



**ASP** ASSESSMENT AND  
STRENGTHENING PROGRAM



**Government of Khyber Pakhtunkhwa  
Finance Department**

## **INTERNAL AUDIT TOOLKIT**

**Directorate General Health Services  
Health Department**

**Government of Khyber Pakhtunkhwa**

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## Abbreviations & Acronyms

1	AD	Additional Director
2	ADP	Annual Development Programme
3	AG	Accountant General
4	APPM	Accounting policies and procedures manual
5	AS	Additional Secretary
6	ASP	Assessment & Strengthening Program
7	BPS	Basic Pay Scale
8	CNIC	Computerised National Identity Card
9	DD	Deputy Director
10	DDO	Drawing and Disbursing Officer
11	DG	Director General
12	DG Health Services	Directorate General Health Services
13	DHIS	District Health Information System
14	DHO	District Health Officer
15	DS	Deputy Secretary
16	EPI	Expanded Programme on Immunization
17	FD	Finance Department
18	GFR	General Financial Rules
19	GoKPK	Government of Khyber Pakhtunkhawa
20	GP Fund	General Provident Fund
21	HMIS	Health Management Information System
22	HR	Human Resources
23	HRD	Human Resources Department
24	HRM	Human Resources Management
25	HSRU	Health Sector Reform Unit
26	ICQs	Internal Control Questionnaires
27	IT	Information Technology
28	LPC	Last Pay Certificate
29	MCC	Medical Coordination Cell
30	PA	Personal Assistant
31	PAO	Principal Accounting Officer
32	P&D	Planning and Development
33	POL	Petrol, Oil and Lubricants
34	SOE	Section Officer Establishment
35	SOB	Section Officer Budget
36	SO (B/T)	Section Officer Board and Trainings
37	SS	Special Secretary
38	RSPN	Rural Support Program Network
39	USAID	United States Agency for International Development

## **Foreword**

Internal Audit Toolkit is the Finance Department's recommended approach to carrying out internal audit activity at departmental level. It has been designed to help evidence effective internal auditing in line with the Public Sector Internal Auditing Standards and Internal Audit Framework of KP Government, with a focus on outcomes that help organisations to meet their public service delivery commitments. The department specific toolkit will aid the internal audit team by providing ready references of the existing processes and translating the methodology given in internal audit framework into actual working level steps.

This toolkit has been developed and prepared specifically for the DG Health Services. Separate audit toolkits will be developed for each entity in the Department. The document has been divided into four sections. Each section contains necessary guidance, tools and techniques required to carry out the audit activity effectively.

Section 1 of the toolkit provides templates for understanding the entity and its operations. It also covers the approach and templates for planning the audit and documenting critical decisions. Section 2 contains selective detailed process narrative and flowcharts. Risk and related controls have also been included here. Section 3 includes necessary audit programs to carry out the audit. The final section of the toolkit has a standardised audit reporting template and a report on the internal control deficiencies.

It is expected that the toolkit will be used to carry out an effective and robust audit in the DG Health Services. It should, however, be kept in mind that the organisational processes and procedures change with the passage of time and to keep this document relevant it is necessary that it should be updated accordingly. Therefore, creative suggestions to bring the toolkit in line with policies and procedures shall always be welcomed.

Finally, I would like to appreciate the efforts of Internal Audit Team who worked professionally and devotedly to design and develop this document, the ASP-RSPN, implementing partners of USAID for their technical assistance and officers and staff of the department who coordinated and guided the entire exercise to success.

**Secretary to the Government of Khyber Pakhtunkhwa**

**Finance Department**

**PESHAWAR, SEPTEMBER 2013**

## Important Note

Before using the document the audit officers carrying out the audit must read this section and understand how to make good use of the document. The guidance on intended use of each section of the toolkit has been provided in the following paragraphs

Section I - This section relates to developing a general understanding of the business of the entity. A template had been included in this section which will be used by the auditor to include the general information about entity business risk areas etc. A completed template has also been included in the section. The completed template is just for the sake of guidance and provides an example on how to fill the template. The auditor when visiting the entity has to update the information contained in the completed template by discussion with the management, if there is any change in the business activities, processes management etc. The update control sheet contained in the template should then be updated to reflect the fact.

Section II – This section contains the narratives and flowcharts of different processes. A risk and control matrix has also been included. These processes have documented in an “as is” state i.e. what is currently happening in the department. In the future there may be change in the processes so the documented processes may require an update. There may be other processes which, in the future, may be considered significant and require documentation. The section will then be updated accordingly.

Section III – This section contains audit programs. These audit programs have been developed on the basis of the processes documented in section II of the toolkit. In case of any change in the processes these audit programs will also require revision. This will also be the case if a new process is documented. Moreover, if there is any change in existing regulations or introduction of new regulations the audit programs shall then be updated accordingly.

Section IV - The final section of the toolkit. This section contains a standardised audit report format and a report on the internal controls design deficiencies. The standardised audit report format should be used by the auditor after the completion of the audit to communicate the deficiencies and issues identified during the audit. The report on the internal controls design deficiencies is a by-product of the process documentation carried out. It is important to note that any design deficiencies in the controls which will come to the attention of the auditor in carrying out the audit in the future shall be reported in the standardised audit report but not as a separate product.

# Introduction – DG Health Services

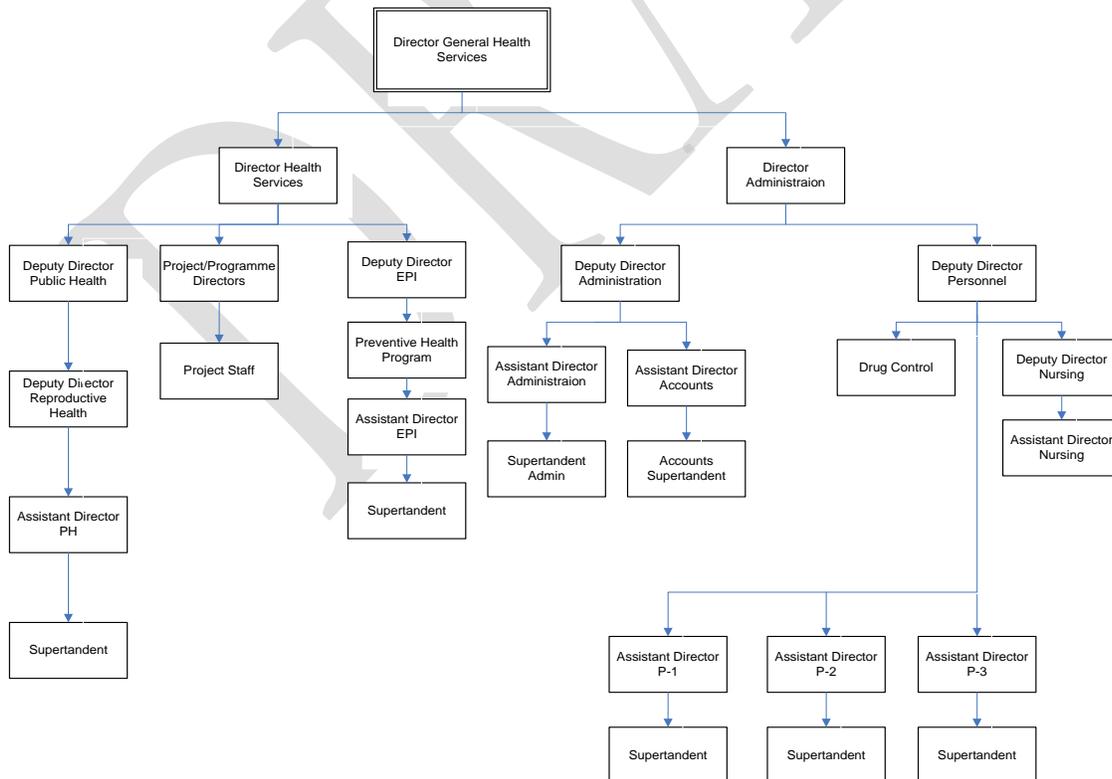
## Introduction:

The Directorate General of Health Services is headed by DG Health and is assisted by numerous directors in various sections. The DG Health Services working under the guidance of Health Secretariat ensures access to a basic health care package for all citizens in NWFP. It encourage and promote the development of alternate modes of financing including health insurance packages in stages that will cover the financial costs for all services outside the basic health care package. The DG Health Services looks after a number of projects in the Health Department. It also works as a bridge between the Health Secretariat and DHOs for implementation of policies and flow of information. It performs all the functions delegated to it by the Health Secretariat. These are outlined below.

## Functions:

- I. Health Support and Development.
- II. Health Regulation and Enforcement.
- III. Management Support Services.
- IV. Monitoring and evaluation.
- V. Co-ordination on health related matters.

The organisational setup is as follows:





**SECTION I**

**Planning-Permanent File Template**



**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK**  
**AUDIT PLANNING-PERMANENT FILE**  
**Index/Checklist**

Main Reference	Supporting Schedules		Done by:	Date:
PF		Update Control Sheet		
PF-I		Status of the Entity		
PF-II		Background Information		
PF-III		Internal and External Factors		
PF-IV		Process Identification		
PF-V		Risk assessment		
PF-VI		Inherent Risk Assessment		
PF-VII		Control Risk Assessment		
PF-VIII		Significant Audit Areas		
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING-PERMANENT FILE**

**Update Control Sheet**

**Name of Entity/Organisation:**

Original file prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

File updated by: \_\_\_\_\_ Date: \_\_\_\_\_

File updated by: \_\_\_\_\_ Date: \_\_\_\_\_

File updated by: \_\_\_\_\_ Date: \_\_\_\_\_

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File updated by: \_\_\_\_\_ Date: \_\_\_\_\_

File updated by: \_\_\_\_\_ Date: \_\_\_\_\_

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING-PRMANENT FILE**

**Understanding of Entity's Business – Status of Entity**

**Name of Entity/Organisation:**

Principal Address:

Status of the Entity:

(Government/autonomous/centralised/self-accounting/exempt/other)

Inter-Governmental Relationship:

(Attached department, branch office, etc.)

**GUIDANCE**

*The auditor should document on this form the principal address, status (whether it is a Provincial government, semi-government, self accounting, centralized or exempt accounting entity, etc.) and its relationship with other government departments/ ministries (attached department, branch office, etc).*

DRAFT

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING-PERMANENT FILE**

**Understanding of Entity's Activities – Background Information**

**Name of Entity/Organisation:**

*The auditor should gather financial and other background information about the entity.*

**Size of Entity:**

- Total assets
- Total liabilities
- Total revenue
- Total expenditure

**Core Operational Activity/Corporate Plan:**

(Govt. revenue collection/grants & contributions/construction, etc.)

**Major Services:**

(Zakat, income tax, public works, etc.)

**Major Beneficiaries:**

(Federal/Provincial/District level)

**Major Cost Centres:**

(Employees related costs/Zakat distributions/other types, etc.)

**Reporting Authority:**

(Principal accounting officer/Ministry/CGA/others)

**Important information and statistics:**

(Organogram/organizational structure, Total number of schools, Circle-wise clustering of schools, Total number of students etc)

**GUIDANCE**

*The auditor should gather financial and other background information about the operations whose results are included in the Financial Statements of the entity. This includes information about total assets, total liabilities, total revenue and total expenditure, corporate plans, and organization structure, main functions, etc. Other important information and statistical data may also be included here.*

DRAFT

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING-PERAMNENT FILE**

**Understanding of Entity's Business – Internal and External Factors**

**Name of Entity/Organisation:**

*Internal and External Factors that can affect entity's business:*

**DRAFT**

## **GUIDANCE**

*The auditor's objective is to obtain sufficient appropriate audit evidence to provide reasonable assurance that financial statement items affected by external matters outside control of management such as the economy that can affect the business are fairly presented within the context of the financial statement taken as a whole. To do so, the auditor will need to understand the external factors that could affect the audited entity's financial position.*

*The auditor should list entity's assets and liabilities that are affected by the external factors to ensure that costs, contingent liabilities, commitments and assets have been properly recognised, valued and reported in accordance with the government's accounting principles*

*The auditor should list external factors that may have an impact on the performance of the operational activities of an auditee. The auditor should use professional judgment to decide what these factors are. They may include:*

- *Economic trends and conditions affecting input costs.*
- *Variation in budgets.*
- *Timing of project completion and carry over into subsequent financial years.*
- *Local interventions or events that might have an impact on project progress.*
- *General financial indicators and trends*

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING-PERMANENT FILE**

**Understanding of Entity's Business – Process Identification**

**Name of Entity/Organisation:**

*The auditor should list all the critical processes of the client*

DRAFT

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING-PERMANENT FILE**

**Understanding of Entity's Business – Risk Assessment – Financial, compliance and operational Risks**

**Name of Entity/Organisation:**

**Risk Assessment:**

**DRAFT**

**GUIDANCE**

The auditor should document any business risk affecting the entity. The severity of the risk should be documented using the risk matrix given below. Different types of risk are explained just for illustrative purposes.

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

The auditor shall include 3 rankings against the risk factor identified as;

<b>High</b>	<b>Medium</b>	<b>Low</b>
3	2	1

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING FILE**

**INHERENT RISK ASSESSMENT FORM**

**NAME OF AUDIT ENTITY:**

**AUDIT COMPONENT:**

Factor	High	Mod.	Low
1. The nature of the component, e.g. <ul style="list-style-type: none"> <li>• Susceptibility to loss.</li> <li>• Susceptibility to fraud.</li> </ul>			
2. The extent to which the items making up the component are similar in size and composition. <ul style="list-style-type: none"> <li>• Consider: More homogeneous components, the lower the risk.</li> </ul>			
3. The volume of activity. <ul style="list-style-type: none"> <li>• Consider: If a lot of transactions are being processed, the chances of an error occurring may be higher than if only a few transactions are being processed.</li> </ul>			
4. Capability of the staff processing the transactions. <p>Consider:</p> <ul style="list-style-type: none"> <li>• If the staff is experienced and takes their jobs seriously, there is probably a lower inherent risk than if the staff is inexperienced or careless.</li> </ul>			
5. The number of locations. <ul style="list-style-type: none"> <li>• Consider: Entities operating out of a single location with a centralised accounting system may have a lower inherent risk than those operating out of many locations, each with its own accounting system.</li> </ul>			
6. The accounting policies being used. <ul style="list-style-type: none"> <li>• Consider: Many components have a lower risk of error when the cash basis of accounting is being used than when the accrual basis of accounting is being used.</li> </ul>			

<b>Overall Inherent risk assessment for the entity is.</b>
--

**GUIDANCE**

*Inherent risk should be assessed for entity as a whole keeping in view the above.*

*Inherent risk is assessed in a hypothetical environment – that assumes there are no internal controls in place.*

*The form calls for the auditor to assess various factors as “high”, “moderate” or “low” risk. After all of the factors are assessed, the auditor determines, using his/her professional judgment, the inherent risk for the entity as whole. In this respect, the normal guidelines are as follows:*

<i>High inherent risk</i>	<i>60%</i>
<i>Moderate inherent risk</i>	<i>50%</i>
<i>Low inherent risk</i>	<i>40%</i>

*The assessment of inherent risk is not necessarily an average of the assessments for each of the factors listed on the form. For each factor being considered, one of the factors may be more significant than the other factors.*

DRAFT

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING FILE**

**CONTROL RISK ASSESSMENT**

**ENVIRONMENTAL INTERNAL CONTROL QUESTIONNAIRE**

**NAME OF AUDIT ENTITY:**

**AUDIT COMPONENT:**

**AUDIT PERIOD:**

Check in box: Yes:  No:  NA:

Q.	Controls	Yes/ No/ NA	Done By <sup>1</sup> :	WP Ref <sup>2</sup> .
A	<p><b><i>Control consciousness</i></b></p> <ol style="list-style-type: none"> <li>1. Is there clear management accountability for the establishment, and maintenance of appropriate and sufficient internal controls?</li> <li>2. Do employees have a clear understanding of their responsibilities and authorities?</li> <li>3. Is there an atmosphere of commitment and responsibility (ensuring that tasks are completed on time, low levels of errors and mistakes, flexible allocation of tasks, low absenteeism)?</li> <li>4. Are the controls being applied at all times (throughout the year, during staff shortages, for all situations / transactions)?</li> <li>5. Are here clear procedures and directives and are there management procedures to ensure that they are complied with such as:               <ol style="list-style-type: none"> <li>a) Communication of what is acceptable / unacceptable behaviour;</li> <li>b) Employee evaluations that provide feedback on their performance; and</li> <li>c) Promotions and other rewards consistent with employee performance?</li> </ol> </li> </ol> <p><i>By verbal enquiry and observation conclude on breadth and depth of the controls in place and evaluate the overall level of control consciousness</i></p>			

<sup>1</sup> The name/initials of the auditor who undertook the work

<sup>2</sup> Cross referenced to the working papers that contain the details on which the auditor has formed an opinion about the controls.

<p>B</p>	<p><b>Organisation</b></p> <ol style="list-style-type: none"> <li>1. Is the organisation of the entity clearly defined in terms of:             <ol style="list-style-type: none"> <li>a) Functions and delegated authority?</li> <li>b) Responsibility for decision making?</li> <li>c) Responsibility for establishing responsibilities?</li> <li>d) Segregation of duties?</li> <li>e) Rotation of officers in key control positions?</li> <li>f) Limitations on authority?</li> </ol> </li> <li>2. In particular, are the following operating functions performed independently of one another within the entity:             <ol style="list-style-type: none"> <li>a) Accounts and internal audit?</li> <li>b) Recording of receipts and collection of money?</li> <li>c) Approval/authorisation and issue of payment?</li> <li>d) Recording of expenditure and issue of payment?</li> <li>e) Recording and safeguarding of assets?</li> </ol> </li> <li>3. Are segregation of duties maintained during staff absence</li> </ol> <p><i>By verbal enquiry and observation check that the above functions are actually performed independently.</i></p> <ol style="list-style-type: none"> <li>4. Does the entity have a current organisation chart?</li> <li>5. Does the entity maintain current job descriptions?</li> </ol> <p><i>Obtain a copy of the organisation chart, a list of names of responsible officials, and a description of their authorities and responsibilities. Update the information base in the permanent file.</i></p>			
<p>C</p>	<p><b>Competence of personnel</b></p> <ol style="list-style-type: none"> <li>1. Does the procedures for selecting staff ensures that staff selected for positions in the following key control areas are competent:             <ol style="list-style-type: none"> <li>a) Accounting;</li> <li>b) IT systems;</li> <li>c) Other areas responsible for internal controls, and</li> <li>d) Management</li> <li>e) Planning and Evaluation.</li> </ol> </li> <li>2. Does staff in the following areas get adequate training:             <ol style="list-style-type: none"> <li>a) Accounting;</li> <li>b) IT systems;</li> <li>c) Other areas responsible for internal controls, and</li> <li>d) Management</li> <li>e) Planning and Evaluation.</li> </ol> </li> <li>3. Does staff in the following areas have a clear understanding of the work and their responsibilities             <ol style="list-style-type: none"> <li>a) Accounting;</li> <li>b) IT systems;</li> <li>c) Other areas responsible for internal controls, and</li> <li>d) Management</li> <li>e) Planning and Evaluation.</li> </ol> </li> <li>4. Is the supervision of staff in the following areas adequate to ensure that the internal controls are properly applied in</li> </ol>			

	<p>the following areas:</p> <ol style="list-style-type: none"> <li>a) Accounting.</li> <li>b) IT systems.</li> <li>c) Other areas responsible for internal controls, and</li> <li>d) Management</li> <li>e) Planning and Evaluation.</li> </ol> <p>5. Are there procedures for assessing staff and providing feedback and rewarding good performance with regard to:</p> <ol style="list-style-type: none"> <li>a) Accounting.</li> <li>b) IT systems.</li> <li>c) Other areas responsible for internal controls, and</li> <li>d) Management</li> <li>e) Planning and Evaluation.</li> </ol>			
D	<p><b><i>Management policy and operating style</i></b></p> <ol style="list-style-type: none"> <li>1. Are policies and procedures clearly written and communicated throughout applicable areas within the organisation?</li> <li>2. Is there adequate computer information system documentation to? <ol style="list-style-type: none"> <li>a) Determine the extent of computerisation in the entity.</li> <li>b) Understand the computer information system.</li> <li>c) Identify key controls in the computer information system {Segregation of duties (inputs, programming, data processing and storage) / Physical access to terminals, hardware, etc / Access to files, data, etc. (via password controls, for example)}.</li> </ol> <p><i>Obtain a copy of the computer information system documentation and to determine whether it contains the information noted above</i></p> </li> <li>3. Do the Head of the entity meet frequently to? <ol style="list-style-type: none"> <li>a) Update control policies &amp; procedures.</li> <li>b) Review entity's performance.</li> <li>c) Take appropriate action on performance reviews.</li> </ol> <p><i>Note the frequency of such meetings under each of the above activities and enquire about timeliness of these meetings.</i></p> </li> <li>4. Are the minutes of such meetings prepared and signed on a timely basis? <p><i>Read minutes of meetings and make extracts of matters affecting presentation of financial information and other matters concerning operational activities, financial statements and budgets</i></p> </li> <li>5. Does Head of the entity maintain adequate control over the entity's day-to-day financial operations by? <ol style="list-style-type: none"> <li>a) Preparing budgets and financial statements on timely basis.</li> <li>b) Reviewing the results on a monthly basis and analysing</li> </ol> </li> </ol>			

	<p>significant fluctuations.</p> <p><i>Enquire and discuss control procedures that are followed in the preparation and analysis of budgets and financial statements with the Head of the entity and determine whether the budgets and financial statements contain any information or unusual and abnormal fluctuations that would affect our audit.</i></p> <p>6. Does the Head of the entity set performance indicators and benchmarks for planned performance?</p> <p><i>Assess completeness of indicators/benchmarks by ensuring that all significant financial components, physical targets and reporting dates have been identified</i></p> <p>7. Has the Head of the entity established planning and reporting systems that set forth the entity’s plan and the results of actual performance?</p> <p>8. Does the planning and reporting system in place?</p> <p>a) Adequately identify variations from planned performance on a timely basis.</p> <p>b) Adequately communicate breaches from and weaknesses in the control system to the Head of the entity.</p> <p><i>Review changes in key performance indicators and enquire about significant fluctuations and their impact on yearly financial statements and review the reports on breaches and weaknesses and consider the impact of the findings on the scope of audit examination</i></p> <p>9. Does the Head of the entity?</p> <p>a) Adequately investigate variances on a timely basis.</p> <p>b) Take appropriate and timely corrective action.</p> <p><i>Review significant variances in monthly reports/financial statements and evaluate the actions taken.</i></p> <p>10. Does the entity have established policies for developing and modifying accounting systems and control procedures?</p> <p><i>Review the policy document and assess whether the policies are adequate and consistent with the delegation of financial powers rules, and update the information base in the permanent file.</i></p>			
E	<p><b>Management override</b></p> <p>1. Are there potential dangers of management override that render controls inoperative?</p> <p>2. Are there systems that record any situation where management override occurs?</p>			

