mark for each 100million for Financial Turnover	10
Overall Approach, Methodology and Work Plan	10
Total Marks	100

Qualifying Marks: 70

5.3. Financial Proposal Submission

The Financial Proposal shall be submitted separately, detailing the cost of audit services in accordance with the requirements outlined above.

This document serves as the official Terms of Reference (TOR) for the external audit of MTI-KTH/KMC/KCD for the financial year 2023-2024. All interested firms are encouraged to submit comprehensive proposals in accordance with the guidelines provided.