TERMS OF REFERENCE (TORS)

Hiring of Consultancy Services for Independent Procurement Audit under Punjab Clean Air Program (PCAP)

1. Background

Coordination & Monitoring Unit,(CMU) established in the P&D Board to implement Punjab Clean Air Program (PCAP) Program. It is a five-year program (PforR) funded by International Bank for Reconstruction and Development (IBRD) – World Bank Group with objectives to The Punjab Clean Air Program (PCAP) is a flagship initiative of the Government of the Punjab, supported by the World Bank. The program aims to reduce ambient air pollution—particularly PM 2.5—by addressing major emission sources across the transport, agriculture, and industrial sectors. PCAP focuses on policy reforms, capacity building, behavioural change initiatives, and improved regulatory frameworks aligned with national climate and environmental strategies. under the P&D Board.

CMU is looking to improve and strengthen its procurement, contract management, internal accounting control environment and is looking to hire a firm to conduct an internal audit. The firm will be responsible for conducting an in-depth internal audit of PCAP Program including technical assistance component (CMU & PIU) and selected implementing agencies of the program, as and when required. The program funding LO/LQs/Heads of budget being used for expenditure purposes will be shared with the audit firm by CMU, P&D Board, as per expenditure framework of the program.

2. Objectives of the Assignment

The Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations specifically in procurement, contract management, accounting, financial management and HR operations. Internal Audit helps an organization accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The "independence" of Internal Auditor means that its activities are conducted in a manner free from conditions that threaten its ability to carry out its responsibilities is an unbiased manner.

The purpose of hiring the Internal Auditor is to help the program accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The management perceives that Internal Auditor shall:

- Ensuring all procurement activities align with legal standards.
- Evaluating the procedures and operations to identify redundancies, bottlenecks, and areas where cost-efficiency can be improved.
- Identifying weaknesses within the procurement process that could lead to waste, or misuse.
- Assessing the effectiveness of procurement strategies in achieving their intended outcomes.
- provide assurance that procurement, contract management, accounting, financial, HR operational risks are understood and appropriately managed;
- Identify gaps and promote the establishment of best practices with respect to Public Funds Management;
- identify opportunities for pragmatic efficiency and effectiveness improvements, primarily in internal controls and risk analysis;
- advise on matters regarding internal controls and risk management;
- evaluate risk management procedures and internal controls;
- provide comprehensive process assurance services.

3. Scope of Work

The Internal Auditor shall provide the internal audit services to PCAP including technical assistance Component (CMU & PIU). The following is the scope of work, duties and responsibilities of the consultant. These include but are not limited to:

- The firm is required to provide a detailed review of current systems including an analysis of current controls and procedures and provide an overview of systematic risks arising due to current systems. The firm is expected to do this with respect to current best practices. This extends to evaluating, procurement & contract management, accounting controls, procedures and policies.
- The firm is required to conduct a program level internal audit including technical assistance component (CMU & PIU) which will include yearly internal audits for randomly selected three (03) program implementing agencies, as and when required.
- The firm is required to provide solutions with respect to any control gaps found between practices followed at the CMU & PIU and selected implementing agencies with respect to best practices under PCAP Program.
- The firm is required to have a clear understanding of Government procurement rules, accounting policies and procedures and audit requirements when proposing solutions or improvements to CMU / PIU systems and/or selected implementing agencies under PCAP Program.
- The firm is to propose and implement adequate monitoring mechanisms at CMU & PIU and all implementing agencies under PCAP Program in order to ensure best practices. It is expected that solutions provided by the firm will be in complete

compliance with Government policy, standards and requirements.

- The firm is to provide an opinion on procurement, contract management and financial information provided to management and assess any risks arising from the operations of the current system. The firm will also provide solutions in cases where the reliability, relevance or timeliness of information provided to management is at risk.
- The firm may be asked to provide sources and procedures for maximizing information flows to upper management. This may include establishment of processes to provide relevant information streams to upper management at the end of each pre-defined period.
- The firms may be asked to assess current procedures regarding fixed assets.
- The firm may be asked to conduct verification of Physical assets and stock of CMU & PIU as well as implementing agencies of the Program.
- The firm is to evaluate and review internal controls with a focus on identifying gaps that might result in any sort of irregularities or malpractices. The firm will be expected to provide a solutions and/or mitigating measures to such gaps.
- The firm is required to develop, in consultation with higher management, a strategic Internal Audit Plan of PCAP Program based on assessment of key risk factors facing CMU & PIU and implementing agencies, with regard to its current operations, specifications and requirements for future audits and schedule of audits to be conducted at the organization.
- The firm is responsible to prepare annual audit reports in line with the approved audit plan under PCAP Program including technical assistance component (CMU & PIU).
- The firm may be asked to perform other tasks as and when required by higher management.

5. Deliverables and Time Lines

The firm is required to conduct the Internal Audit of Program Units i.e; CMU and PIU as well as Implementing Agencies, on yearly basis for the period of 5 years & submit yearly audit reports. The firm is expected to deploy its resource for 45 days for each year. The deliverables shall include;

Deliverables	**Time Lines**
Inception Report (for each Year)	05 days
Draft Report (for each Year)	30 Days
Final Completion Report (for each Year)	10 Days

7. Duration of Assignment

The assignment will be carried out over a period of five years (FY 2025-20230) or completion of the Program (PCAP) whichever is earlier. The contract period will be for 05 years, extendable upon satisfactory performance. The firm is expected to deploy its resources for 45 days for each year.

8. Institutional Arrangements

The internal audit firm will be contracted by the CMU-PCAP, Planning and Development Board. The firm will coordinate with the Transport & Mass Transit Department, the Agriculture Department, and the Environmental Protection and Climate Change Department, and the Environmental Protection Agency. The firm will report directly to the CMU-PCAP and provide copies of reports for onward submission to the World Bank.

10. Key Experts

The firm is expected to have following key experts for this assignment:

Sr. No.	Description of Position	No. of Position	Qualification & Experience Requirement	Man Months
1	Team Lead	01	CA/CPA/ACCA with 10 years' work experience	1.5
2	Coordinator	02	16 year education with 7 year relevant experience	1.5
3	Associates/ Experts/ Accountants	04	CA/CPA/ACCA with 5 years' work experience	3.5

9. Ethical Standards and Confidentiality

The firm must adhere to the World Bank's Environmental and Social Framework (ESF), as well as relevant laws and regulations of the Government of Punjab. Confidentiality of beneficiary and program data must be maintained.

10. Payment Schedule

The firm will be compensated based on deliverables, with payments made against satisfactory acceptance of reports by the CMU and the World Bank. Suggested payment milestones are:

Deliverables	Payment %
• Upon approval of Inception Report (each year)	20%
• Upon submission of Draft Report (each year)	30%
• Upon submission and acceptance of Final Completion Report (each year)	50%

11. Responsibilities of the Consultant

The consultants will also be responsible for the provision of ICT equipment required to carry out the assignment, such as computers, mobile phones etc.

12. Type of Contract

The contract will be on a Lump-Sum basis.