	<i>Evaluate the risk of management override that could occur without detection</i>			
F	<p><b>Reporting</b></p> <ol style="list-style-type: none"> <li>1. Are adequate management reports? <ol style="list-style-type: none"> <li>a) Prepared regularly</li> <li>b) On a timely basis</li> <li>c) Distributed to the appropriate management</li> <li>d) In appropriate level of detail for the different levels of management</li> <li>e) Using proper cut-off procedures; and</li> <li>f) Reconciled to the accounting records.</li> </ol> </li> <li>2. Are management reports used to monitor financial and operational performance and check on the reliability of financial data through? <ol style="list-style-type: none"> <li>a) Comparison with targets (budgets and operational goals); and</li> <li>b) Follow up on variation reports and unusual items.</li> </ol> </li> <li>3. Are actions taken in response to financial and performance reports?</li> </ol>			
G	<p><b>Protection of assets and records</b></p> <ol style="list-style-type: none"> <li>1. Is there adequate physical security over? <ol style="list-style-type: none"> <li>a) Cash;</li> <li>b) Valuable documents (cheques / securities / contracts), and</li> <li>c) Stocks and assets.</li> </ol> </li> <li>2. Are there adequate methods to prevent unauthorised access to? <ol style="list-style-type: none"> <li>a) Records (accounting records / employee files / tax records / confidential commercial information).</li> <li>b) Computer terminals, and</li> <li>c) Software controls and routines.</li> </ol> </li> <li>3. Is there adequate physical protection of? <ol style="list-style-type: none"> <li>a) Manual records.</li> <li>b) Computer hardware and systems, and</li> <li>c) Computer back up records.</li> </ol> </li> <li>4. Is there a written disaster recovery plan?</li> <li>5. Is there a records retention policy?</li> <li>6. Are key documents properly maintained (records of decision / minutes of meetings / supporting analysis for management decisions)?</li> </ol>			
H	<p><b>Internal audit function</b></p> <ol style="list-style-type: none"> <li>1. Does the entity have an internal audit function?</li> <li>2. Does the internal audit function have an audit manual that describes objectives, procedures and guidelines for the conduct of internal audit at the federal, provincial and district levels?</li> </ol>			

<p>3. Are the internal auditors independent of the activities they audit?</p> <p>4. Do the internal auditors report directly to the Head of the entity or any other senior officer not directly involved in the day-to-day management activities?</p> <p><i>Obtain a copy of the internal audit manual, and assess its relevancy, usefulness, and comprehensiveness.</i></p> <p><i>Obtain an organisational chart of the internal audit functions and conclude as to whether it ensures independence of the internal audit function.</i></p> <p>5. Is the internal audit functions adequately staffed in terms of:</p> <ul style="list-style-type: none"> <li>a) Number of employees?</li> <li>b) Training?</li> <li>c) Experience?</li> </ul> <p><i>Obtain a list of the current internal audit staff. For several key employees, obtain a summary of their employment history and the training that they have had over the previous 3 years.</i></p> <p><i>Obtain and review a few of the internal audit working papers and audit reports.</i></p> <p><i>Based on the above procedures, conclude as to the adequacy of the training and experience.</i></p> <p>6. Do the internal auditors review and document the internal control structure and perform tests of controls?</p> <p>7. If yes, review the internal audit file and obtain a copy of the document describing control structure and the nature, extent and timing of the audit testing. Assess the extent to which reliance can be placed on the work performed.</p> <p>8. Do the internal auditors perform substantive tests of the transactions and account balances?</p> <p><i>If the answer is "Yes" review the internal audit file and consider the nature, extent and timing of the audit work performed. Assess the extent to which reliance can be placed on the work performed.</i></p> <p>9. Do the internal auditors render written reports on their findings and conclusions?</p> <p>10. If yes, are the reports submitted to the Head of the entity?</p> <p><i>Obtain a copy of the reports that would appear to be particularly relevant to the financial audit being performed. Consider the impact of the internal auditor's findings on the scope of audit examination and the extent of reliance that can be placed on them.</i></p> <p>11. Does Head of the entity take adequate and timely actions to correct conditions reported by the internal audit function?</p> <p><i>Review management's response to the recommendations made by the</i></p>			
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	<p><i>internal auditors and the actions taken.</i></p> <p>12. Does the internal audit function follow up on corrective actions taken by management?</p> <p><i>Review the internal auditor's assessment of the corrective actions taken, and consider the impact on the nature, extent and timing of our audit tests and procedures.</i></p>			
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**Note:**

*For all X must provide explanations/ elaboration/ implications*

*For all ✓ Working Papers should show what tests, data and analysis led the auditor to be satisfied that controls were satisfactory*

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**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING FILE**

**CONTROL RISK ASSESSMENT FORM**

**NAME OF AUDIT ENTITY:**

**AUDIT COMPONENT:**

**AUDIT PERIOD:**

Factor	High	Med.	Low
1. Control Environment: A. Control consciousness B. Organization C. Competence of personnel D. Management Policy & operating style E. Management override F. Reporting G. Protection of Assets & Functions H. Internal Audit Function (from Environmental Internal Control Questionnaire)			

<b>Control risk assessment for the entity as whole is</b>	
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<b>Control risk is the converse of the amount of assurance that the auditor wishes to achieve from his/her tests of internal control. The amount cannot be lower than the actual control risk.</b>	
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## GUIDANCE

*Control risk is assessed for each audit objective for each component.*

*The form calls for the auditor to assess various factors as “high”, “moderate” or “low” risk. After all of the factors are assessed, the auditor determines, using his/her professional judgment, the control risk for the audit objective being considered. In this respect, the normal guidelines are as follows:*

<i>High control risk</i>	<i>80%</i>
<i>Moderate control risk</i>	<i>50%</i>
<i>Low control risk</i>	<i>20%</i>

*The assessment for each audit objective necessarily an average of the assessments for each of the factors listed on the form. One of the factors may be much more significant than the other factors.*

*The internal control questionnaires (ICQs) are completed at the planning stage to assist in the determination of control risk. The extent to which they would need to be completed is a matter of professional judgement. If the control environment and the control systems have not changed since the previous year, and if the auditor has tested these systems in the previous year, then the auditor may be able to assess control risk without completing the ICQs at the planning stage. If, on the other hand, there have been significant changes to the control environment and the control systems, then the auditor may need to complete the ICQs at the planning stage.*

*Once the auditor assesses control risk for each audit objective for each component, he/she needs to consider whether it would be cost-effective to rely on the internal controls. The auditor records, on the last row of the form, the converse of the amount of assurance that he/she wishes to obtain from the internal control structure.*

*While an assessment needs to be made for each specific audit objective for each component, the form permits the auditor to list more than one audit objective, and component on each form. This is because the auditor's assessments of the various factors will likely be the same for several different objectives and components.*

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING-PERMANENT FILE**

**Understanding of Entity’s Business – Significant Audit Areas**

**Name of Entity/Organisation:**

<b>Significant Financial Statement Components</b>	<b>Critical Audit Area Y/N</b>
<p style="text-align: center; opacity: 0.5; font-size: 48px; transform: rotate(-30deg);">DRAFT</p>	

## **GUIDANCE**

*The auditor should list critical audit areas/significant financial statement components (including individually significant transactions and events) and their impact on the financial statements of the entity. For each identified significant component, the auditor can then plan the audit for specific financial audit objectives and related compliance with authority objectives.*

*The list of significant components provided on the previous page is for illustrative purposes only. The list should be updated to reflect the actual components to be used on any given audit.*

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*Annexure*

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**COMPLETED - SECTION 1**

**Planning-Permanent File**

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**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK**  
**AUDIT PLANNING-PERMANENT FILE**  
**Index/Checklist**

Main Reference	Supporting Schedules		Done by:	Date:
PF		Update Control Sheet	H H	25/08/2013
PF-I		Status of the Entity	H H	25/08/2013
PF-II		Background Information	H H	25/08/2013
PF-III		Internal and External Factors	H H	25/08/2013
PF-IV		Process Identification	H H	25/08/2013
PF-V		Risk assessment	H H	25/08/2013
PF-VI		Inherent Risk Assessment	H H	25/08/2013
PF-VII		Control Risk Assessment	H H	25/08/2013
PF-VIII		Significant Audit Areas	HH	25/08/2013

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING-PERMANENT FILE**

**Update Control Sheet**

**Name of Entity/Organisation: DG Health Services**

Original file prepared by: \_\_\_\_\_ Hamid Hayat \_\_\_\_\_

Date: \_\_\_\_\_ 25/08/2013 \_\_\_\_\_

File updated by: \_\_\_\_\_ Date: \_\_\_\_\_

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING-PRMANENT FILE**

**Understanding of Entity's Business – Status of Entity**

**Name of Entity/Organisation: DG Health Services**

Principal Address:

DG Health Services, Khyber Road, Near Judicial Complex, KPK Peshawar.

Status of the Entity:

Government (Provincial department)

(Government/autonomous/centralised/self-accounting/exempt/other)

Inter-Governmental Relationship:

Attached department

(Attached department, branch office, etc.)

**GUIDANCE**

*The auditor should document on this form the principal address, status (whether it is a Provincial government, semi-government, self accounting, centralized or exempt accounting entity, etc.) and its relationship with other government departments/ ministries (attached department, branch office, etc).*

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**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK**  
**AUDIT PLANNING-PERMANENT FILE**

**Understanding of Entity's Activities – Background Information**

**Name of Entity/Organisation: DG Health Services**

*The auditor should gather financial and other background information about the entity.*

**Size of Entity:**

The original and revised budget, for some of the major heads, along with progressive expenditure for the year 2012-13 is as below;

Code	Heads	Budget 2012-13	Revised Estimates 2012-2013	Expenditure 2012-13
A01	Total Employees related expenses	84,135,500	98,035,193	91,284,251
A03	Total Operating Expenses	8,580,500	412,902,000	412,724,530
A05	Total Grants subsidies & write off	-	700,000	700,000
A13	Total Repairs and Maintenance	530,000	290,000	272,148

**Core Operational Activity/Corporate Plan:**

The DG Health Services working under the guidance of Health Secretariat ensures access to a basic health care package for all citizens in NWFP. It encourage and promote the development of alternate modes of financing including health insurance packages in stages that will cover the financial costs for all services outside the basic health care package. The DG Health Services looks after a number of projects in the Health Department. It also works as a bridge between the Health Secretariat and DHOs for implementation of policies and flow of information. It performs all the functions delegated to it by the Health Secretariat

(Govt. revenue collection/grants & contributions/construction, etc.)

**Major Services:**

DG Health Services performs all the functions delegated to it by the Health Secretariat. Some of these are outlined below.

**Functions:**

- I. Health Support and Development.
- II. Health Regulation and Enforcement.
- III. Management Support Services.
- IV. Monitoring and evaluation.
- V. Co-ordination on health related matters.

(Zakat, income tax, public works, etc.)

**Major Beneficiaries:**

Major beneficiaries of the department are general public at all levels.

(Federal/Provincial/District level)

**Major Cost Centres:**

The major cost centres includes the following:

- A01 Total Employees related expenses
- A03 Total Operating Expenses
- A05 Total Grants subsidies & write off
- A13 Total Repairs and Maintenance

(Employees related costs/Zakat distributions/other types, etc.)

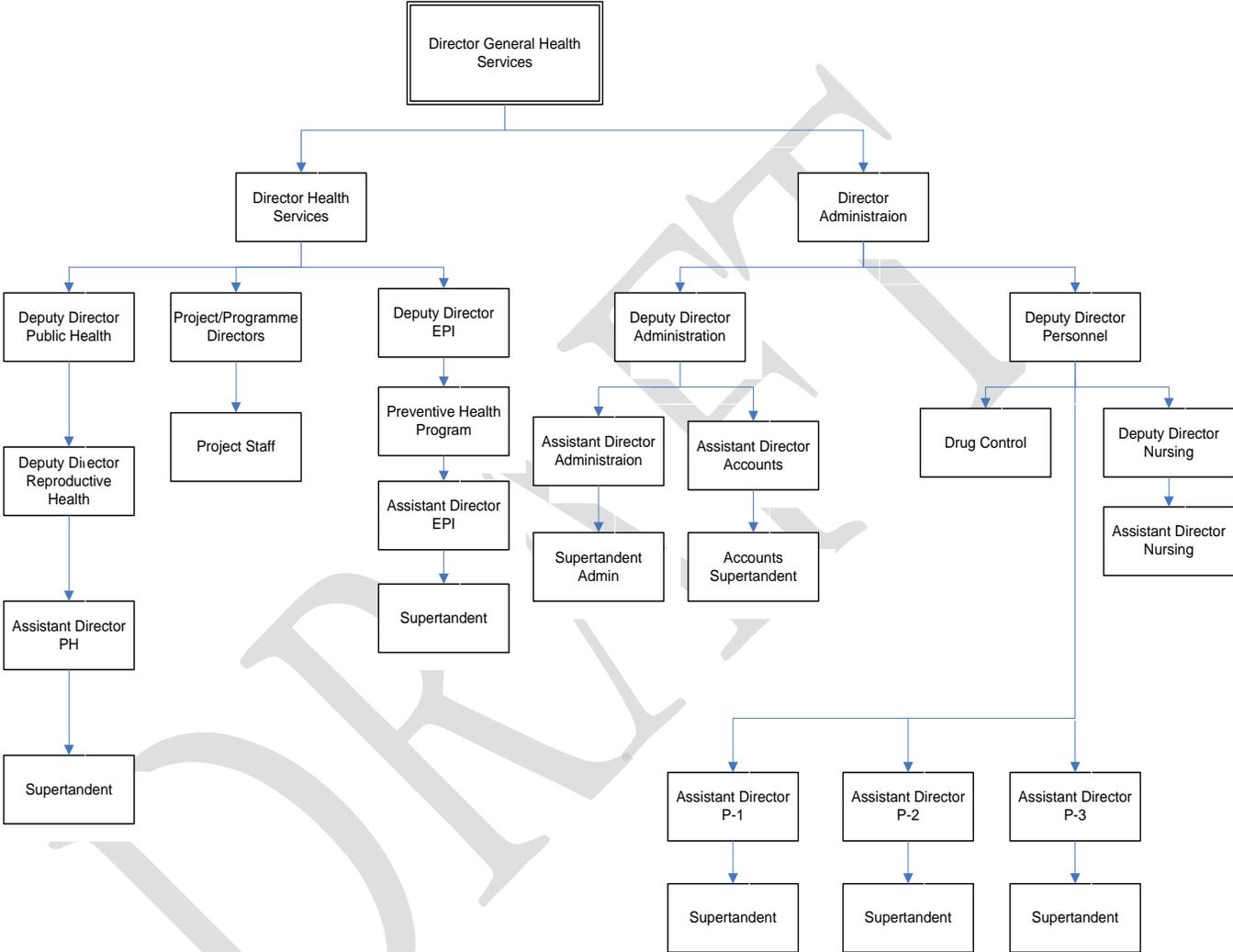
**Reporting Authority:**

The DG is administratively and functionally reportable to Secretary of Health Department.

(Principal accounting officer/Ministry/CGA/others)

Important information and statistics:

Organogram



## Some important Statistics

### Medical Training Institutions (Khyber Pakhtunkhwa)

Sr. No	Type	Number	Intake
1.	Khyber Medical University	1	
1.	Medical College	8	691
2.	Dental college	1	74
3.	Post graduate medical institute	1	400
4.	Provincial Health Services Academy	1	20
5.	Nursing School	9	1390
6.	Post graduate college of nursing	1	55
7.	Public Health School	4	393
8.	Post graduate paramedical institute	1	50
9.	Post graduate institute for medical technologies	3	200
10.	Divisional Health Development Centres	5	1584
	<b>Total</b>	<b>35</b>	<b>4857</b>

Source: (Khyber Pakhtunkhwa DHIS Cell)

Sr. No	Type	Number
1.	Teaching Hospitals	8
2.	DHQ Hospitals	21
3.	THQ Hospitals	19
4.	Other Hospitals (Civil and Specialized Hospitals)	125
5.	RHC	86
6.	BHU	784
7.	Dispensaries	421
8.	MCH	66
9.	Sub Health Centre	26
10.	Other (T.B centers, leprosy clinics etc)	60
	<b>Total</b>	<b>1616</b>

### Health Personnel (Khyber Pakhtunkhwa)

<b>Sr. No</b>	<b>Cadre</b>	<b>Number</b>
1.	Teaching	892
2.	District Specialists	355
3.	Medical Officers	3649
4.	Dental Surgeons	213
5.	Nurses	3066
6.	Lady Health Visitors	918
7.	Technicians	1827
8.	EPI Workers	1520
9.	Dispensers	1381
10.	Lady Health Workers	13007
11.	Lady Health Supervisor	486
12.	Drug inspector	25
13.	Pharmacists	20
14.	Drug Analysts	6
15.	Others	2823
	<b>Total</b>	<b>30188</b>

(Organogram/organizational structure, Total number of Hospitals, Circle-wise clustering of Hospitals, Total number of Doctors etc)

**GUIDANCE**

*The auditor should gather financial and other background information about the operations whose results are included in the Financial Statements of the entity. This includes information about total assets, total liabilities, total revenue and total expenditure, corporate plans, and organization structure, main functions, etc. Other important information and statistical data may also be included here.*

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**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING-PERAMNENT FILE**

**Understanding of Entity's Business – Internal and External Factors**

**Name of Entity/Organisation: DG Health Services**

***Internal and External Factors that can affect entity's business:***

***The major internal factors affecting the entity are:***

***Organizational Cultural*** (the control environment, management attitude, and general trends can have material impact on operations)

***Policies and procedures*** (the policies and procedures specific to organization help in achieving organization goals and objective efficiently and effectively).

***Trainings*** (relevant trainings can have positive affect on entities operation)

***Financial Management System*** (a good financial management system can provide prompt and timely information for decision making).

***Weaknesses in Human Resource Management;*** (Shortage of staff, Shortage of Nurses & Paramedics)

***Inadequate financial accountability*** (No internal audit function)

***The major external factors affecting the entity business are:***

***Form of government*** (In democratic form of Government the cabinet and ministers use undue influence on the entity).

***Stability of the government*** (Being a government department the stability of the government the, more smooth will be the working environment)

***Relevant laws and regulations*** (must be adhered)

***Social environment*** (prevailing social and cultural environment can have material effect on entity operations)

***General environmental changes*** (the entity must response to general environment changes)

***High standard of services in the private sector***

## **GUIDANCE**

*The auditor's objective is to obtain sufficient appropriate audit evidence to provide reasonable assurance that financial statement items affected by external matters outside control of management such as the economy that can affect the business are fairly presented within the context of the financial statement taken as a whole. To do so, the auditor will need to understand the external factors that could affect the audited entity's financial position.*

*The auditor should list entity's assets and liabilities that are affected by the external factors to ensure that costs, contingent liabilities, commitments and assets have been properly recognised, valued and reported in accordance with the government's accounting principles*

*The auditor should list external factors that may have an impact on the performance of the operational activities of an auditee. The auditor should use professional judgment to decide what these factors are. They may include:*

*Economic trends and conditions affecting input costs.*

*Variation in budgets.*

*Timing of project completion and carry over into subsequent financial years.*

*Local interventions or events that might have an impact on project progress.*

*General financial indicators and trends*

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING-PERMANENT FILE**

**Understanding of Entity's Business – Process Identification**

**Name of Entity/Organisation: DG Health Services**

*The auditor should list all the critical processes of the client*

***Critical processes of the client are:***

***Human Resource department***

- *Hiring*
- *Training and Development*
- *Payroll and Compensation*
- *Posting and Transfer*
- *Retirement*

***Expenditure process***

- *Operating Expenses*

***Procurement***

- *Tendering*
- *Pre-qualification of suppliers*
- *Goods and Services*
- *Fixed Assets*

***Budget***

- *Non development budget*
- *Development budget*
- *Re-appropriation/ Surrenders of savings*

***Stores and Inventories***

- *Receipts and Issue*

***Fixed Asset Management***

- *Policy*
- *Recording and Maintenance*
- *Fixed Asset management*

***Projects***

***Litigation***

- *Services cases*
- *Civil cases*

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING-PERMANENT FILE**

**Understanding of Entity’s Business – Risk Assessment – Financial, compliance and operational Risks**

**Name of Entity/Organisation: DG Health Services**

**Risk Assessment:**

The financial, compliance and operational risks assessed are as follows:

<b>Risk</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Financial		✓	
Compliance		✓	
Operational	✓		
Overall		✓	

**GUIDANCE**

The auditor should document any business risk affecting the entity. The severity of the risk should be documented using the risk matrix given below. Different types of risk are explained just for illustrative purposes.

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

The auditor shall include 3 rankings against the risk factor identified as;

<b>High</b>	<b>Medium</b>	<b>Low</b>
3	2	1

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING FILE**

**INHERENT RISK ASSESSMENT FORM**

**NAME OF AUDIT ENTITY: DG Health Services**

**AUDIT COMPONENT: Entity Level**

Factor	High	Mod.	Low
1. The nature of the component, e.g. <ul style="list-style-type: none"> <li>• Susceptibility to loss.</li> <li>• Susceptibility to fraud.</li> </ul>			✓
2. The extent to which the items making up the component are similar in size and composition. <ul style="list-style-type: none"> <li>• Consider: More homogeneous components, the lower the risk.</li> </ul>			✓
3. The volume of activity. <ul style="list-style-type: none"> <li>• Consider: If a lot of transactions are being processed, the chances of an error occurring may be higher than if only a few transactions are being processed.</li> </ul>		✓	
4. Capability of the staff processing the transactions. Consider: <ul style="list-style-type: none"> <li>• If the staff is experienced and takes their jobs seriously, there is probably a lower inherent risk than if the staffs are inexperienced or careless.</li> </ul>			✓
5. The number of locations. <ul style="list-style-type: none"> <li>• Consider: Entities operating out of a single location with a centralised accounting system may have a lower inherent risk than those operating out of many locations, each with its own accounting system.</li> </ul>			✓
6. The accounting policies being used. <ul style="list-style-type: none"> <li>• Consider: Many components have a lower risk of error when the cash basis of accounting is being used than when the accrual basis of accounting is being used.</li> </ul>			✓

**Overall Inherent risk assessment for the entity is Low.**

**GUIDANCE**

*Inherent risk should be assessed for entity as a whole keeping in view the above.*

*Inherent risk is assessed in a hypothetical environment – that assumes there are no internal controls in place.*

*The form calls for the auditor to assess various factors as “high”, “moderate” or “low” risk. After all of the factors are assessed, the auditor determines, using his/her professional judgment, the inherent risk for the entity as whole. In this respect, the normal guidelines are as follows:*

<i>High inherent risk</i>	<i>60%</i>
<i>Moderate inherent risk</i>	<i>50%</i>
<i>Low inherent risk</i>	<i>40%</i>

*The assessment of inherent risk is not necessarily an average of the assessments for each of the factors listed on the form. For each factor being considered, one of the factors may be more significant than the other factors.*

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING FILE**

**CONTROL RISK ASSESSMENT**

**ENVIRONMENTAL INTERNAL CONTROL QUESTIONNAIRE**

**NAME OF AUDIT ENTITY: DG Health Services**

**AUDIT COMPONENT: Entity Level**

**AUDIT PERIOD:**

Check in box: Yes:  No:  NA:

Q	Controls	Yes /N o/ NA	Done By <sup>3</sup> :	WP Ref <sup>4</sup> .
A	<p><b><i>Control consciousness</i></b></p> <ol style="list-style-type: none"> <li>1. Is there clear management accountability for the establishment, and maintenance of appropriate and sufficient internal controls?</li> <li>2. Do employees have a clear understanding of their responsibilities and authorities?</li> <li>3. Is there an atmosphere of commitment and responsibility (ensuring that tasks are completed on time, low levels of errors and mistakes, flexible allocation of tasks, low absenteeism)?</li> <li>4. Are the controls being applied at all times (throughout the year, during staff shortages, for all situations / transactions)?</li> <li>5. Are here clear procedures and directives and are there management procedures to ensure that they are complied with such as:               <ol style="list-style-type: none"> <li>d) Communication of what is acceptable / unacceptable behaviour;</li> <li>e) Employee evaluations that provide feedback on their performance; and</li> <li>f) Promotions and other rewards consistent with employee performance?</li> </ol> </li> </ol> <p><i>By verbal enquiry and observation conclude on breadth and depth of the controls in place and evaluate the overall level of control consciousness</i></p>	<p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p></p> <p>JDs</p> <p></p> <p></p> <p></p> <p></p> <p></p> <p></p> <p></p>	<p></p> <p></p> <p>Timely reconciliation with AG office</p> <p>Reconciliation done on a monthly Basis</p> <p>Secretariat Manual/efficiency discipline rules Proper filling of ACRs</p> <p>Provincial Selection Board (17 and above officers) And Department Selection Board for promotions</p>

<sup>3</sup> The name/initials of the auditor who undertook the work

<sup>4</sup> Cross referenced to the working papers that contain the details on which the auditor has formed an opinion about the controls.

<p><b>B</b></p>	<p><b>Organisation</b></p> <p>1. Is the organisation of the entity clearly defined in terms of:</p> <p>g) Functions and delegated authority?  h) Responsibility for decision making?  i) Responsibility for establishing responsibilities?  j) Segregation of duties?  k) Rotation of officers in key control positions?  l) Limitations on authority?</p> <p>2. In particular, are the following operating functions performed independently of one another within the entity:</p> <p>f) Accounts and internal audit?  g) Recording of receipts and collection of money?  h) Approval/authorisation and issue of payment?  i) Recording of expenditure and issue of payment?  j) Recording and safeguarding of assets?</p> <p>3. Are segregation of duties maintained during staff absence</p> <p><i>By verbal enquiry and observation check that the above functions are actually performed independently.</i></p> <p>4. Does the entity have a current organisation chart?  5. Does the entity maintain current job descriptions?</p> <p><i>Obtain a copy of the organisation chart, a list of names of responsible officials, and a description of their authorities and responsibilities. Update the information base in the permanent file.</i></p>	<p>Yes  Yes  Yes  Yes  Yes  Yes  NA  NA  Yes  Yes  Yes  No  Yes  Yes</p>	<p>Secretariat Manual and Delegation of Powers rules 2001</p> <p>No AG office person is present.  There is no collection in secretariat.  Issue of checks done in AG.  Payment issued in AG.  Stock register is present.</p> <p>As Above  JDs</p>
<p><b>C</b></p>	<p><b>Competence of personnel</b></p> <p>1. Does the procedures for selecting staff ensures that staff selected for positions in the following key control areas are competent:</p> <p>f) Accounting;  g) IT systems;  h) Other areas responsible for internal controls, and  i) Management  j) Planning and Evaluation.</p> <p>2. Does staff in the following areas get adequate training:</p> <p>f) Accounting;  g) IT systems;  h) Other areas responsible for internal controls, and  i) Management  j) Planning and Evaluation.</p> <p>3. Does staff in the following areas have a clear understanding of the work and their responsibilities</p> <p>f) Accounting;  g) IT systems;  h) Other areas responsible for internal controls, and  i) Management  j) Planning and Evaluation.</p> <p>4. Is the supervision of staff in the following areas adequate to ensure that the internal controls are properly applied in the following areas:</p>	<p>Yes  Yes  Yes  Yes  Yes  No  Yes  No  Yes  Yes  Yes  Yes  Yes  Yes  Yes  Yes</p>	<p>Training letter is present.</p> <p>Training letter is present.</p> <p>JDs and Secretariat Manual</p> <p>Please refer to Accounting Cycle in Section 2.</p>

	<p>f) Accounting. g) IT systems. h) Other areas responsible for internal controls, and i) Management j) Planning and Evaluation.</p> <p>5. Are there procedures for assessing staff and providing feedback and rewarding good performance with regard to: f) Accounting. g) IT systems. h) Other areas responsible for internal controls, and i) Management j) Planning and Evaluation.</p>	<p>Yes Yes Yes</p> <p>Yes Yes Yes Yes Yes</p>	<p>ACR properly Filled and DSB and PSB to make promotions</p>
D	<p><b>Management policy and operating style</b></p> <p>1. Are policies and procedures clearly written and communicated throughout applicable areas within the organisation? 2. Is there adequate computer information system documentation to? d) Determine the extent of computerisation in the entity. e) Understand the computer information system. f) Identify key controls in the computer information system {Segregation of duties (inputs, programming, data processing and storage) / Physical access to terminals, hardware, etc / Access to files, data, etc. (via password controls, for example)}.</p> <p><i>Obtain a copy of the computer information system documentation and to determine whether it contains the information noted above</i></p> <p>3. Do the Head of Entity meet frequently to? d) Update control policies &amp; procedures. e) Review entity's performance. f) Take appropriate action on performance reviews.</p> <p><i>Note the frequency of such meetings under each of the above activities and enquire about timeliness of these meetings.</i></p> <p>4. Are the minutes of such meetings prepared and signed on a timely basis?  <i>Read minutes of meetings and make extracts of matters affecting presentation of financial information and other matters concerning operational activities, financial statements and budgets</i></p> <p>5. Does Head of Entity maintain adequate control over the entity's day-to-day financial operations by? c) Preparing budgets and financial statements on timely basis. d) Reviewing the results on a monthly basis and analysing</p>	<p>Yes</p> <p>No Yes Yes</p> <p>No No No</p> <p>NA</p> <p>Yes</p>	<p>Secretariat Manual and all notification are disseminated in written.</p>

	<p>significant fluctuations.</p> <p><i>Enquire and discuss control procedures that are followed in the preparation and analysis of budgets and financial statements with the Head of Entity and determine whether the budgets and financial statements contain any information or unusual and abnormal fluctuations that would affect our audit.</i></p> <p>6. Does the Head of Entity set performance indicators and benchmarks for planned performance?</p> <p><i>Assess completeness of indicators/benchmarks by ensuring that all significant financial components, physical targets and reporting dates have been identified</i></p> <p>7. Has the Head of Entity established planning and reporting systems that set forth the entity's plan and the results of actual performance?</p> <p>8. Does the planning and reporting system in place?</p> <p>c) Adequately identify variations from planned performance on a timely basis.</p> <p>d) Adequately communicate breaches from and weaknesses in the control system to the Head of Entity.</p> <p><i>Review changes in key performance indicators and enquire about significant fluctuations and their impact on yearly financial statements and review the reports on breaches and weaknesses and consider the impact of the findings on the scope of audit examination</i></p> <p>9. Does the Head of Entity?</p> <p>c) Adequately investigate variances on a timely basis.</p> <p>d) Take appropriate and timely corrective action.</p> <p><i>Review significant variances in monthly reports/financial statements and evaluate the actions taken.</i></p> <p>10. Does the entity have established policies for developing and modifying accounting systems and control procedures?</p> <p><i>Review the policy document and assess whether the policies are adequate and consistent with the delegation of financial powers rules, and update the information base in the permanent file.</i></p>	<p>No</p> <p>No</p> <p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>No</p>		
E	<p><b>Management override</b></p> <p>1. Are there potential dangers of management override that render controls inoperative?</p> <p>2. Are there systems that record any situation where management override occurs?</p> <p><i>Evaluate the risk of management override that could occur without detection</i></p>	<p>No</p> <p>Yes</p>		

F	<p><b>Reporting</b></p> <p>1. Are adequate management reports?</p> <p>g) Prepared regularly</p> <p>h) On a timely basis</p> <p>i) Distributed to the appropriate management</p> <p>j) In appropriate level of detail for the different levels of management</p> <p>k) Using proper cut-off procedures; and</p> <p>l) Reconciled to the accounting records.</p> <p>2. Are management reports used to monitor financial and operational performance and check on the reliability of financial data through?</p> <p>c) Comparison with targets (budgets and operational goals); and</p> <p>d) Follow up on variation reports and unusual items.</p> <p>3. Are actions taken in response to financial and performance reports?</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>NA</p> <p>NA</p> <p>NA</p>		
G	<p><b>Protection of assets and records</b></p> <p>1. Is there adequate physical security over?</p> <p>d) Cash;</p> <p>e) Valuable documents (cheques / securities / contracts), and</p> <p>f) Stocks and assets.</p> <p>2. Are there adequate methods to prevent unauthorised access to?</p> <p>d) Records (accounting records / employee files / tax records / confidential commercial information).</p> <p>e) Computer terminals, and</p> <p>f) Software controls and routines.</p> <p>3. Is there adequate physical protection of?</p> <p>d) Manual records.</p> <p>e) Computer hardware and systems, and</p> <p>f) Computer back up records.</p> <p>4. Is there a written disaster recovery plan?</p> <p>5. Is there a records retention policy?</p> <p>6. Are key documents properly maintained (records of decision / minutes of meetings / supporting analysis for management decisions)?</p>	<p>Yes</p> <p>No</p> <p>Yes</p> <p>Yes</p>		
H	<p><b>Internal audit function</b></p> <p>1. Does the entity have an internal audit function?</p> <p>2. Does the internal audit function have an audit manual that describes objectives, procedures and guidelines for the conduct of internal audit at the federal, provincial and district levels?</p> <p>3. Are the internal auditors independent of the activities they audit?</p> <p>4. Do the internal auditors report directly to the Head of Entity or any other senior officer not directly involved in the day-to-day management activities?</p> <p><i>Obtain a copy of the internal audit manual, and assess its relevancy, usefulness, and comprehensiveness.</i></p> <p><i>Obtain an organisational chart of the internal audit functions and conclude as to</i></p>	<p>No</p> <p>NA</p> <p>NA</p> <p>NA</p>		



**Note:**

For all **X** must provide explanations/elaboration/implications

For all **✓** Working Papers should show what tests, data and analysis led the auditor to be satisfied that controls were satisfactory

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**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING FILE**

**CONTROL RISK ASSESSMENT FORM**

**NAME OF AUDIT ENTITY: DG Health Services**

**AUDIT COMPONENT: Entity Level**

**AUDIT PERIOD:**

Factor	High	Mod.	Low
2. Control Environment:			
I. Control consciousness			✓
J. Organization			✓
K. Competence of personnel			✓
L. Management Policy & operating style	✓		
M. Management override		✓	
N. Reporting	✓		
O. Protection of Assets & Functions			✓
P. Internal Audit Function			
(from Environmental Internal Control Questionnaire)			

<b>Control risk assessment for the entity as whole is Moderate.</b>	
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<b>Control risk is the converse of the amount of assurance that the auditor wishes to achieve from his/her tests of internal control. The amount cannot be lower than the actual control risk.</b>	
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## **GUIDANCE**

*Control risk is assessed for each audit objective for each component.*

*The form calls for the auditor to assess various factors as “high”, “moderate” or “low” risk. After all of the factors are assessed, the auditor determines, using his/her professional judgment, the control risk for the audit objective being considered. In this respect, the normal guidelines are as follows:*

<i>High control risk</i>	<i>80%</i>
<i>Moderate control risk</i>	<i>50%</i>
<i>Low control risk</i>	<i>20%</i>

*The assessment for each audit objective necessarily an average of the assessments for each of the factors listed on the form. One of the factors may be much more significant than the other factors.*

*The internal control questionnaires (ICQs) are completed at the planning stage to assist in the determination of control risk. The extent to which they would need to be completed is a matter of professional judgement. If the control environment and the control systems have not changed since the previous year, and if the auditor has tested these systems in the previous year, then the auditor may be able to assess control risk without completing the ICQs at the planning stage. If, on the other hand, there have been significant changes to the control environment and the control systems, then the auditor may need to complete the ICQs at the planning stage.*

*Once the auditor assesses control risk for each audit objective for each component, he/she needs to consider whether it would be cost-effective to rely on the internal controls. The auditor records, on the last row of the form, the converse of the amount of assurance that he/she wishes to obtain from the internal control structure.*

*While an assessment needs to be made for each specific audit objective for each component, the form permits the auditor to list more than one audit objective, and component on each form. This is because the auditor’s assessments of the various factors will likely be the same for several different objectives and components.*

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT, GOVERNMENT OF KPK  
AUDIT PLANNING-PERMANENT FILE**

**Understanding of Entity’s Business – Significant Audit Areas**

**Name of Entity/Organisation: DG Health Services**

<b>Significant Financial Statement Components</b>	<b>Critical Audit Area Y/N</b>
<ul style="list-style-type: none"> <li>• A01 Total Employees related expenses</li> <li>• A03 Total Operating Expenses</li> <li>• A05 Total Grants subsidies &amp; write off</li> <li>• A13 Total Repairs and Maintenance</li> <li>• Procurement</li> <li>• Budget</li> </ul>	<p style="text-align: center;">Y Y Y Y Y Y</p>

## **GUIDANCE**

*The auditor should list critical audit areas/significant financial statement components (including individually significant transactions and events) and their impact on the financial statements of the entity. For each identified significant component, the auditor can then plan the audit for specific financial audit objectives and related compliance with authority objectives.*

*The list of significant components provided on the previous page is for illustrative purposes only. The list should be updated to reflect the actual components to be used on any given audit.*

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**Section II**

**Detailed Processes (Narratives and Flowcharts)**



*A - Budget Management – Consolidation & Preparation*

<b>Process Narrative Including Risk and Control Matrix</b>	<b>A-1</b>
<b>Budget Management- Consolidation- Developmental Budget (Demands for grants)</b>	<b>Process ID: Health/DG Health Services/BM/Consolidation/De v-01</b>

### Background Information

The Secretariat of each department consolidates all the development projects/schemes, forwarded to it by the DDOs (Drawing and Disbursing Officer) of the department, and forwards the same to the Planning and Development (P&D) Department. The DG Health Services plays an important role in the process and the developmental budgets of the DDOs are compiled at the DG level before being forwarded to the Health Secretariat.

To consider the first edition of Annual Development Programme (ADP) meetings are held in January and February in the P&D Department. At these meetings Finance Department and the concerned Administrative departments are duly represented. In these meetings ADP is considered and allocations are tentatively made for individual schemes keeping in view the tentative size of the project fixed by the Planning Commission and priority of each development project/scheme

Each scheme has a life cycle of three stages.

- **Formulation process:** This process includes documents preparation, authorization, Consultation, and allocation of resources.
- **Implementation process:** Which include Monitoring of schemes by the P&D department and District monitoring cell of Health Department
- **Completion Process:** Which includes sanction of posts of employees, PC-4, BM16 handing and taking documents etc.

### **Important Note:**

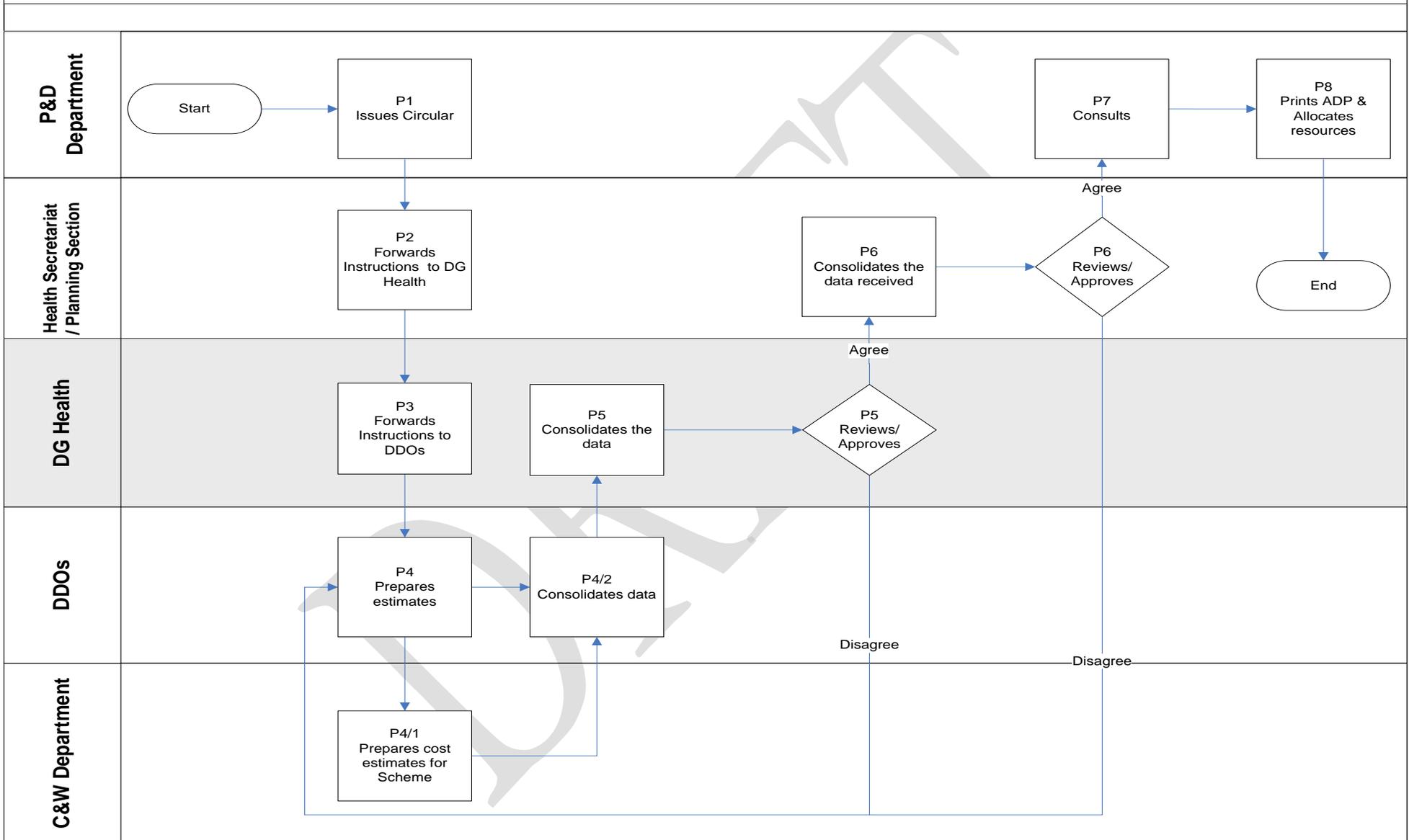
*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other than **DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

Section/ Entity	Process Step	Risk	Control
<b>P&amp;D Department</b>	P1 – Issues a circular along with instructions and guidelines at start of each year in January to departments for new and already running schemes.	Risk sits in the P&D Department	Control for the risk sits in the P&D department
		Risk that Secretariat may not receive circular and instructions.	If the circular and instructions are not received on time the Secretariat will write to the Finance Department as well as follow up by phone.
			<p><b>Suggested Mitigating Controls:</b></p> <ol style="list-style-type: none"> <li>1. An annual planning calendar should be maintained by each section which should include all the important dates and related tasks.</li> <li>2. This annual planning calendar should be approved by the head of the section at the beginning of the year</li> <li>3. At the end of each month this should be reviewed by the head of the section to ensure that no important task is missed or delayed.</li> </ol>
<b>Health Secretariat- Planning Section</b>	P2 – Issues instructions to DG Health Services along with guidelines to start compiling and collecting the relevant data.	Risk that instructions and guidelines are not issued to DG Health Services on time	Letters are issued through dispatch and diary section which keeps record of all dispatches on daily basis.
			<b>Suggested Mitigating Controls:</b>

			<p>1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.</p> <p>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</p> <p>3.The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where appropriate)</p>
<b>Health Department-DG Health Services</b>	P3 – Issues instructions to DDOs (DHOs) along with guidelines to start compiling and collecting the relevant data.	Risk that instructions and guidelines are not issued to DDOs on time	<p><b>Suggested Mitigating Controls:</b></p> <p>“Please refer to the time service standards control suggested under Process Step - P2”</p>
		Risk that a DDO is missed out from being intimated	<p><b>Suggested Mitigating Control:</b></p> <p>A control sheet should be maintained which should include a complete list of DDOs. When letter/instructions are issued to a particular DDO it should be indicated on the control sheet along with the date of issuance.</p>
<b>Health</b>	<b>P4-</b> DDOs collects all the	Risk sits in the	Control for the risk sits

<p><b>Department- DDOs</b></p>	<p>relevant data and prepares estimates such as need of furniture etc.  <b>P4/1-</b> DDOs sends relevant data to the C&amp;W Department for cost estimates of building etc.  <b>P4/2-</b> DDOs consolidates all relevant data including cost estimates received from C&amp;W Department on new and running projects.  When all the data is compiled and finalized it is forwarded to DG Health Services.</p>	<p>DDOs.</p>	<p>in the DDOs.</p>
<p><b>Health Department-DG Health Services-Procurement Section</b></p>	<p>P5- Compiles the DDOs data (done by senior clerk). After compilation it is reviewed by Director Procurement if he/she agrees it is forwarded for approval to DG Health. The data is then forwarded to Health Secretariat  In case of disagreement it is returned to relevant DDO for correction.</p>	<p>Risk that data from a DDO is not received.</p>	<p><b>Suggested Mitigating Control:</b>  A control sheet should be maintained which should include a complete list of DDOs. When letter/instructions are issued to a particular DDO it should be indicated on the control sheet along with the date of issuance. When complete data received from the DDOs it should also be indicated on the sheet.</p>
		<p>Risk that the compiled data is not forwarded on time</p>	<p><b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards control suggested under Process Step - P2”</p>
		<p>Risk that the budget data sent by DDOs contains errors (e.g. a particular head is</p>	<p><b>Suggested Mitigating Control:</b>  The budget data received from each</p>

		missed out) or instructions issued by P&D are not followed.	DDO should be thoroughly checked and analytical review of the data with the previous year should be carried out to discover any anomalies. The budget data received should also be checked with the P&D instructions for compliance.  Such review should be carried out at Director Procurement level and finally approved by DG Health
<b>Health Secretariat- Planning officer/Computer operator</b>	P6 – Consolidates the whole data (any new schemes as added as requested by Minister etc). After consolidation it is reviewed by Planning officer. If he/she agrees then it is forwarded for approval. In case of disagreement it is returned to DG Health Services for correction. After consolidation initial consultation starts with P&D Department on guidelines	Risk sits in Health Secretariat	Control for the risk sits in Health Secretariat.
<b>P&amp;D Department</b>	P7- Starts consultation with concerned department regarding its consolidated data.	Risk sits in the P&D Department	Control for the risk sits in the P&D Department.
<b>P&amp;D Department</b>	P8-After finalization between Secretariat and the P&D department ADP is printed and allocations starts side by side	Risk sits in the P&D Department	Control for the risk sits in the P&D Department.



<b>Process Narrative Including Risk and Control Matrix</b>	<b>A-2</b>
<b>Budget Management - Preparation-Non Developmental Budget (Demands for grants)</b>	<b>Process ID: Health/DG Health Services/BM/Preparation/Non Dev-01</b>

**Background Information**

For preparation of budget estimates for non development budget, Finance Department issues a budget call circular in October to all the Administrative Secretaries to submit their estimates for the forth coming year. Each department then forwards the instructions received to all the DDOs to prepare the budget. These estimates are reviewed in Finance Department with the relevant DDO present and after approval are reflected in demands for grants.

***Important Note:***

*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other than **DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

Section/ Entity	Process Step	Risk	Control
Finance Department	P1 – Issues Ceiling budget to each department which shows the budgeted limits available to each department for forthcoming financial year.	Risk sits in the Finance Department	Control for the risk sits in the Finance Department
Finance Department	P2 – Issues Budget Call Circular (BCC) to each department in October for forthcoming financial year.	Risk that Health Secretariat (Secretary Office) may not receive Budget Call Circular	Control for the risk sits in the Finance Department.
DG Health Services - DD Budget	P3 – Receives BCC and Ceiling budget from FD and forwards these to Director Administration (DDO).	Risk that BCC and Ceiling budget are not received on time or not received at all	<p><b>Suggested Mitigating Controls:</b></p> <ol style="list-style-type: none"> <li>1. An annual planning calendar should be maintained by each section which should include all the important dates and related tasks.</li> <li>2. This annual planning calendar should be approved by the head of the section at the beginning of the year</li> <li>3. At the end of each month this should be reviewed by the head of the section to ensure that no important task is missed or delayed.</li> </ol>
DG Health Services - DDO (Director Administration)	P4-Receives Budget Call Circular and Ceiling budget along with instructions from DD Budget and marks it to Accounts Section.	Instructions along with Ceiling Budget and BCC are not timely forwarded to Accounts Section.	Accounts Section will follow up with DDO (Director Administration) verbally as well as in written.
			<b>Suggested Mitigating Controls:</b>

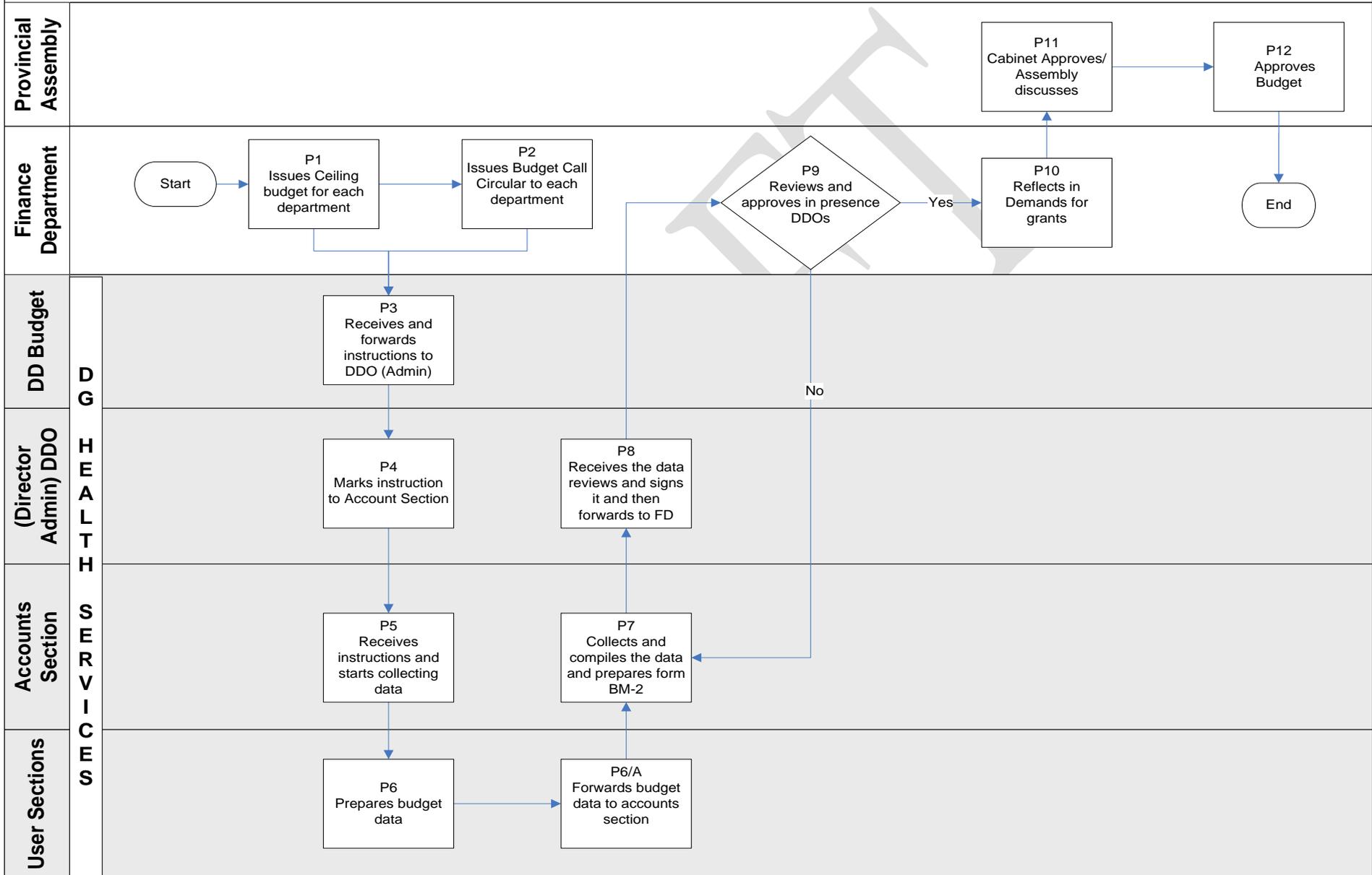
			<p>1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.</p> <p>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</p> <p>3.The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where appropriate)</p>
<b>DG Health Services- Accounts Section</b>	P5 – Receives Budget Call Circular & Ceiling Budget and starts collecting budgetary data from relevant User Sections.	Instructions for preparing budgetary data are not intimated to the User Sections on timely basis.	<p><b>Suggested Mitigating Controls:</b></p> <p>“Please refer to the time service standards controls suggested under Process Step- P4”</p>
<b>DG Health Services - User Sections</b>	P6-Prepares budgetary data on the basis of their total requirements for the period multiply by current prices. (Such as in case of stationery the store forward total quantity required for the period * current market price.)	Incorrect data is forwarded to Accounts Section	When data is received from User Sections accountant checks it against Ceiling budget before compilation.

<b>DG Health Services-User Sections</b>	P6/A-Forwards the relevant Budgeted data to Accounts Section.	Incorrect data is forwarded to Accounts Section	When data is received from User Sections accountant checks it and DDO (Director Administration) reviews it against Ceiling budget and previous year budget.
<b>DG Health Services-Accounts Section</b>	P7 –Compiles the relevant data received from User Sections and forwards it to Director Administration (DDO) for approval.	Risk that during compilation clerical mistake may occur such as an expenditure head is missed out	After compilation of data it is reviewed against. <ul style="list-style-type: none"> <li>• Ceiling budget.</li> <li>• Previous year budget.</li> </ul> to highlight any variation in data by DDO (Director Administration) The control is evidenced by the signature of DDO (Director Administration) and DD Budget on the compilation sheet. The control also ensures the completeness of the data received.
		Risk that no segregation of duty found for making and approval of compile data.	In the Accounts Section, the cashier compiles the data and DDO (Director Administration), DD Budget reviews and approves the compilation sheet.
		Risk that data is not received from all User Sections	Compilation sheet is reviewed by DDO (Director Administration) and DD Budget who will ensure that all the accounting heads and User Sections are included.

			<p><b>Suggested Mitigating Controls:</b></p> <p>“Please refer to the time service standards controls suggested under Process Step- P4”</p>
<b>DG Health Services - DDO (Director Administration )</b>	P8-Receives the data from Accounts Section, reviews, signs and forwards to Finance Department.	Incorrect budget data is forwarded to Finance Department.	Accounts Section prepares the data DDO (Director Administration) reviews and signs it and finally DG Health reviews and signs it.
		Budget data is forwarded too late to Finance Department.	<p><b>Suggested Mitigating Controls:</b></p> <p>“Please refer to the time service standards controls suggested under Process Step- P4”</p>
<b>Finance Department</b>	P9- Receives departmental approved budget and reviews with DDO present. If agreed then reflected in Demands for grants.	Risk sits in Finance Department.	Control for the risk sits in Finance Department
<b>Finance Department</b>	P10- Approves it and forwards to cabinet for approval. (The approved budget is now part of Demands for Grants)	Risk sits with the Finance Department	Control sits with the Finance Department

<b>Cabinet/Provincial Assembly</b>	P11- Reviews the Demands for Grants and forwards to the Assembly for discussion & final approval.	Risk sits in the Cabinet/Provincial Assembly	Control for the risk sits in the Cabinet/Provincial Assembly
<b>Provincial Assembly</b>	P12- Approves final budget after discussion.	Risk sits in the Provincial Assembly.	Control sits in the Provincial Assembly.

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<b>Process Narrative Including Risk and Control Matrix</b>	<b>A-3</b>
Budget Management- Re-Appropriation/Surrender of savings	Process ID: Health/DG Health Services/BM/Re-appropriation-01

**Background Information**

Finance Department issues budget to different departments at start of the year. During the financial year Finance Department issues a letter to departments to re-calculate their expenditures to show any excess or savings. The departments prepare their statements of re-appropriation and forward it to the Finance Department.

There are two key dates by which each department needs to do their budget Re-appropriation.

- Up to end of April.
- Up to 25<sup>th</sup> of June.

***Important Note:***

*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other than **DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

Section/ Entity	Process Step	Risk	Control
Finance Department	P1-Issues Re-Appropriation/ surrender of saving letter to departments.	Risk sits in Finance Department	Control for the risk sits in the Finance Department
DG Health Services- DD Budget	P2-Receives the letter from Finance Department and forwards it to all DDOs including DDO (Director Administration)	The letter is not received from Finance Department on time	The accountant will automatically follow up with Finance Department when letter is not received within the specified dates.
			<p><b>Suggested Mitigating Controls:</b></p> <ol style="list-style-type: none"> <li>1. An annual planning calendar should be maintained by each section which should include all the important dates and related tasks.</li> <li>2. This annual planning calendar should be approved by the head of the section at the beginning of the year</li> <li>3. At the end of each month this should be reviewed by the head of the section to ensure that no important task is missed or delayed.</li> </ol>
DG Health Services- DDO (Director Administration)	P3-Receives the letter from DD Budget and marks it to the Accounts section.	The letter is not received from DD Budget Office.	The DDO (Director Administration) will automatically follow up with the DD Budget office when letter is not received within the specified dates.

		The letter is not forwarded on time	<p><b>Suggested Mitigating Controls:</b></p> <ol style="list-style-type: none"> <li>1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.</li> <li>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</li> <li>3. The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where appropriate)</li> </ol>
<b>DG Health Services - Accounts Section</b>	P4 – Accountant prepares the statement of Re-appropriation /Surrenders of savings in 10 <sup>th</sup> and 12 <sup>th</sup> month of the FY and forwards it to DDO (Director Administration) for approval.	Clerical mistake may occur in the preparation of the statement	<p><b>Suggested Mitigating control-</b>Accountant needs to prepare the statement senior accountant should check it while the DDO (Director Administration) should finally approve it.</p>
		The savings are surrendered almost at the end of the FY and as a result are not put to good use.	<p><b>Suggested Mitigating control –</b> Following the end of 1<sup>st</sup> month of FY the department should prepare a 12 month rolling budget forecast at the end of each month. Then a forecast</p>

			<p>variance report between actual and forecasted budget must be prepared at the end of each month.</p> <p>It will be possible for the department to ascertain the exact position of savings/excess early in the financial year.</p> <p>This report must be reviewed and signed by the DG Health.</p>
<b>DG Health Services- DDO (Director Administration)</b>	P5- DDO (Director Administration) approves the statement of re-appropriation/surrenders and forwards it to Finance Department.	Approved statement is not forwarded to Finance Department on time	DDO (Director Administration) will make sure that letter is forwarded to Finance Department on time.
			<p><b>Suggested Mitigating Controls:</b></p> <p>“Please refer to the time service standards controls suggested under Process Step-P3”</p>
<b>Finance Department</b>	P6- Receives the statement of re-appropriation/surrender of saving from Health department.	Risk sits in Finance Department	Control for the risk sits in the Finance Department

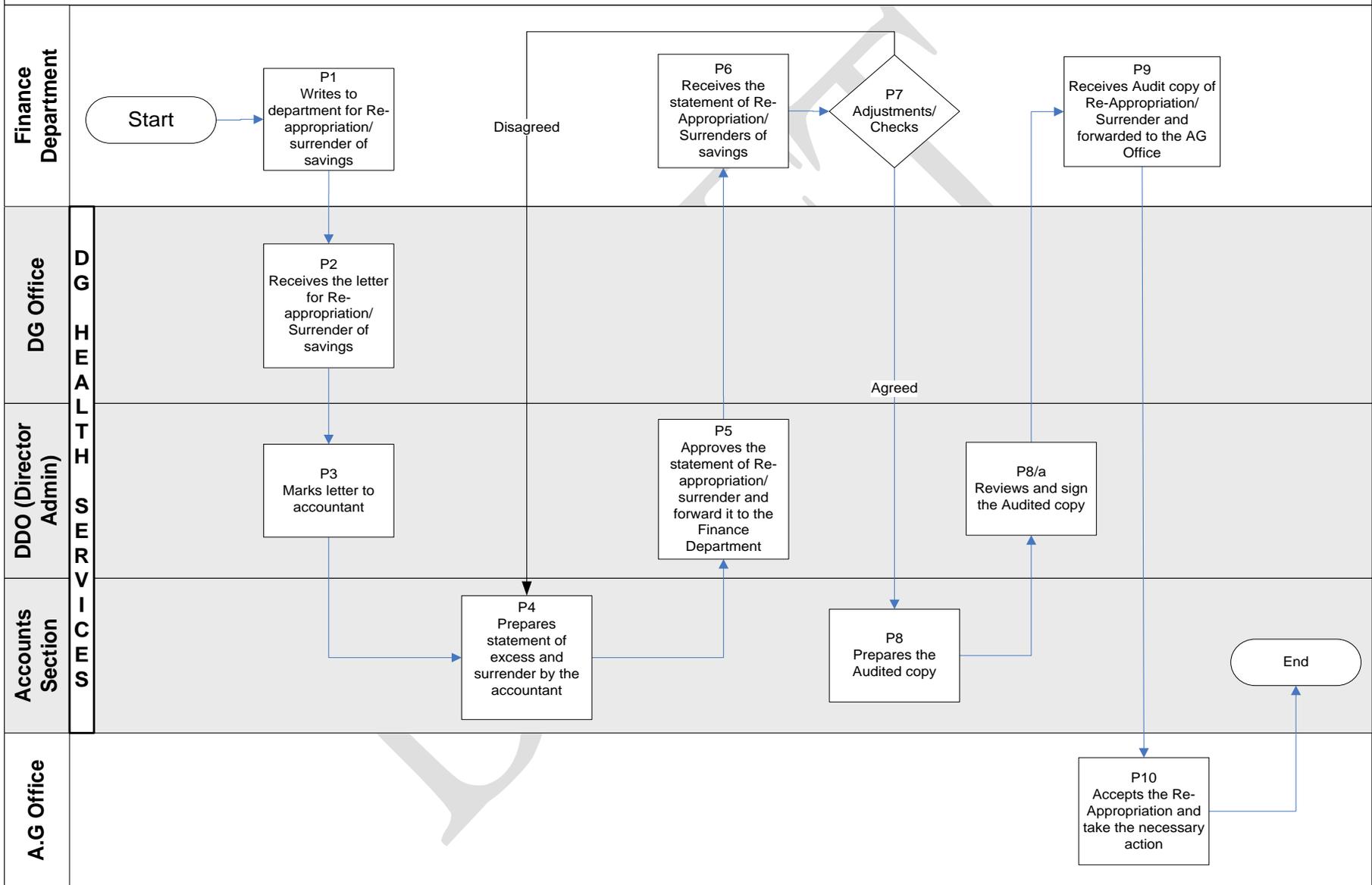


<b>Finance Department</b>	P9-Receives the audited copy signed by relevant officer and makes adjustment in appropriation account. A copy is sent to A.G office.	Risk sits in the Finance Department	Control for the risk sits in the Finance Department.
<b>A.G office</b>	P10-Accepts the copy of Re-appropriation /Surrenders of saving and makes necessary adjustments in the system.	Risk sits in the A.G Office	Control for the risk sits in the A.G Office.

DRAFT

Budget Re-appropriation

Process ID: Health/DG Health Services/BM/Re-appropriation-01



***B – Human Resources Management***

<b>Process Narrative Including Risk and Control Matrix</b>	<b>B-1</b>
Hiring process- Gazetted Employees (BPS-17)	Process id: Health/DG Health Services/HRM/Hiring Process-01

**Background Information:**

Any entity in the Health department including District Health Offices/DG Health Services may develop a proposal for creation of a post/position or a requisition for filling of vacant post due to retirement. Finance Department has the ultimate authority to approve the post/position and related budget for a new position/post. In case of filling a vacant position, approval from the Finance Department is not required

For gazetted employees (BPS – 17) Public Service Commission is responsible for tests, interviews and preparation of final list of the successful candidates.

Director General Health Services also conducts medical check-up of the employees before joining and IG office gives the clearance for criminal record.

AG Office is the competent authority to start the payroll. The personnel files for the secretariat employees are maintained within the Department. The service book, however, is maintained at the AG Office.

***Important Note:***

*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other than **DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

<b>Section/ Entity</b>	<b>Process Step</b>	<b>Risk</b>	<b>Control</b>
<b>DG Health Services - DG Office</b>	P1- Sends requisition to Secretary office health(SOE)	Risk that wrong requisition may be forwarded to secretary office or SOE	Collects data from different units by Clerk and computer operator prepare computerized list while reviewed by Director Administration
<b>Health Secretariat – Establishment Section – SOE (Section Officer Establishment)</b>	P1/a – Initiates a proposal for a new post in the office (Secretariat) or receives demand from the sub office (e.g. DG Health and district offices) and formal request is sent to Finance Department for approval of post and budget.	Risk sits in the respective department	Control sits in the respective department.
<b>Finance Department</b>	P2 – Sends letter of intimation to the concern department for the approval or rejection of post.	Risk sits in the Finance Department	Control sits in the Finance Department.
<b>Health Secretariat – Establishment Section – SOE (Section Officer Establishment)</b>	P3 – Prepares requisition on demand from Secretary and sends requisition to the Public Service Commission for hiring.	Risk sits in the Health Secretariat	Control sits in the Health Secretariat.
<b>Public Service Commission</b>	P4 – Advertises the job as per Government Policy.	Risk sits in the Public Service Commission	Control sits in the Public Service Commission
<b>Public Service Commission</b>	P5 – Conducts test and interview of the candidates and sends the final list of successful candidates to the Health Secretariat.	Risk sits in the Public Service Commission	Control sits in the Public Service Commission
<b>Health Secretariat –</b>	P6- Contacts the Director	Risk sits in the	Control sits in the

<b>Establishment Section – SOE (Section Officer Establishment)</b>	General Health for the date of medical check-up of the candidates. And same time they candidate will provide the clearance letter from IG office.	Health Secretariat	Health Secretariat.
<b>DG Health Services - DG Office</b>	P7 – Sends medical fitness & Police clearance report to the Section Officer Establishment Health.	The medical report can be change in favour of candidate	Director health reviews and DG health countersign the medical report.
<b>Health Secretariat – Establishment Section – SOE (Section Officer Establishment)</b>	P8 – Sends summary of all appointed candidates to the Chief Secretary for final approval.	Risk sits in the Health Secretariat	Control sits in the Health Secretariat.
<b>Chief Secretary</b>	P9 – Sends approved summary to the Section Officer (E) Health for further procedure.	Risk sits with the Chief Secretary	Control sits with the Chief Secretary.
<b>Health Secretariat – Establishment Section – SOE (Section Officer Establishment)</b>	P10 – Issues internal order/office order to the candidates for joining.	Risk sits in the Health Secretariat	Control sits in the Health Secretariat.
<b>Prospective Employee</b>	P11 – Submits the office order/notification to the bill assistant with supporting documents (CNIC, Office order, source 1 form) in accounts section to start his/her payroll.	Risk that the employee submits incomplete documents.	The bill assistant will check the documents submitted for completeness.
<b>DG Health Services – Bill Assistant</b>	P12 – Fills the Source 1 form of an employee and forwards it to the AG office, after approval from DDO (Director Administration),	Risk that the Form is not filled properly. Incomplete supporting documents are	AG office returns the case to the bill assistant.

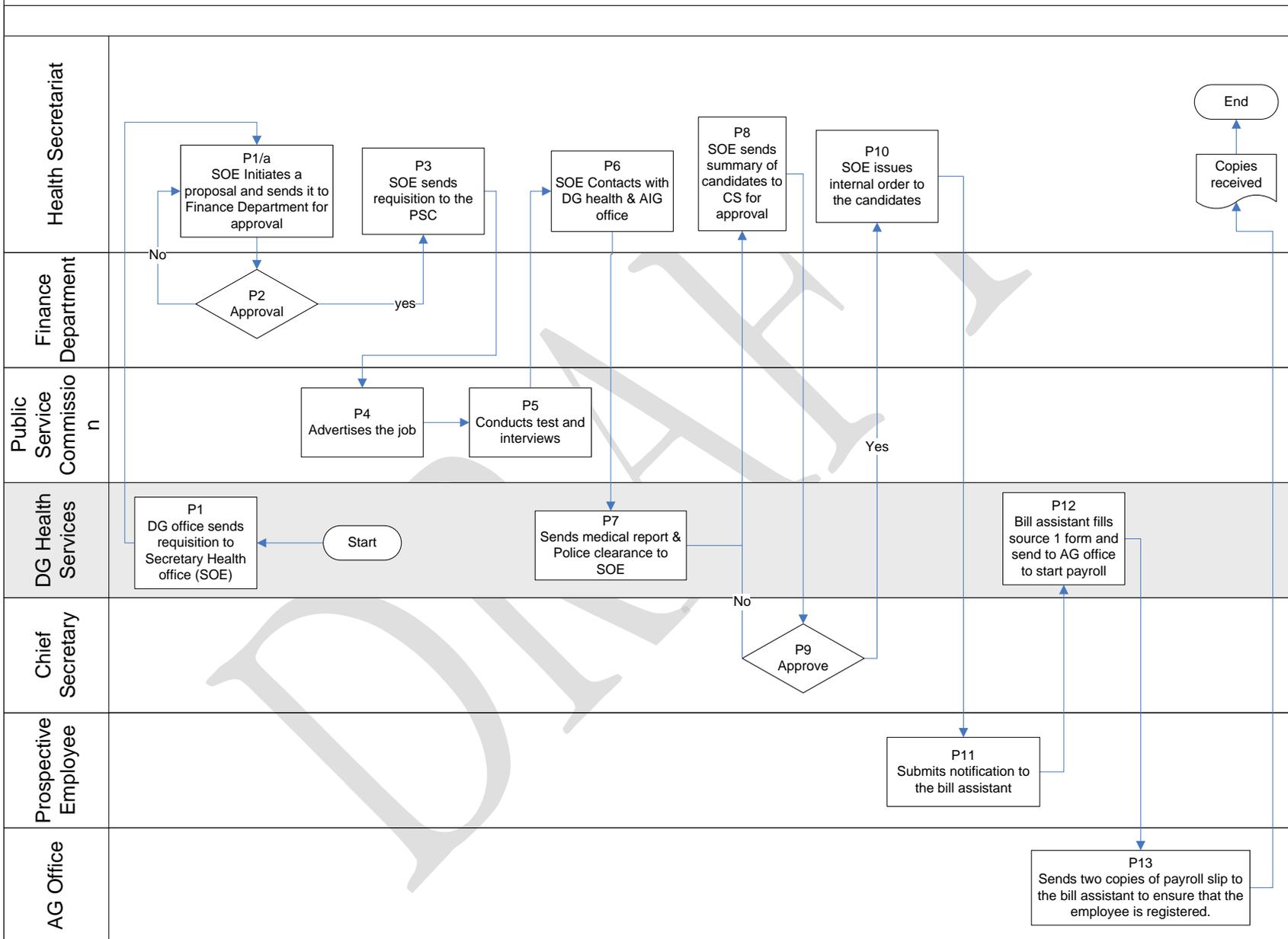
	with supporting documents (CNIC and notification) to start his/her salary process.	attached. Expired CNIC is attached.	
			Documents are checked / scrutinized and Source 1 form is signed by DDO (Director Administration) before forwarding to AG office.
			<b>Suggested Mitigating Control:</b> Document Control sheet listing all the documents required to be attached should be signed off by the preparer and reviewer both.
		Risk that the bill/form is not sent to AG office.	<b>Suggested Mitigating Controls:</b>  1. DDO office must maintain a list of approved bills/forms forwarded to Bills Assistant  2. The DDO (Director Administration) office must compare the list with bill dispatched register on monthly basis.  The bill dispatch register containing the list of bills along with their approval dates must be maintained reviewed by the DDO (Director Administration) before sending it to AG office.

<b>AG Office</b>	P13 – Sends two copies of payroll slip (one for an employee and other for an office) to the bill assistant to ensure that an employee is registered.	Risk sits at AG Office.	Control sits at AG Office.
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Hiring Process – Gazetted Employees

Process id: Health/DG Health Services/HRM/Hiring Process-01



<b>Process Narrative Including Risk and Control Matrix</b>	<b>B-2</b>
<b>Hiring - Non-Gazetted Employees</b>	<b>Process id: Health/ DG Health Services/HRM/Hiring Process -02</b>

**Background Information:**

DG Health is the competent authority to approve the post/position. At DG level only Junior Clerks and Naib Qasids (N/Q) are appointed. . According to the Government rules 33% of N/Qs shall be promoted as junior Clerks and remaining shall be appointed.

In DG Health Services Nurses and MO are appointed on contract basis. Same process is followed as for the appointment of junior clerk.

For non-gazetted employees (**Junior Clerk and N/Q**) the whole process of recruitment including test, interviews and preparation of final list of the successful candidates is completed within the DG Health Services

AG office is the competent authority to start the payroll. The personnel files and service books for the DG employees are maintained within the Department.

***Important Note:***

*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other than **DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

Section/ Entity	Process Step	Risk	Control
<b>DG Health Services-Administration Section</b>	P1 – Forwards the file to Superintendent, Assistant Director, Deputy Director, Director Admin and finally to DG for the approval of post/position.	Risk that an unreasonable requisition is forwarded to the DG Health for approval.	Post requisition sent to DG Health after the approval of Superintendent, Assistant Director, Deputy Director, Director Admin and DG Health. The above review ensures that there is valid justification for the new position.
			<b>Suggested Mitigating Controls:</b> 1) Demand for the position from the section concerned should be available in the file. The requisition should be approved by the relevant section head. 2) Workload assessment, of the section demanding the new post, should be carried out by the Deputy Director and comments be recorded on the file so that extra staff is not hired without any proper justification.
<b>DG Health Services –DG Office</b>	P2 – Approves the post/position and returns it to Dealing Assistant.	Risk that the case is not returned on time	Dealing Assistant will follow up the case.
			<b>Suggested Mitigating Controls:</b> 1. Time service standards as per

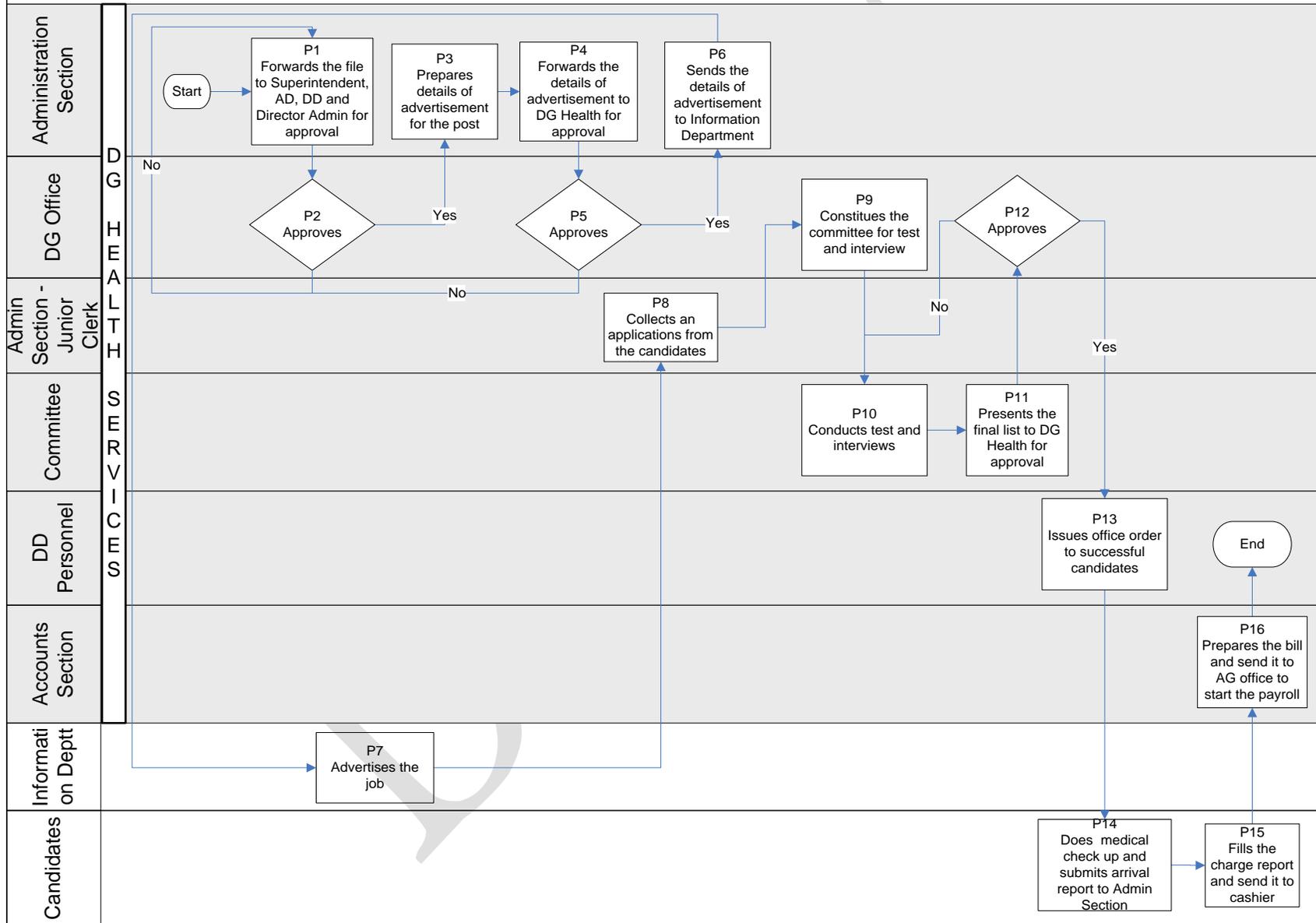
			<p>“APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.</p> <p>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</p> <p>3.The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where appropriate)</p>
<b>DG Health Services-Administration Section</b>	P3 – Prepares details of advertisement for the post.	Risk that the details of advertisement have deficiency in their content/eligibility criteria.	Approval by Superintendent, Assistant Director, Deputy Director, Director Admin and finally by DG
<b>DG Health Services-Administration Section</b>	P4 – Forwards the details of advertisement to the Superintendent, Assistant Director, Deputy Director, Director Admin and finally by DG for approval.	Risk that the case is not forward on time.	<p><b>Suggested Mitigating Controls:</b></p> <p>“Please refer to the time service standards controls suggested under Process Step-P2”</p>
<b>DG Health Services- DG Office</b>	P5 – Approves the file and marks it to the dealing assistant	Risk that the approval is delayed	Dealing Assistant will contact the DG in case of delay.
			<p><b>Suggested Mitigating Controls:</b></p> <p>“Please refer to the</p>

			time service standards controls suggested under Process Step-P2”
<b>DG Health Services-Administration Section</b>	P6 – Sends the advertisement to the Information Department.	Risk that the case is not forwarded on time.	<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step-P2”
<b>Information Department</b>	P7 – Advertises the job as per government rules.	Risk sits in Information Department.	Control sits with Information Department.
<b>DG Health Services-Administration Section-Junior Clerk</b>	P8 – Receives applications from the candidates and enters into Diary register.	Risk that some applications are missed out.	Junior Clerk makes an entry in the Diary register for all the applications received.
			<b>Suggested Mitigating Control:</b> The Assistant Director should ensure that all the applications received are entered in the Diary register. On a test basis a sample of application must be traced to the Diary register
<b>DG Health Services- DG Office</b>	P9 – Constitutes the committee to conduct test and interviews.	Risk that the committee is influenced.	Members of the committee are from different sections of DG Health along an independent member from the Secretariat i.e. SOE Health Secretariat to mitigate the risk of biasness.

<b>DG Health Services- Recruitment Committee</b>	P10 – Conducts test and interviews and prepares the final list of successful candidates.	Risk that the list is changed intentionally for personal interest.	Every member of committee signs the final list of successful candidates. Committee Members include: DG Health SOE Health Secretariat Director Administration Member from Relative section
		Risk that the marks included in the final list are different from the marks obtained in test and interview	Software is used for testing e.g. typing speed and the results are generated by the system so limiting the risk.
		Risk that the ineligible candidate is allowed to sit for test and interview and finally selected.	<b>Suggested Mitigating Control-</b> Initial screening of the applicants should be carried out at the time applications are submitted and only short listed candidates be allowed for test and interview.
<b>DG Health Services- Recruitment Committee</b>	P11 – Presents the final list of successful candidates to the DG Health for their approval.	Risk that the list is not forwarded on time	<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step-P2”
<b>DG Health Services – DG Office</b>	P12 – Approves the list.	Risk that the approval may not be given on time.	<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step-P2”

<b>DG Health Services-Deputy Director Personnel</b>	P13 – Issues office order to the successful candidates.	Risk that some of the candidates are missed out to notify.	The successful candidate will follow up.
			<b>Suggested Mitigating Control:</b> Administration section should reconcile the notifications against the list of successful candidates to ensure that no one is left to notify.
<b>Candidates</b>	P14 – Does their medical check-up from the Police Services Hospital, collects the medical report and submits it to the administration section along with arrival report.	Risk that the medical report is not submitted.	The candidate will not be allowed to fill the charge report and thus start his job.
<b>Candidates</b>	P15 – Fills charge report and submits a copy to the cashier.	Risk that incorrect bio data is entered on the charge report.	Cashier checks the form before forwarding to AG office.
		Risk that the candidate is allowed to fill the charge report without submitting the medical report.	AG office will not accept the incomplete documents resulting not to register the employee on the payroll.
<b>DG Health Services-Accounts Section</b>	P16 – Prepares the file of the candidates, prepares the source 1 form, attaches the relevant documents (Charge report, appointment letter, CNIC) and forwards it to the AG office to start the employee's payroll.	Risk that the Form is not filled properly. Incomplete supporting documents are attached. Expired CNIC is attached.	AG office returns the case to the cashier.
			Documents are checked / scrutinized

			and form is approved and signed by Director Admin (DDO) before forwarding to AG office.
			<p><b>Suggested Mitigating Control:</b></p> <p>Document Control sheet listing all the documents required to be attached should be signed off by the preparer and reviewer both.</p>
		Risk that the bill/form is not sent to AG office.	<p><b>Suggested Mitigating Controls:</b></p> <ol style="list-style-type: none"> <li>1. DDO office must maintain a list of approved bills/forms forwarded to Cashier</li> <li>2. The DDO (Director Administration) office must compare the list with bill dispatched register on monthly basis.</li> </ol> <p>The bill dispatch register containing the list of bills along with their approval dates must be maintained reviewed by the DDO (Director Administration) before sending it to AG office.</p>



<b>Process Narrative Including Risk and Control Matrix</b>	<b>B-3</b>
<b>Promotion – Non Gazetted Employees</b>	<b>Process id: Health/ DG Health Services/HRM/- Promotion-02</b>

**Background Information:**

The promotion process of the health Department staff varies in accordance with their basic pay scale. From BPS-1 to BPS-12 the promotion process is carried out by the establishment department, while that of BPS 13 to 14, promotion process normally include approval of DG Health and Departmental promotion committee subject to availability of vacancies. The promotion process of BPS 17 and above involves approval of the provincial selection board subject to availability of posts.

Step wise procedures of promotion of employees with BPS 13 to 14 are as follows:

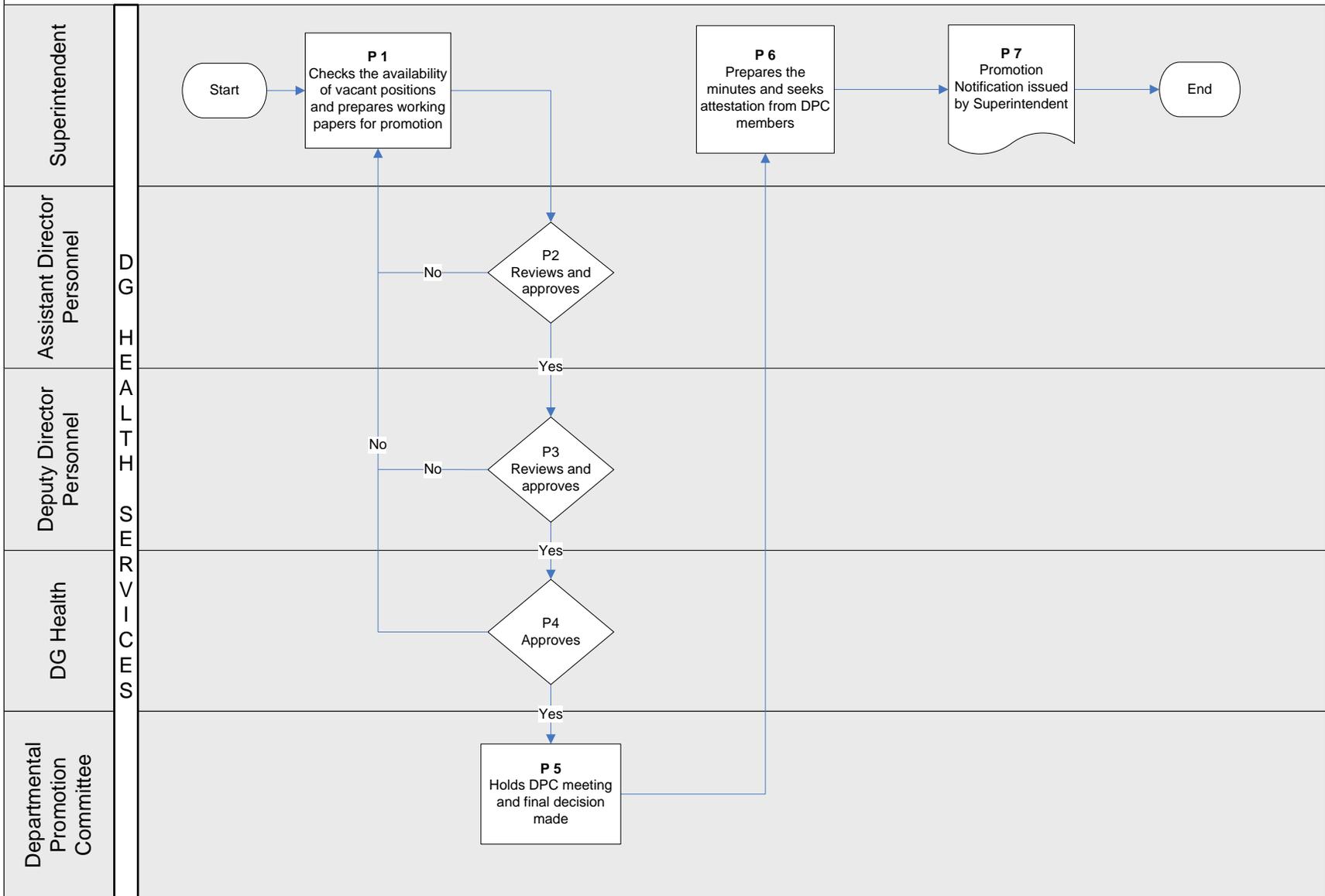
***Important Note:***

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Section/ Entity	Process Step	Risk	Control
<b>DG Health Services– Superintendent Personnel</b>	<b>P-1:</b> Confirms the availability of vacant positions in Health Department and Prepares the working papers for promotion and forwards to AD-Personnel for initial approval.	The number of vacant posts may wrongly be identified The number of vacancies available may not be correct.	The list of vacant posts confirmed by other means/Sources such as written or verbal confirmation from relevant divisions.
<b>DG Health Services– Personnel Section - Assistant Director</b>	<b>P-2:</b> Reviews, approves and forwards the summary to Deputy Director	Risk that the file is not forwarded on time	<b>Suggested Mitigating Controls:</b> <ol style="list-style-type: none"> <li>1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.</li> <li>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</li> <li>3. The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where appropriate)</li> </ol>
<b>DG Health Services– Personnel Section - Deputy Director</b>	<b>P-3:</b> Reviews, approves and forwards the summary to DG Health	Risk that the file is not forwarded on time	<b>Suggested Mitigating Controls:</b> <p>“Please refer to the time service standards suggested under Process Step- P2”</p>

<b>DG Health Services– DG Office</b>	<b>P-4:</b> Approves the Summary and marks the file for DPC meeting	Risk that the summary is not returned on time.	Employee will contact the Superintendent Personnel in case of delay.
			<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
<b>Departmental promotion committee (DPC)</b>	<b>P-5:</b> Holds meeting under the chairman ship of DG health department. In the light of record / ACR of the candidates included in the list are assessed and suitable candidates against vacant posts are recommended for the promotion in BS-13 and BS-14.	The meeting may not be timely held	Superintendent Personnel ensure timely arrangement to convene meeting of the DPC.
			<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health Services– Superintendent Personnel</b>	<b>P-6:</b> Issues minutes of the meeting duly signed by all the members of DPC	The minutes may not be timely issued	The Superintendent Personnel records minutes of the meeting and ensure that these are disseminated timely.
			<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
		The list may not be signed by all the	The Superintendent Personnel ensures that

		participants	all the participants have signed the list.
<b>DG Health Services– Superintendent Personnel</b>	<b>P-7:</b> Issues the notification in the light of DPC minutes for the promotion of the employees cleared by the DPC.	The final notification may be disputed or have some mistake.	The Superintendent Personnel records minutes of the meeting and ensure that these are disseminated timely. The promoting employee will follow up with DG Health if there is any mistake in the notification
		Risk that issuance of the notification is delayed.	<b>Suggested Mitigating Controls:</b> “Please refer to the time service standards controls suggested under Process Step- P2”



<b>Process Narrative Including Risk and Control Matrix</b>	<b>B-4</b>
Posting and Transfer – BPS 1 to 16	Process id: Health/ DG Health Services/HRM/Posting- Transfer 01

**Background Information:**

This process explains how officers/employees are either transferred to another entity or posted in a different role in the same entity.

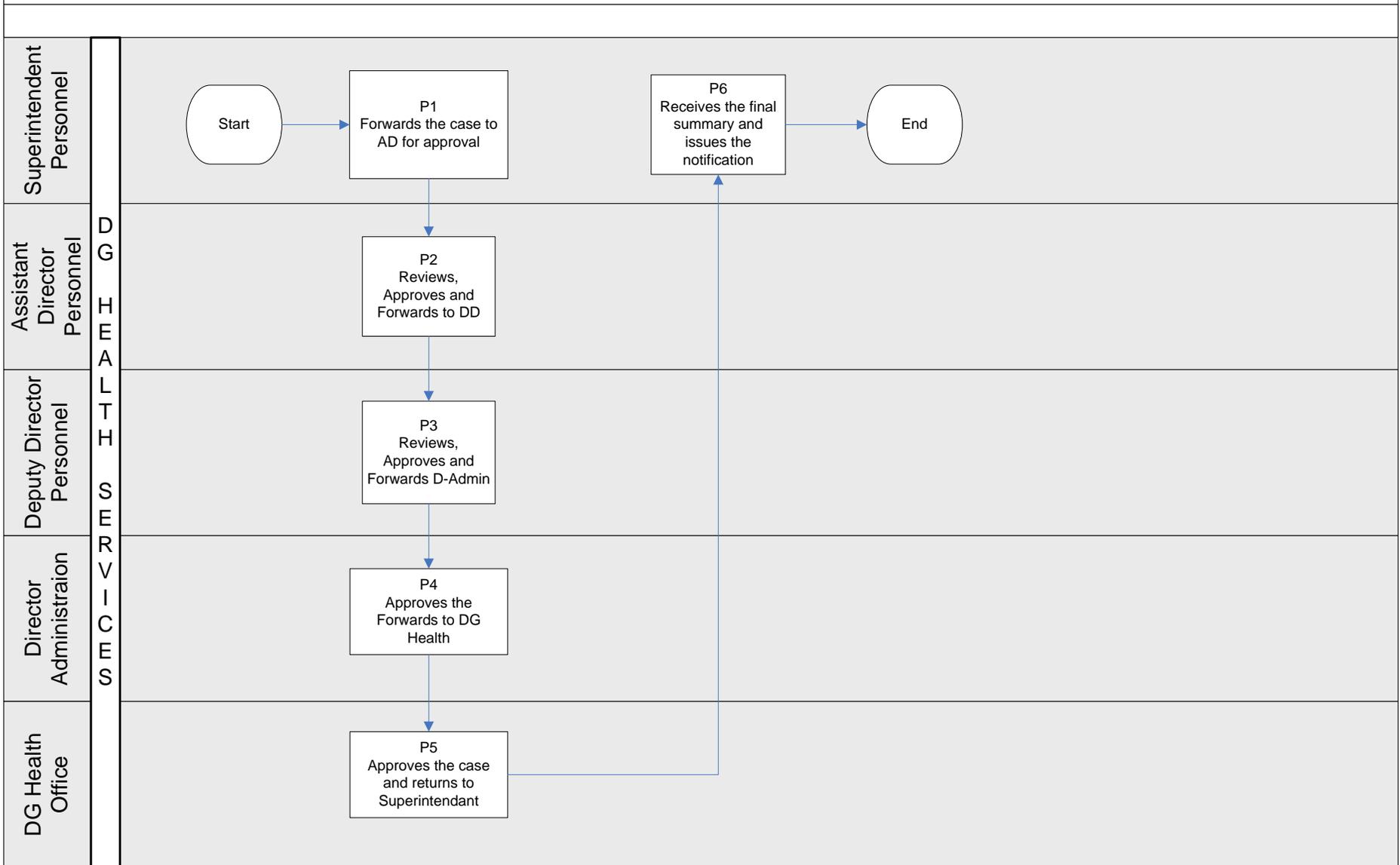
After the transfer of officer/employee, the head of the entity can post that officer/employee in any relevant section to get the best results.

***Important Note:***

*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other **than DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

Section/ Entity	Process Step	Risk	Control
DG Health Services-Personnel Section - Superintendent	P-1 Prepares the summary and gets the NOC from both DHOs if the transfer is District to District and forwards it to AD Personnel, for approval	Transfer case may not contain factual position and grounds for transfer are not correct.	The instructions to transfer are supported by reasonable justification and must be according to prevailing laws. Review by AD, DD, Director Administration and DG will ensure that the risk is mitigated.
		Risk that a case for transfer is received with the employee having worked at the current post for less than 3 years or the time prescribed by the Government depending on the area	Review of the summary by the AD, DD Personnel, Director Administration and finally by the DG Health.
DG Health Services-Personnel Section - Assistant Director	P2 - Reviews, approves and forwards the summary to Deputy Director Personnel	Risk that the file is not forwarded on time	<p><b>Suggested Mitigating Controls:</b></p> <ol style="list-style-type: none"> <li>1. Time service standards as per "APPENDIX-III Para 7 (c)" Manual of Secretariat should be followed.</li> <li>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</li> <li>3. The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where</li> </ol>

			appropriate)
<b>DG Health Services– Personnel Section – Deputy Director</b>	P3 - Reviews, approves and forwards the summary to Director Administration	Risk that the file is not forwarded on time	<b>Suggested Mitigating Controls:</b> “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health Services– Administration Section – Director Administration</b>	P-4 Approves the Summary and forward the case to DG health for final Approval	Risk that the file is not forwarded on time	Transferring employee will contact the Director Administration/ Superintendent.
			<b>Suggested Mitigating Controls:</b> “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health Services– DG Office</b>	P-5 Receives the summary, approves and send it back to Superintendent	Risk that the case is not returned on time.	Transferring employee will contact the Director Administration/ Superintendent.
			<b>Suggested Mitigating Controls:</b> “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health Services– Personnel Section – Superintendant</b>	P-6 Receives the final summary and issues the notification.	Risk that notification is not issued on time	Transferring employee will contact the Director Administration/ Superintendent.
			<b>Suggested Mitigating Controls:</b> “Please refer to the time service standards controls suggested under Process Step- P2”



<b>Process Narrative Including Risk and Control Matrix</b>	<b>B-5</b>
Posting and Transfer – BPS-17and above	Process id: Health/ DG Health Services/HRM/Posting-Transfer 01

**Background Information:**

This process explains how officers/employees are either transferred to another department or posted in a different role in the same department.

A notification is issued for the gazetted officers/employees.

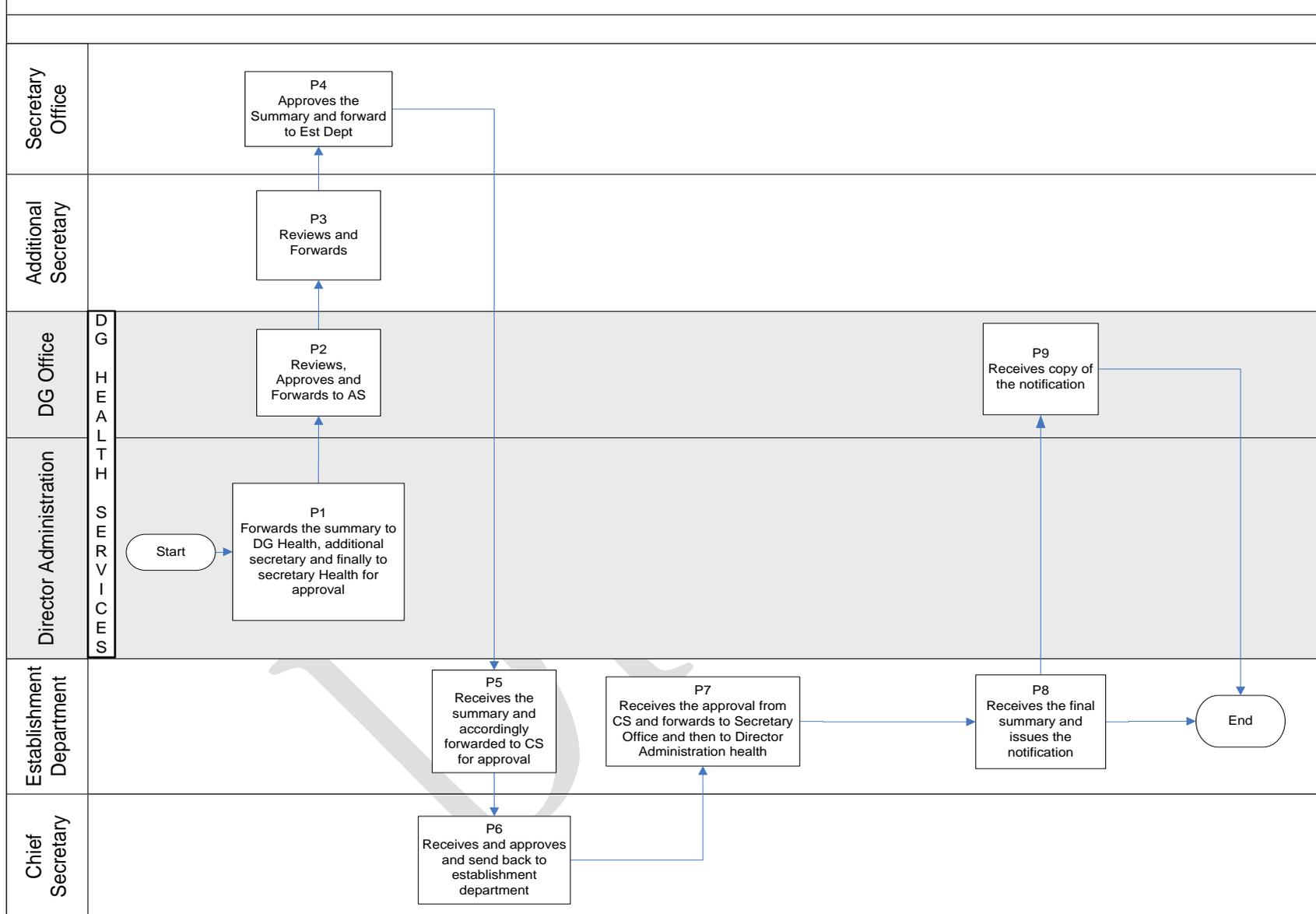
After the transfer the head of the entity can post that officer/employee in any relevant section to get the best results.

***Important Note:***

*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other **than DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

Section/ Entity	Process Step	Risk	Control
<b>DG Health Services – Administration Section - Director Administration</b>	P-1 Prepares the summary and forwards it to DG Health, additional secretary and finally secretary health for approval	Transfer case may not contain factual position and grounds for transfer are not correct.	The instruction to transfer supported by reasonable justification and must according to prevailing laws
		Risk that a case for transfer is received with the employee having worked at the current post for less than 3 years or the time prescribed by the Government depending on the area	Review of the summary by the DG health, Deputy Secretary, AS and finally by the Secretary.
<b>DG Health Services – DG Health Office</b>	P2 - Reviews, approves and forwards the summary to Additional Secretary	Risk that the file is not forwarded on time	<b>Suggested Mitigating Controls:</b>  1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.  2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.  3. The reconciliation report should then be forwarded to the next higher authority for his/her review & signature.(where appropriate)
<b>Health Secretariat – Additional Secretary</b>	P3 - Reviews, approves and forwards the summary to Secretary	Risk sits in the health Secretariat	Control for the risk sits in Health Secretariat

<b>Health Secretariat – Secretary Office</b>	P-4 Approves the Summary and forward the file to establishment department	Risk sits in the health Secretariat	Control for the risk sits in Health Secretariat
<b>Establishment Department (Civil Secretariat)</b>	P-5 Receive the summary from department and checks the formalities and forwarded to CS/CM for final approval	Risk sits in the Establishment department	Control sits in the Establishment department
<b>Chief Secretary office (CS)</b>	P-6 Receives the summary, approves the transfers and forwards to SOE	Risk sits in the Chief Secretary office	Control sits in the Chief Secretary office
<b>Establishment Department (Civil Secretariat)</b>	P-7 Receives the approved summary from CS/CM and issues notification	Risk sits in the Establishment department	Control sits in the Establishment department
<b>DG Health Services – DG Health Office</b>	P-8 Receives a copy of the notification	Risk that copy of the notification is not received	The DG office will follow up with the Establishment Department



<b>Process Narrative Including Risk and Control Matrix</b>	<b>B-6</b>
Training and Development – All Employees	Process ID: Health/DG Health Services/HR/Training & Development - 01

**Background Information**

Each organization conducts training and development activities to improve skills of their employees. The health department provides training and development at different level and stages. There are two types of training one is in-house & the other being foreign training.

***Important Note:***

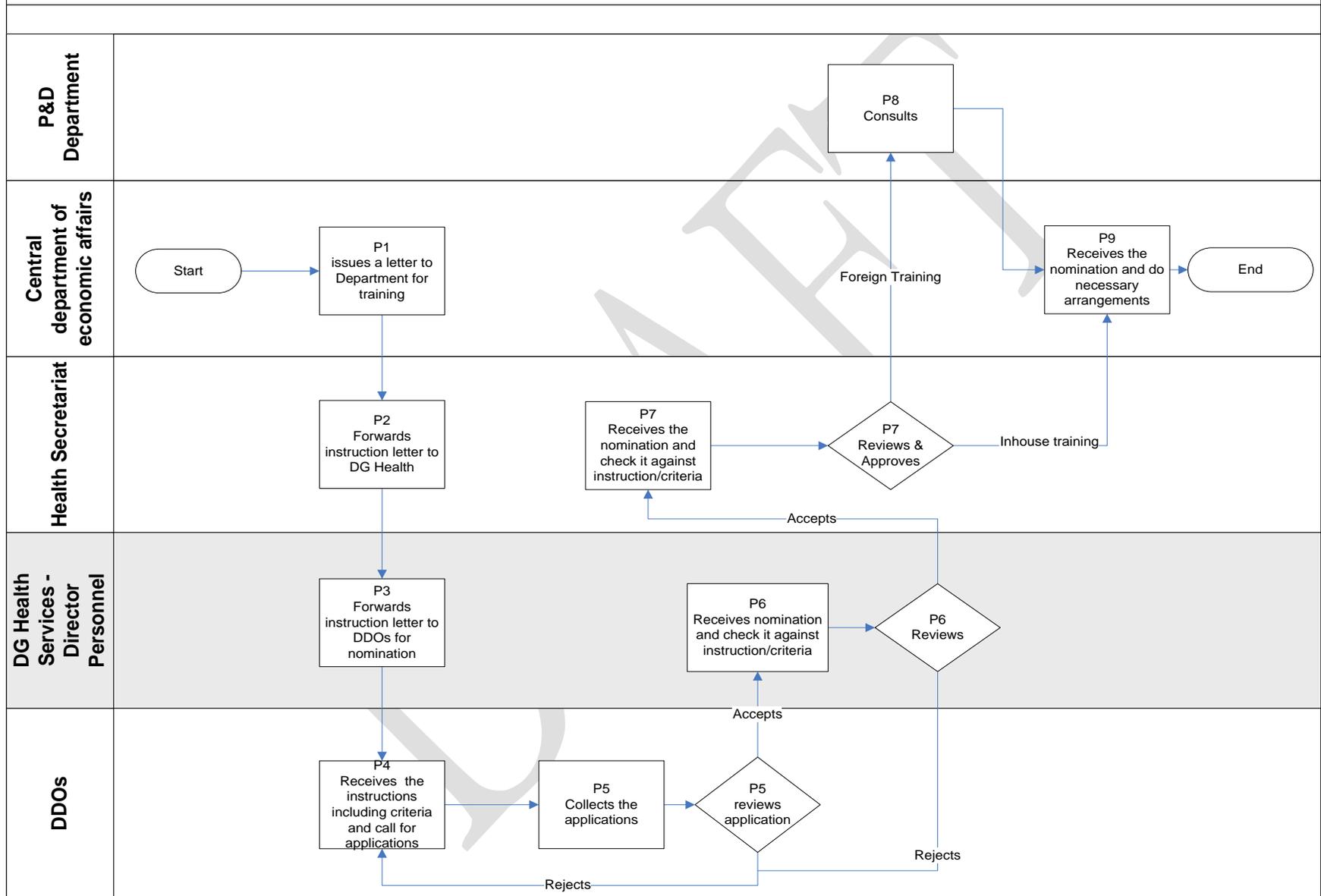
*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other than **DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

Section/ Entity	Process Step	Risk	Control
<b>Central Department of Economic Affairs</b>	P1 – Issues a letter to departments for training and development	Risk sits in Central Department of Economic Affairs	Controls for the risk sits in Central Department of Economic Affairs t
<b>Health Secretariat</b>	P2 – Receives the letter and then forwards it along with instructions to DG Health Services office.	Risk that letter is not forwarded to DG Health Services office on time.	Letters are dispatch through dispatch and diary section which keeps complete record.
			<p><b>Suggested Mitigating Controls:</b></p> <ol style="list-style-type: none"> <li>1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.</li> <li>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</li> <li>3.The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where appropriate)</li> </ol>
<b>DG Health Services-Director Personnel</b>	P3 – Forwards the letter along with instructions to DDOs for nomination.	Risk that instructions are not forwarded on time	<p><b>Suggested Mitigating Controls:</b></p> <p>“Please refer to the time service standards</p>

			controls suggested under Process Step-P2”
		Risk that instructions are not issued to all DDOs and a DDO is missed out	<b>Suggested Mitigating Control:</b> A control sheet should be maintained which should include a complete list of DDOs. When letter/instructions are issued to a particular DDO it should be indicated on the control sheet along with the date of issuance.
<b>Health DDOs</b>	P4 - Receives the instructions along with instructions for selections and call for applications.	Risk sits in DDOs	Control sits in DDOs
<b>Health DDOs</b>	P5 - Receives applications review it against criteria and merit. If the applicant fulfils the criteria then it is accepted and placed in the nomination list. If not then it is rejected.	Risk sits in DDOs	Control sits in DDOs
<b>DG Health Services-Director Personnel</b>	P6 - Receives nomination list and reviews it against instructions and criteria. If nomination fulfils the criteria then it is accepted and forwarded. If not it is rejected.	Risk that ineligible candidate is selected for training.	The letter/instructions received from Health Secretariat clearly states the eligibility criteria and documents required. The Director Personnel reviews the nominations against the criteria and approves those cases which meet the criteria.

			At the Secretariat Level the application is reviewed and signed by SO (B/T) then forwarded to Deputy Secretary, Special Secretary and Secretary for review and approval.
		Risk that training is imparted in an area where there is already abundance of expertise and other important areas are ignored	<b>Suggested Mitigating Control –</b> The office should carry out Training Needs Assessment at each level on an annual basis. This will identify the areas of strength and weaknesses. The plan should then be discussed with the Central Department of Economic Affairs to develop a comprehensive strategy for training.
		Risk that an employee is selected for training in an area where he/she already has the expertise	<b>Suggested Mitigating Control –</b> A complete HR database of all the employees should be maintained. This database should include all the relevant information about an employee including qualification, area of expertise, trainings done in the past etc. In the nominations for training the database should be consulted.

<b>Health Secretariat</b>	<p>P7 - Receives nomination list reviews it against set criteria and instructions and formal approval is taken from SO (B/T), Deputy Secretary, Special Secretary, and Secretary.</p> <p>If the nomination is for foreign training then it is forwarded to P&amp;D department for consultation. If the nomination is for In house training it is forwarded to Division of Economic Affairs.</p>	Risk sits in Health Secretariat	Control sits in Health Secretariat
<b>P&amp;D Department</b>	P8 - Consultations start between health and P&D Departments and then forwarded to Economic Affairs Divisions.	Risk sits in P&D Department	Control sits in P&D Department.
<b>Central Department of Economic Affairs</b>	P9 - Receives the nomination list and take the necessary action.	Risk sits in Central Department of Economic Affairs	Controls sits in Central Department of Economic Affairs



Process Narrative Including Risk and Control Matrix	<b>B-7</b>
Retirement – All Employees	Process id: Health/DG Health Services/HRM/Retirement Process-01

**Background Information:**

Officers/Employees in Government retire at 60 years of age. After retirement the employee is entitled to pension, G.P and Benevolent fund payments. Employee may also be entitled to pension on death or voluntary retirement provided he/she has served the minimum required years as stipulated in the law.

***Important Note:***

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Section/ Entity	Process	Risk	Control
DG Health Services– Director Personnel	P-1: Prepares a list of the retiring employees due to retire in the current financial year after identifying the date of retirement. A file is then prepared for each employee and forwarded to DG Health	The date of retirement may wrongly be identified.	Segregation of duties principle is followed in such a way that Sr. Clerk prepares the list and Director Personnel reviews the dates against the personal files.
DG Health Services– DG Office	P-2: Approves to issue the notification for the retirement.	The approval from DG is not timely.	Director Personnel ensures timely approval from DG health.
			<p><b>Suggested Mitigating Controls:</b></p> <ol style="list-style-type: none"> <li>1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.</li> <li>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</li> <li>3. The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where appropriate)</li> </ol>
DG Health Services–	P-3: Circulates the retirement notification	Notification may not be circulated	Director Personnel ensure to notify all concerned

Director Personnel	to all concerned.	timely to all concerned.	timely.
			<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
<b>Applicant</b>	<b>P-4:</b> Prepares the retirement documents and submits it Director Personnel. Application for leave encashment and benevolent fund is also submitted to Director personnel.	Risk sits with the applicant	Control sits with the applicant.
		Risk that incorrect documents or wrong information is provided in the forms	The forms are reviewed by the director personnel against the information in the personal file. The Director Personnel then signs the case. The final review and approval by DG Health will also mitigate the risk.
<b>DG Health Services– Director Personnel</b>	<b>P-5:</b> Gives approval and returns to documents to Director Personnel for further processing.	Risk that approval is given for a case which is not fit for it.	The Four eye control that is review by Director Personnel and final approval by DG Health will ensure that the case is fit according to the rules and that information provided is correct.
<b>DG Health Services– Director Personnel</b>	<b>P-5A :</b> Reviews and forwards to PAC section	Risk that the case is not forwarded on time	<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health</b>	<b>P-6:</b> Gives clearance that	Risk that the case is	PAC ensures to send back

<b>Services – Deputy Director Audit</b>	no Audit Para is outstanding .In case of any Audit Para outstanding, all the details are referred to director personnel	not forwarded to director personnel on time	the clearance on time.
			<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health Services – DG Office</b>	<b>P-7:</b> Approves the documents and forwards it to director personnel for further necessary action.	Documents may not be forwarded to director personnel on time.	DG Office ensures that the documents are forwarded to Director Personnel on time.
			<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health Services– Director Personnel</b>	<b>P-7a</b> - Sends the documents to AG office and benevolent fund cell.	Risk that the documents are not forwarded to the relevant offices on time	<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
		Risk that the documents are not sent to the relevant offices at all.	<b>Suggested Mitigating Controls:</b>  1. The DG office should maintain a list of approved pension cases. On a monthly basis this list should be forwarded to DDO (Director Administration)  2. The DDO (Director Administration) office

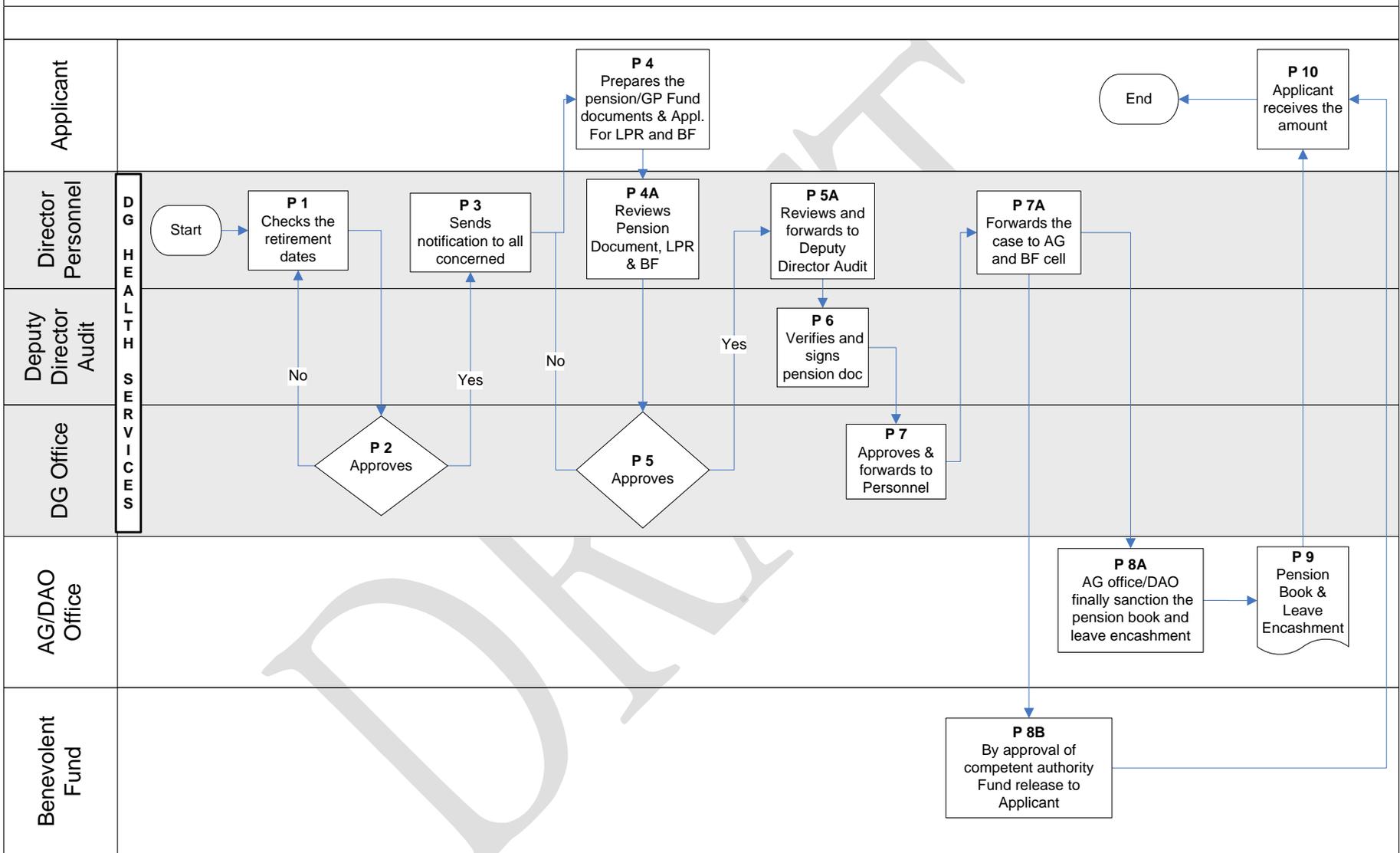
			must compare and review the list with dispatched register on a monthly basis. Any outstanding cases should be followed up with the Director Personnel.
<b>AG Office</b>	<b>P-8-A:</b> Receives the pension documents, these are processed in the light of service book, GP fund deductions and other relevant record.	Risk sits in AG office	Control sits in AG office
<b>Benevolent Fund Cell</b>	<b>P-8-B:</b> Processes, approves and issues cheque to the applicant with a copy send to director personnel	Risk sits in BF Cell	Control sits in BF Cell
<b>AG/DAO office</b>	<b>P-9:</b> Scrutinises and transfers amount to the applicant regarding commutation and final GP fund besides issuing PPO (Pension Payment Order) in favour of applicant. Copy is also sent to director personnel	Risk sits in DAO/AG office	Control sits in DAO/AG office
		Risk that a case is forwarded to AG Office but PPO is not received in time or not received at all.	<b>Suggested Mitigating Controls::</b> 1. The Director Personnel must maintain a list of all cases forwarded to AG Office. A monthly reconciliation of cases sent and PPO received must be prepared. A reconciliation report identifying outstanding cases must be generated

			and reviewed by Director Personnel.  2. A copy of this report must also be sent to the DG Health for his review and signatures.
<b>Applicant</b>	<b>P-10:</b> Receives the amount in his respective bank account.	Relevant risk may be identified at relevant level	Relevant control must be addressed at relevant level.

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Retirement Process - All Employees

Process id: Health/DG/HRM/Retirement Process-01



*C – Procurement*

<b>Process Narrative Including Risk and Control Matrix</b>	<b>C-1</b>
<b>Procurement- Tendering process</b>	<b>Process ID: Health/DG Health Services/ Procurement/ Tendering process-01</b>

**Background Information**

Procurement includes acquisition of goods and/or services. The relevant law which govern the procurement procedure in KPK is “KPK Procurement of Goods, Works & Services Rules 2003”.

**Procurement Process**

After fulfilment of the initial requirements for procurement the Purchase Committee (established by the head of the Department for purchases over Rs. 40k) issues directions to Information Department for issuance of tender in the newspapers. Bids are received from suppliers/ contractors and opened in a tender opening meeting by Tender Evaluation Committee. Comparative statement is prepared and supplier/ contract with lowest bid is accepted. The purchase committee cancels the contract if it is found that the information provided by the contractor is false. Earnest money amounting to 2% of the bid value is received from all tenderers and 10% of the cost of project from successful bidders.

Tender Inviting Authority gives a minimum of 30 days between date of publication of the notice inviting tender and submission of tender.

***Important Note:***

*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other **than DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

Section/ Entity	Process Step	Risk	Control
<b>DG Health Services- Section User</b>	P1 – Sends the purchase requisition to the Section Officer General (Director Administration).	Risk that an incorrect demand is submitted.	Head of the section or the PA/PS authorizes the demand before forwarding it to the Section Officer General.
		Risk that a demand is created for items already on stock or the utilization rate is very high	<b>Suggested Mitigating Control</b> – A utilization rate should be determined for major items such as paper rims and toners and each demand should be checked against this rate by the DDO
<b>DG Health Services- (Director Administration) DDO</b>	P2 – Marks the requisition to the accounts section	The requisition is not forwarded to accounts section on time	The user section will follow up with the DDO (Director Administration) in case of delay.
			<b>Suggested Mitigating Controls:</b> <ol style="list-style-type: none"> <li>1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.</li> <li>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</li> <li>3. The reconciliation report should then be forwarded to the next</li> </ol>

			higher authority for his/her review & signature.(where appropriate)
<b>DG Health Services- Accounts Section</b>	P3 – Accountant checks the availability of budget and forwards it to DDO (Director Administration).	Risk that availability of budget is not checked	Approval by DDO (Director Administration), Director Budget and DG Health will ensure that budget is available. (According to North-West Frontier Province Delegation of Financial Powers under the Financial Rules and the powers of Re-Appropriation Rules, 2001)
		Risk that requisition is not forwarded to DDO (Director Administration) on time.	<b>Suggested Mitigating Controls:</b> “Please refer to the time service standards controls suggested under Process Step-P2”
<b>DG Health Services- DDO (Director Administration)</b>	P4 – Reviews the file and forwards it to the competent authority	Risk that requisition is not forwarded to competent authority on time	<b>Suggested Mitigating Controls:</b> “Please refer to the time service standards controls suggested under Process Step-P2”
<b>DG Health Services- Competent Authority</b>	P4a – Approves the file and returns to DDO (Director Administration)	Risk that approval is given by an authority exceeding his/her authority limits	The file is routed through DDO (Director Administration) who will make sure that it is forwarded to the appropriate competent authority according to North-West Frontier Province Delegation of Financial Powers under

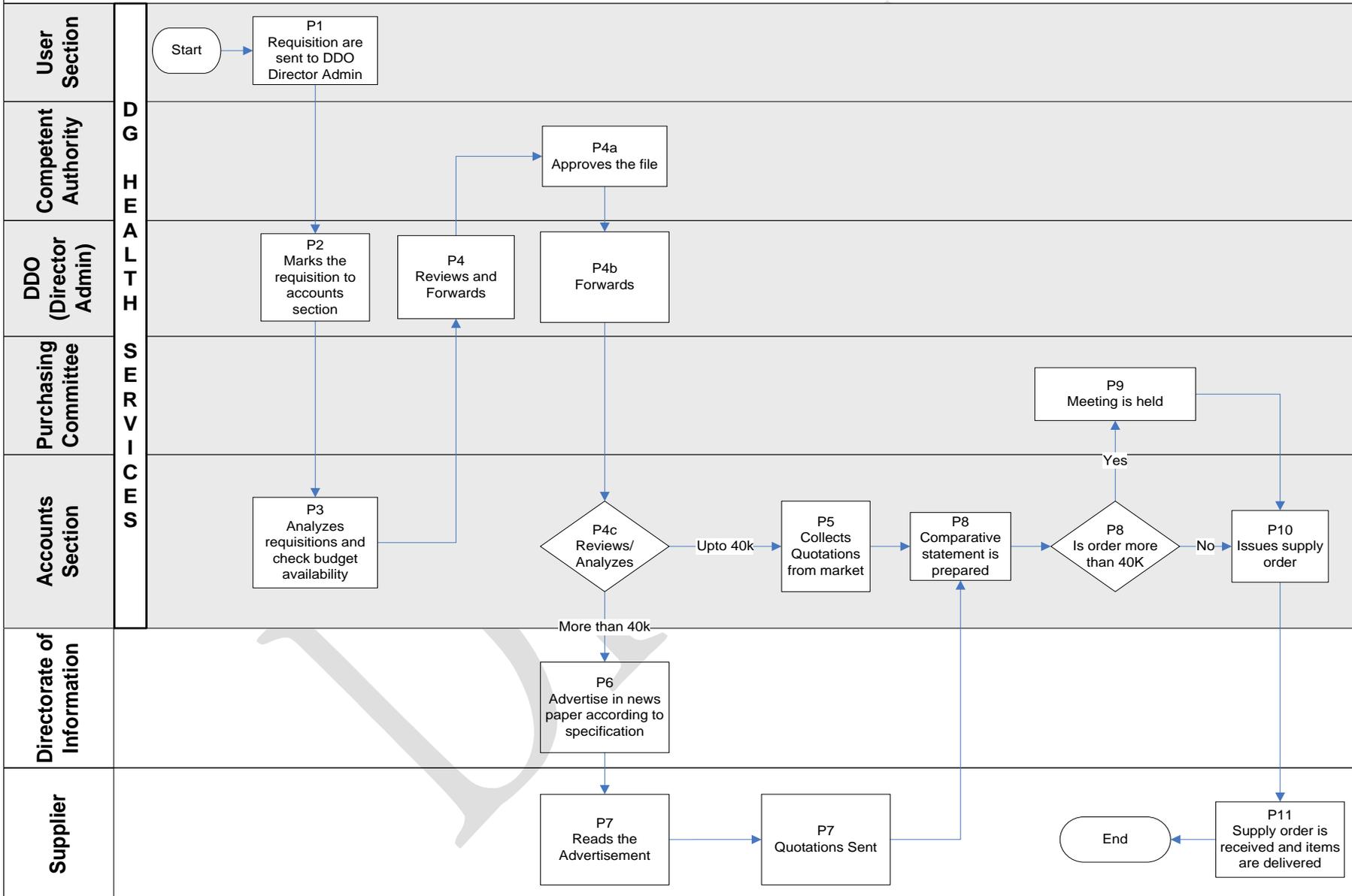
			the Financial Rules and the powers of Re-Appropriation Rules, 2001)
<b>DG Health Services- DDO(Director Administration)</b>	P4b – Forwards the file to accounts section	Risk that approved file is not forwarded to Accounts Section on time	<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step-P2”
<b>Health Secretariat- Accounts Section</b>	P5- Accountant collects quotations from local market and suppliers for orders less than Rs.40, 000.	Risk that for purchase requisition above Rs.40, 000 the tendering process is not followed.	Approval by DDO (Director Administration), Director Budget and DG health. (According to North-West Frontier Province Delegation of Financial Powers under the Financial Rules and the powers of Re-Appropriation Rules, 2001)
		Risk that no market survey has been conducted before collecting quotations.	Approval by DDO (Director Administration) and DG health. (According to North-West Frontier Province Delegation of Financial Powers under the Financial Rules and the powers of Re-Appropriation Rules, 2001)
<b>Directorate of Information</b>	P6 – advertises the tender in 3 daily newspapers according to “KPK Procurement of Goods, Works & Services Rules 2003”.	Risk sits in the Directorate of Information	Control for the risk sits in Directorate of information.

<b>Suppliers</b>	P7- Checks advertisement in newspaper, analyze it and then send their quotations to the accounts section.( or the addressee mentioned in the advertisement)	Risk sits with the respective supplier.	Control for the risk sits with the respective supplier.
<b>DG Health Services - Accounts Section</b>	P8- Accountant receives quotations/tenders for both type of purchase and then a comparative statement is prepared.	Risk that the supplier does not meet the criteria specified in the tender.	When quotations are received these are reviewed and signed by Deputy Director Administration, DDO (Director Administration), other committee members
		Risk that an eligible supplier is not included in the comparative statement.	The comparative statement is reviewed and signed by all the members of the purchase committee for purchases above Rs. 40K. For purchases below Rs. 40K the comparative statement is reviewed and signed by the DDO (Director Administration)
		Risk that no single quotation/or less than three quotations are received.	Re- advertises the tender. If again less than three quotations are received then approval of the competent authority and reasons for going ahead with the purchase are documented.
<b>DG Health Services -Purchasing Committee</b>	P9- Meets with the prospective suppliers for discussion and negotiations and lowest bid is selected. Finally minutes of the meeting of the purchasing committee	Risk that Specialist staff is not present in the purchasing committee.	Purchasing committee is headed by chairman DG Health, and four other members including the DDO (Director Administration). Where

	are issued. (Purchasing Committee headed by Chairman and four other members)		necessary, say for example if IT equipment is purchased then, relevant personnel from the IT section such as DHIS is included in the Committee.
		Risk that quality is impaired if supplier selected on basis of lowest bid.	In the purchasing committee meeting price and quality both are discussed with selected supplier and it is also mentioned in supply order. In case where it is considered that a supplier with a higher bid will provide an item of the quality, as specified in the tender, and the said supplier is selected then reasons for selection of higher bid are recorded.
<b>DG Health Services-Accounts Section</b>	P10 –Receives minutes of the meeting and Supply order is issued to successful supplier.	Risk that the price/item and quantity in the supply order are different from the one negotiated during purchase committee meeting.	The copy of supply order is forwarded to PA to DG health and is signed by DDO (Director Administration) (DDO is normally member of the Committee and is aware of the negotiations carried out at the meeting).
<b>Supplier</b>	P11- Receives supply order and dispatch note is prepared and items are delivered to premises.	Risk sits with the supplier	Control for the risk sits with the supplier.

**Procurement- Tendering**

Process id: Health/DG Health Services/Procurement/ Tendering process-01



<b>Process Narrative Including Risk and Control Matrix</b>	<b>C-2</b>
Procurement- Fixed Assets/Goods/Services	Process ID: Health/DG Health Services/Procurement/Fixed Assets/Goods-01

**Background Information**

This process covers the purchase of fixed assets in DG Health Services. These include Computers, Photocopier machine etc. Goods and services are also included here.

***Important Note:***

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Section/ Entity	Process Step	Risk	Control
DG Health Services-User Section	P1 – Sends purchase requisition to DDO (Director Administration).	Risk that incorrect demand is submitted.	Head of the section or the PA authorizes the demand before forwarding it to the Director Administration.
		Risk that a demand is created for items already on stock or the utilization rate is very high	<b>Suggested Mitigating Control:</b> A utilization rate should be determined for major items such as paper reams and toners and each demand should be checked against this rate by the DDO.
DG Health Services-DDO (Director Administration)	P2 – Marks the requisition to the accounts section	The requisition is not forwarded to accounts section on time	The user section will follow up with the DDO (Director Administration) in case of delay.
			<b>Suggested Mitigating Controls:</b>  1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.  2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.  3. The reconciliation report should then be forwarded to the next higher authority for his/her review & signature. (where

			appropriate)
<b>DG Health Services-Accounts Section</b>	<p><b>P3</b> –Receives the purchase requisition and analyze it.</p> <p><b>P3/1-</b> If budget is already available then purchase requisition is forwarded to DDO (Director Administration) for further action.</p> <p>If budget is not available in respective head then budget is demanded from Finance Department.</p>	Risk that incorrect requisition is received	Head of the section or the PA authorizes the demand before forwarding it to the Director Administration (DDO).
		Requisition is forwarded for further action without checking the availability of the budget.	Review by the DDO (Director Administration) will ensure that budget is available in that particular head of accounts.
			SAP R/3 system in the AG office will not allow payment if the budget is not available in the particular head of accounts.
<b>Finance Department</b>	<p><b>P4</b> –Negotiates and issues budget in revised or next year budget.</p> <p><b>P4/1-</b>If amount is provided in the revised budget then the process proceeds to step 5</p> <p><b>P4/2-</b>Otherwise the department has to wait for the approval in the</p>	Risk sits in Finance Department	Control sits in Finance Department

	next year budget		
<b>DG Health Services-DDO (Director Administration)</b>	P5- Reviews the requisition for budget availability and forwards it to competent authority for approval.	The requisition is not forwarded on time	<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health Services-Competent Authority</b>	P6 – Sanctions the amount and returns the requisition to DDO (Director Administration)	Risk that the amount sanctioned does not fall in the powers delegated under Delegation of Powers rules.	The DDO (Director Administration) reviews the final bill prepared by the accounts section and will review that the sanction is obtained from the appropriate authority under the delegation of powers rules
<b>DG Health Services-DDO (Director Administration)</b>	P7 – Marks the requisition to Accounts section	Risk that the requisition is not marked on time	<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health Services-Accounts section</b>	P8- Calls quotations	Risks are documented in tendering process. (Kindly refer to Process ID: Health/DG/Procurement/ Tendering process-01)	Controls are documented in tendering process. (Kindly refer to Process ID: Health/DG/Procurement / Tendering process-01)
<b>DG Health Services-Accounts Section</b>	P9- Prepares Comparative statement	Risk are already documented in tendering process(Kindly refer to Process ID: Health/DG/Procurement/ Tendering process-01)	Controls are already documented in tendering process. (Kindly refer to Process ID: Health/DG/Procurement / Tendering process-01)

<b>DG Health Services-Accounts Section</b>	P10- Purchases goods, receives them in the premises and updates stock/Services are provided.	Risk that stock register is not updated	When the asset is received in the premises the caretaker records the entry in stock register and purchasing committee inspect the asset, checks entry in stock register including its specification and then sign it.
<b>DG Health Services-Accounts Section</b>	P11 – Prepares bill on the basis of supplier quoted price, enters the amount in the memorandum register and then forwards the bill along with supporting documents to A.G Office for payments authorization.	Risk that clerical mistake may occur in preparation of bill.	Once the bill is prepared then it is checked and signed by DDO (Director Administration) then forwarded to A.G Office for rechecking and authorization of payment.
		Risk that the bill is not sent to AG office.	<p><b>Suggested Mitigating Controls:</b></p> <ol style="list-style-type: none"> <li>1. DDO office must maintain a list of approved bills/forms forwarded to cashier.</li> <li>2. The DDO (Director Administration) office must compare the list with bill dispatched register on monthly basis.</li> </ol> <p>The bill dispatch register containing the list of bills along with their approval dates must be maintained reviewed by the DDO (Director Administration) before sending it to AG office.</p>
<b>A.G Office</b>	P12- Checks the bill along with the supporting documents and once satisfied approves the bill and prepares the cheque	Risk sits in AG Office	Regular reconciliation is prepared with A.G office on a monthly basis.

	which is sent to accounts section in the Health Secretariat		
<b>DG Health Services-Accounts Section</b>	<p>P13- Receives the cheque, enters in cash book, forwards it to supplier and acknowledgement is received.(For large purchases)</p> <p>( The current practice is that the petty expenses are paid by the accounts officer from his own pocket and the cheque from AG office is prepared in DDO's name and the amount will be paid to the accounts officer)</p>	Risk that cheque is not forwarded to the supplier.	The supplier will follow up for payment.
		Risk that a cheque is not prepared against a bill at all.	<p><b>Suggested Mitigating Controls::</b></p> <ol style="list-style-type: none"> <li>1. The cashier must enter all the cheques received from AG office against each bill in the bill dispatched register.</li> <li>2. A monthly reconciliation of bills sent and cheques received must be prepared. A reconciliation report identifying outstanding bills must be generated and reviewed by DDO (Director Administration).</li> <li>3. An aging report of all outstanding bills must be prepared on monthly basis; any un paid bills for more than 30 days must be followed up with AG office.</li> <li>4. Aging report must be sent to the DG Health for</li> </ol>

			his review and signatures.
<b>Vender/ Supplier</b>	P14-Receives the payment/Cheque.	Risk that the cheque is received by the supplier but later on the receipt is denied.	Acknowledgement slip is signed by the supplier at the time of collection of cheque.
		Risk that payment is not made to the supplier on time	<p><b>Suggested Mitigating Controls:</b></p> <ol style="list-style-type: none"> <li>1. An intimation letter to the supplier must be issued within 3 days from the receipt of cheque from AG office.</li> <li>2. A list of cheques received from AG Office, but not issued to the supplier for more than 15 days must be prepared from the cheques received register.</li> <li>3. The list shall be prepared on fortnightly basis.</li> <li>4. The list should then be forwarded to DG Health for his review and signatures.</li> </ol>



*D – Fixed Assets Management*

<b>Process Narrative Including Risk and Control Matrix</b>	<b>D</b>
Fixed Assets Management- Fixed Assets	Process ID: Health/DG Health Services/FAM/Asset management-01

**Background Information**

Fixed assets management includes how an organization manages and utilizes their fixed assets. What are their current policies regarding fixed assets. What precautions have been adopted to safeguard their assets.

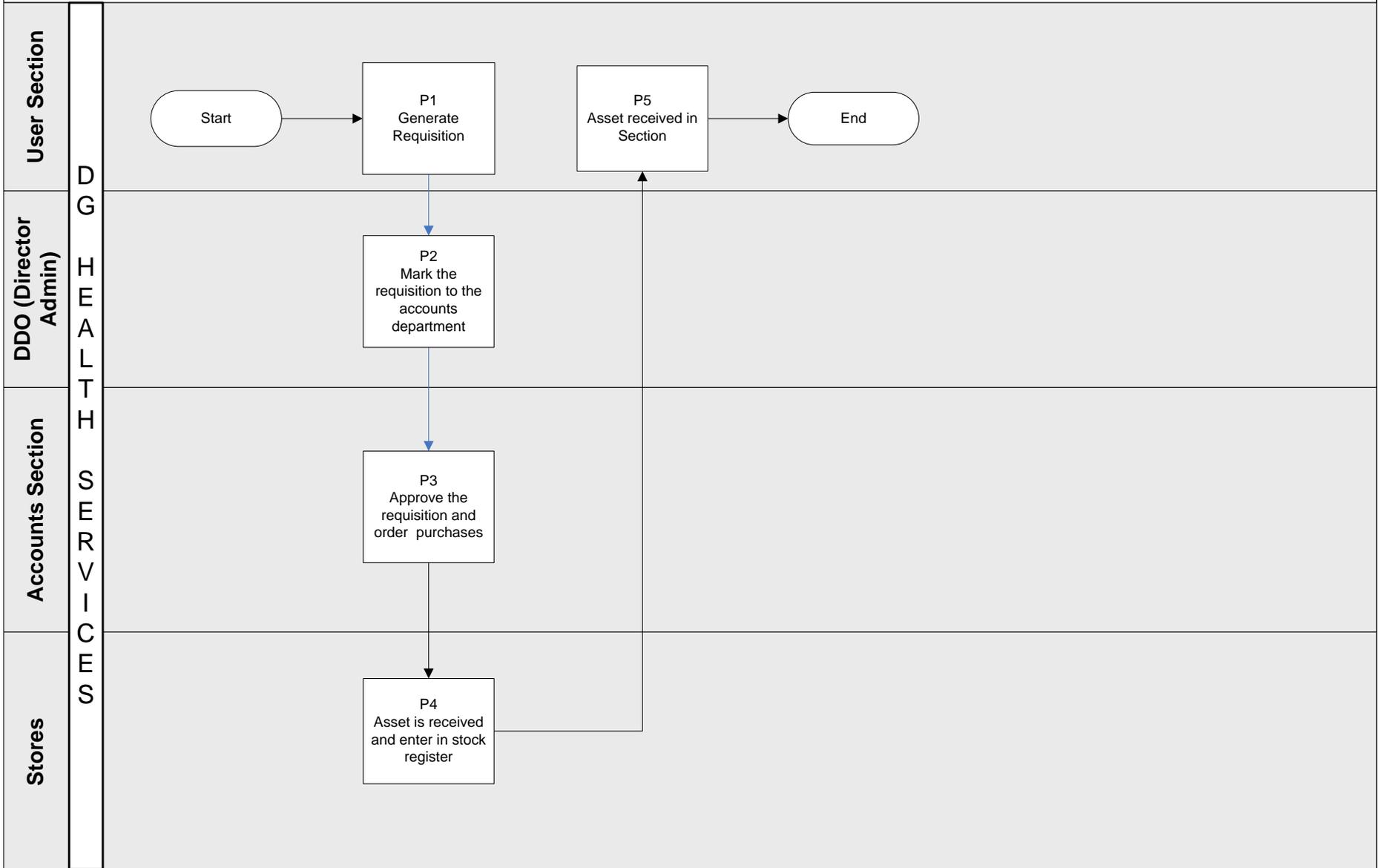
***Important Note:***

*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other than **DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

Section/ Entity	Process Step	Risk	Control
DG Health Services - User Section	P1 – Issues purchase requisition to DDO (Director Administration)	Risk that the incorrect demand is submitted.	Head of the section or the PA authorizes the demand before forwarding to the Director Administration.
DG Health Services-DDO (Director Administration)	P2 – Marks the requisition to the accounts department	The requisition is not forwarded to accounts section on time	The user section will follow up with the DDO (Director Administration) in case of delay.
			<p><b>Suggested Mitigating Controls:</b></p> <ol style="list-style-type: none"> <li>1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.</li> <li>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</li> <li>3. The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where appropriate)</li> </ol>
DG Health Services - Accounts Section	P3– Receives the requisition, check the availability of budget, if budget is already	Risk that incorrect requisition is received	Head of the section or the PA authorizes/reviews the demand before forwarding to the

	<p>available then quotations are called.</p> <p>If budget is not available in respective head then Finance Department is requested for budget.</p>		Director Administration.
<b>DG Health Services-Store/Care taker</b>	P4 – Records entry in the stock register upon delivery of the asset. The asset is directly delivered to user section. Stock register is signed by the DDO (Director Administration)/Purchase Committee and In charge of user department.	Risk that asset is not properly checked at the time of delivery.	At time of delivery all purchasing committee/DDO (Depending on the type of Purchase i.e. below 40K or above 40K) inspects the asset and then signs in the stock register. The In-charge of the user section will also make sure that the asset delivered is according to the specifications.
		Risk that no entry is made in stock register at the time of delivery.	At time of delivery all purchasing committee/DDO (Depending on the type of Purchase i.e. below 40K or above 40K) inspects the asset and then signs in the stock register.
		Risk that no end user inspection comments have been noted.	In-charge of end user section signs the stock register and puts a note on demand.
		Risk that the asset is later stolen/replaced/misplaced from the user department	<b>Suggested Mitigating Control</b> – A periodic physical verification of fixed assets should be carried out

			<b>Suggested Mitigating Control</b> - When asset is received in premises caretaker needs to put an item code on it. The item code entry is then made in the fixed asset register.
			<b>Suggested Mitigating Control</b> - The Management needs to maintain a fixed asset register.
<b>DG Health Services-User Section</b>	P5-Receives the asset as per their required demand.	Risk that asset received is not according to their demand	The In-charge of the user section will also make sure that the asset delivered is according to the specifications. Then he/she will sign the Stock register.



*E – Stores Management*

<b>Process Narrative Including Risk and Control Matrix</b>	<b>E</b>
<b>Stores Management - Stores Process</b>	<b>Process id: Health/ DG Health Services/Stores Management/Stores Process-01</b>

**Background Information:**

In DG Health Services stores are divided into two parts, stationary items and fixed assets. Caretaker (BPS – 14) is responsible to manage the stores.

**1<sup>st</sup> Scenario:**

As the demand reaches the caretaker, he/she issues the items to the user section where available and updates the record in the stock register with respect to the issue of the items.

**2<sup>nd</sup> Scenario:**

If items are not available in stores he/she prepares a file with respect to demand and forwards it to the competent authority (Category I, II, III, and IV) officers for sanctioning the amount so that the item can be purchased.

After approval, he/she places an order with the supplier and receives items from the supplier. The items are then issued to the user section as per their demand and record in the stock register is updated accordingly.

***Important Note:***

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Section/ Entity	Process Step	Risk	Control
DG Health Services -User Section	P1 – Sends the demand to the DDO (Director Administration)	Risk that an incorrect or unreasonable demand is submitted.	Head of the section or the PA/PS authorizes the demand before forwarding it to the DDO (Director Administration).
		Risk that a demand is created for items already in stock or the utilization rate is very high	<b>Suggested Mitigating Control</b> – A utilization rate should be determined for consumable items and each demand must be checked against this pre determined utilization rate by the DDO
DG Health Services –DDO (Director Administration)	P2 – Forwards the demand file to the caretaker for issuance of items required.	Risk that the demand is not forwarded on time	The user section will follow up with the DDO (Director Administration).
			<b>Suggested Mitigating Controls:</b>  1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.  2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.  3.The reconciliation report should then be forwarded to the next higher authority for his/her review &

			signature.(where appropriate)
<b>DG Health Services - Caretaker</b>	P3 – Issues the items as per demand and updates the stock register (In case of items already available in the stores)	Risk that the incorrect items or excess items is issued.	DDO (Director Administration) will verify the issuing items with stock register.
			The demanding section will reject the items if not according to the specifications/quantity demanded.
<b>DG Health Services - Caretaker</b>	P4 – Prepares the file of demanding items with total cost estimate and sends to the DDO (Director Administration).	Risk that the incorrect estimates is incorporated intentionally or un intentionally.	The quantity of stock items is verified by DDO (Director Administration) with the stock register and demand letter issued by the user section.
			Prices are verified with quotations and their reasonableness checked by DDO (Director Administration).
<b>DG Health Services – DDO (Director Administration)</b>	P5- Forwards the file of demanding items to the competent authority who has the power to sanction the amount for purchase (In case of items not available in stores)	The file is not forwarded to competent authority on time.	The user section will follow up with the DDO (Director Administration).
			<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health Services -</b>	P6 – Sanctions the amount and items to be purchased.	Risk that the officer may sanction the	The file is routed through DDO (Director

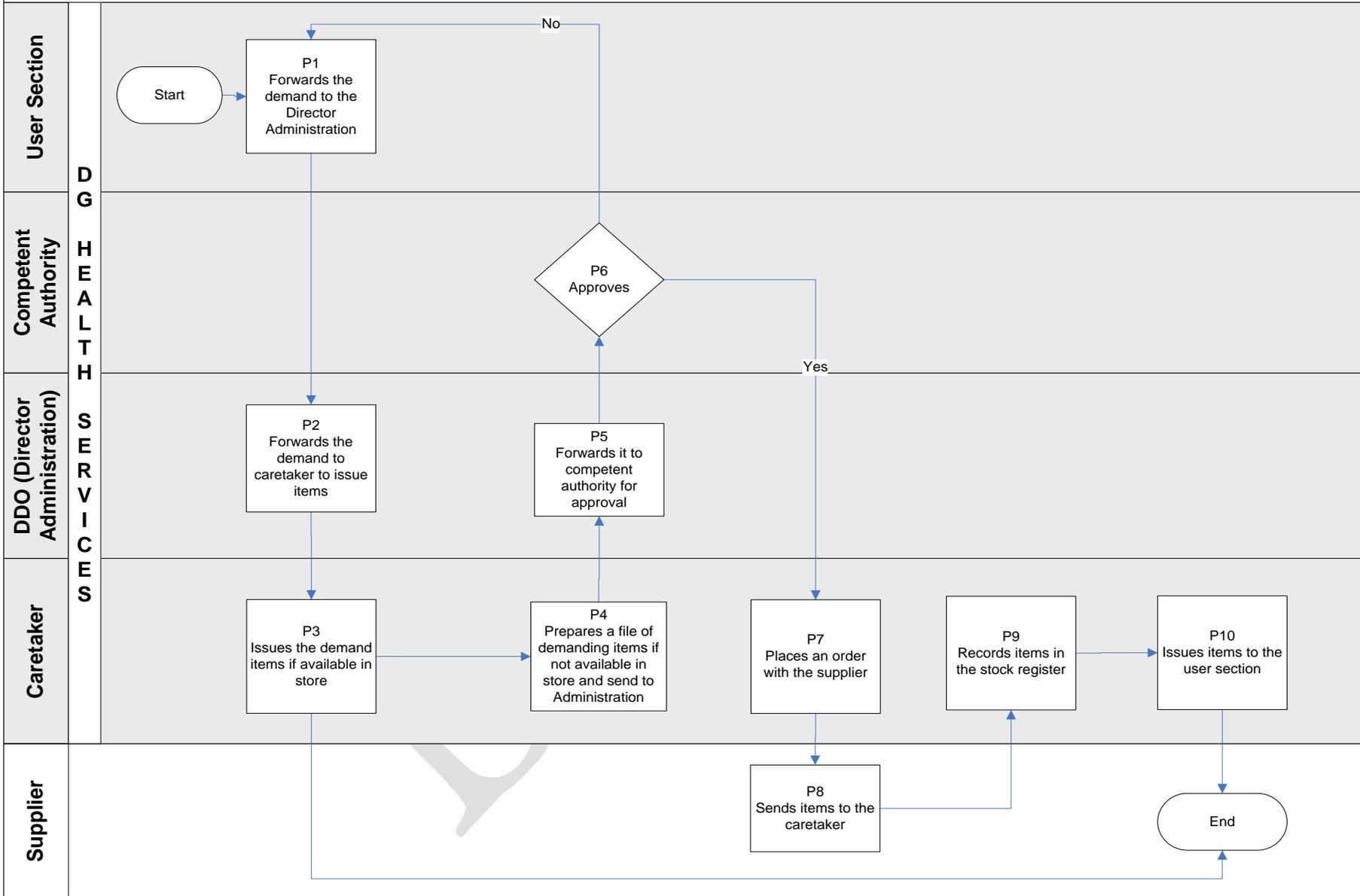
<b>Competent Authority</b>		amount that does not fall under his authority.	Administration) who will make sure that it is forwarded to the appropriate authority. (According to North-West Frontier Province Delegation of Financial Powers under the Financial Rules and the powers of Re-Appropriation Rules, 2001)
<b>DG Health Services - Caretaker</b>	P7 – Places an order with the supplier for the items to be purchased.	Risk that the order is given to a supplier in personal interest.	Three quotations are received from different suppliers. When quotations are received they are reviewed and signed by DDO (Director Administration) (and other committee members in case of purchase committee is formed)
<b>Supplier</b>	P8 – Supply items to the caretaker.	Risk that the quantity received is less than the quantity ordered.	A second person, DDO (Director Administration), independent of caretaker checks the quantity and quality with the purchase order (The signature of DDO (Director Administration) in the stock register is the evidence of the control).For purchases above Rs. 40K the purchase committee checks the quantity and signs in the stock register
		Risk that the wrong items/items of low quality are received.	A second person, DDO (Director Administration), independent of caretaker checks the quantity and quality with the purchase order (The signature of

			DDO (Director Administration) in the stock register is the evidence of the control).).For purchases above Rs. 40K the purchase committee checks the quality and signs in the stock register
<b>DG Health Services - Caretaker</b>	P9 – Records the items in the stock register and keeps the items in the stores	Risk that the some items may wrongly be recorded in different item head	Review by DDO (Director Administration) and signature in the stock register.
		Risk that a store item is stolen	The care taker keeps the store locked and no one except him is allowed to enter the stores
		Risk that the items become damaged or become useless	The items are placed in the stores, cupboards and shelves
			<b>Suggested Mitigating Control</b> – The store room should have enough space to accommodate all the store items so that the fragile items are not piled on one another.
		Risk that the store item physically available does not correspond with the records in the books	<b>Suggested Mitigating Control</b> – A periodic stock take procedure should mitigate the risk
		Risk that damaged goods remains un-noticed	<b>Suggested Mitigating Control</b> – A periodic stock take procedure should mitigate the risk
<b>DG Health Services - Caretaker</b>	P10 – Issues items to the user section.	Risk that the wrong items or excess items are issued.	The demanding section will reject the items if not according to the specifications/quantity ordered.

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Stores Management

Process id: Health/DG Health Services/Stores Management/ Stores Process-01



*F – Operating Expenses*

<b>Process Narrative Including Risk and Control Matrix</b>	<b>F</b>
<b>Operating Expense Process</b>	<b>Process id: Health/ DG Health Services/Operating Expense/Recording and Payment Process-01</b>

**Background Information:**

Operating expenses includes all the expenditure incurred by the organisation in running its day to day business.

Director Administration (DDO) and accountant play a major role in the process.

Some of the important heads included in operating expenses are mentioned below:

- POL charges
- Utility bills
- Repair & Maintenance
- Purchase of goods

Normally, the cheque prepared by the AG office for expenses below Rs. 10,000 is in the name of DDO and above Rs. 10,000 is in the name of the vendor.

***Important Note:***

*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other than **DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

Section/ Entity	Process Step	Risk	Control
DG Health Services -User Section	P1 – Forwards the demand/utility bills/POL charges to the Director Administration (DDO).	Risk that the wrong demand is submitted.	Head of the section or the PA/PS authorizes the demand before forwarding it to the Director Administration.
DG Health Services - Director Administration (DDO)	P2 – Marks the demand/utility bills/POL charges to the accounts section.	Risk that the demand is not forwarded on time.	The user section will follow up with the DDO (Director Administration)
			<p><b>Suggested Mitigating Controls:</b></p> <ol style="list-style-type: none"> <li>1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.</li> <li>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</li> <li>3.The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where appropriate)</li> </ol>
DG Health Services - Accounts Section-Accountant	P3 – Checks the availability of the budget in the excel sheet maintained in the computer system and forwards the demand to caretaker.	Risk that the budget is not available but the accountant prepares the bill	Director Administration checks/ascertain the bill before forwarding to the competent authority.

			The AG office will reject the bill if there is no budget as the SAP R3 system will not allow the payment.
<b>DG Health Services - Accounts Section-Caretaker</b>	P3/a – Fulfils the demand and sends the invoice to the accountant.	Risk that an incorrectly calculated bill is forwarded.	Invoice is verified by the DDO (Director Administration)
		Risk that an invoice other than of the expense incurred is presented.	Invoice is verified by the DDO (Director Administration)
		Risk that a bogus invoice is attached and sent	The DDO (Director Administration) will verify the invoices with the demand from the user section and confirm the goods received with stock register and for services from the user section
<b>DG Health Services - Accounts Section-Accountant</b>	P4 – Prepares the bill and forwards to the competent authority for approval.	Risk that an incorrectly calculated bill is forwarded.	Director Administration (DDO) checks/ascertain the bill before forwarding it to the competent authority. (According to North-West Frontier Province Delegation of Financial Powers under the Financial Rules and the powers of Re-Appropriation Rules, 2001)
<b>DG Health Services - Competent Authority</b>	P5 – Issues sanction and returns the case to the accountant.	Risk that the officer may sanction the amount that does not fall under his authority.	The file is routed through DDO (Director Administration) who will make sure that it is forwarded to the appropriate authority having the right

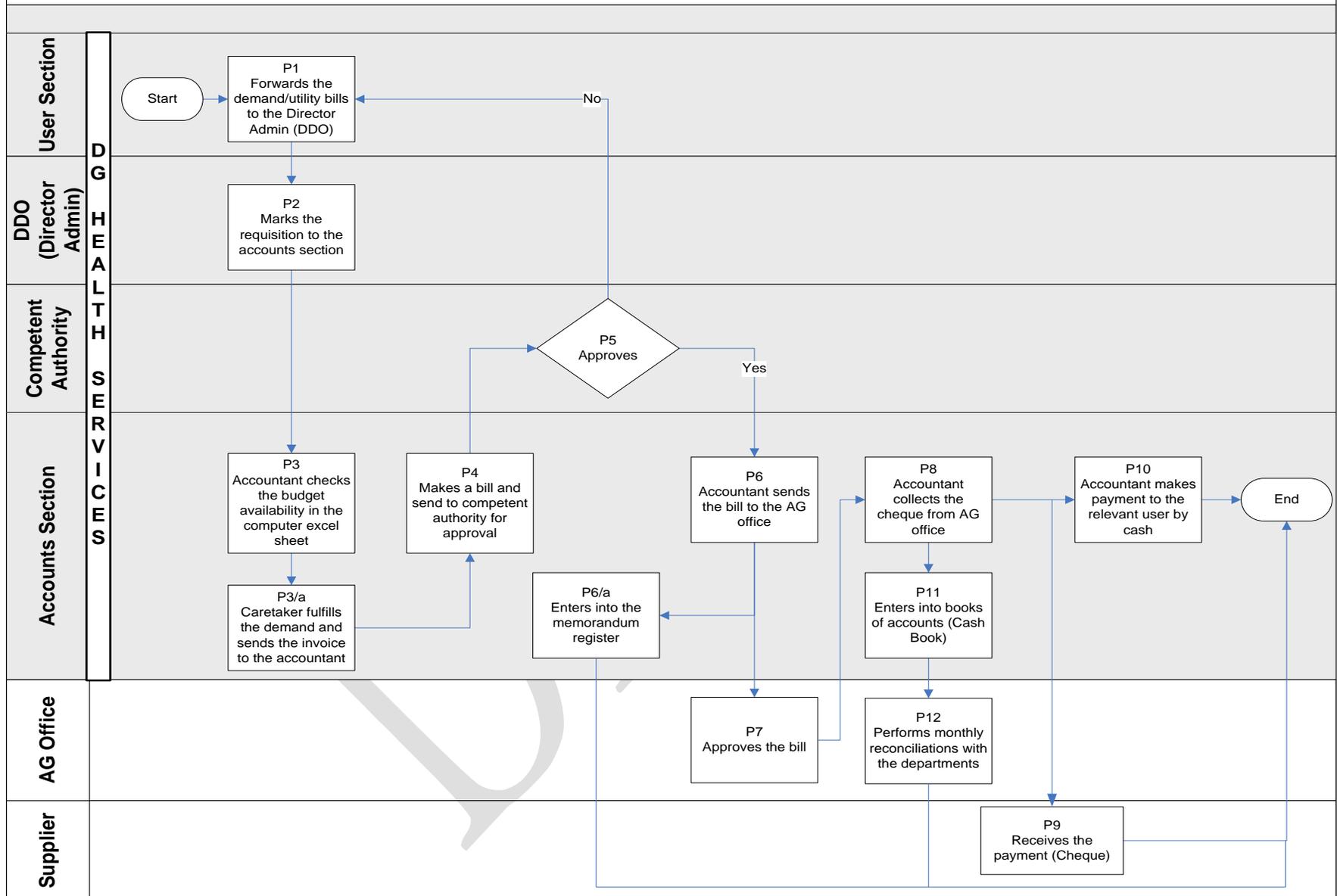
			authority under delegation of power rules.
<b>DG Health Services-Accounts Section-Accountant</b>	P6 – Sends the approved bill to the AG office for payment.	Risk that an incorrect calculated bill is presented.	AG office returns the bill immediately.
			Bill is prepared by the accountant and checked by DDO (Director Administration). Evidence of control is that it is stamped by DDO (Director Administration)
		Risk that the bill is not sent to AG office.	<b>Suggested Mitigating Controls:</b> 1. DDO office must maintain a list of approved bills/forms forwarded to cashier 2. The DDO (Director Administration) office must compare the list with bill dispatched register on monthly basis.  The bill dispatch register containing the list of bills along with their approval dates must be maintained reviewed by the DDO (Director Administration) before sending it to AG office.
	P6/a – Enters the details of bills in the memorandum register	No appropriate risk	No appropriate control
<b>AG office</b>	P7 – Issues token number and Prepares/pass the bill.	Risk sits in AG Office	Control sits in AG Office.

<b>DG Health Services – Accounts Section- Accountant</b>	P8 – Collects the cheque from AG office.	Risk that the cheque is not prepared against a bill	<b>Suggested Mitigating Controls::</b> <ol style="list-style-type: none"> <li>1. The cashier must enter all the cheques received from AG office against each bill in the bill dispatched register.</li> <li>2. A monthly reconciliation of bills sent and cheques received must be prepared. A reconciliation report identifying outstanding bills must be generated and reviewed by DDO (Director Administration).</li> <li>3. An aging report of all outstanding bills must be prepared on monthly basis; any un paid bills for more than 30 days must be followed up with AG office.</li> <li>4. Aging report must be sent to the Additional Director for his review and signatures.</li> </ol>
<b>Supplier</b>	P9 – Receives the payment/Cheque	Risk that the cheque is received by the supplier but later on the receipt is denied.	Acknowledgement slip is signed by the supplier at the time of collection of cheque.
		Risk that payment is not made to the supplier on time	<b>Suggested Mitigating Controls:</b> <ol style="list-style-type: none"> <li>1. An intimation letter to the supplier must be issued within 3 days from the receipt of cheque from AG office.</li> <li>2. A list of cheques</li> </ol>

			<p>received from AG Office, but not issued to the supplier for more than 15 days must be prepared from the cheques received register.</p> <p>3. The list shall be prepared on fortnightly basis.</p> <p>4. The list should then be forwarded to Director for review and signatures.</p>
<b>DG Health Services-Accounts Section-Accountant</b>	P10 – Makes payment to the relevant user.	Risk that the relevant user may claim that he did not receive any payment.	Acknowledgement of payment is taken.
<b>DG Health Services - Accounts Section-Accountant</b>	P11 – Enters the amount in the books of accounts (Cash Book)	Risk that a incorrect amount is entered in the cash book	The monthly reconciliation performed with AG office will rectify both these errors
			The DDO (Director Administration) checks all the entries in the Cash book and signs against each payment. Every page of the Cash book is also stamped by DDO (Director Administration)
<b>AG office</b>	P12 – Performs monthly reconciliation with the department	Risk sits in AG Office	Control sits in AG Office.

Operating Expense Process

Process id: Health/DG Health Services/Operating Expenses/Recording & Payment-01



*G – EPI – Project – Payment Cycle*

<b>Process Narrative Including Risk and Control Matrix</b>	<b>G</b>
Programme EPI – Payment Cycle	Process id :Health/DG Health Services/Programme EPI / Payment Cycle/Recording & Payment-01

**Background Information:**

The programme provides vaccination services against the following eight target childhood vaccine preventable diseases

1. Poliomyelitis,
2. Neo Natal Tetanus,
3. Measles,
4. Diphtheria,
5. Pertussis( whooping Cough)
6. Tuberculosis,
7. Heamophilus influenza B
8. Hepatitis B,

The overall objective of EPI is reduction in morbidity and mortality among children due to 9 target diseases by offering vaccination services free of cost to target population.

Expanded Programme on Immunization, at the Provincial level is implemented through Deputy Director EPI (Provincial Manager), assisted by 5 Assistant Directors and EPI coordinators in the district. At the district level, District Health Officer looks after the programme. Supervisors at various levels supervise implementation of activities. The grass root work force of EPI is EPI technicians who vaccinate the target population in the field.

The program operates an assignment account and all the payments are made through this account.

***Important Note:***

*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other **than DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

Section/ Entity	Process Step	Risk	Control
<b>DG Health Services – Project EPI-User Section</b>	P1 - Forwards the demand/utility bills to the DD EPI	Risk that the wrong demand is submitted.	Head of the section or the PA/PS authorizes the demand before forwarding it DD EPI.
<b>DG Health Services – Project EPI-Deputy Director EPI</b>	P2 - Marks the requisition to the accounts section	Risk that the demand is not forwarded on time.	The user section will follow up with the DD EPI.
			<p><b>Suggested Mitigating Controls:</b></p> <ol style="list-style-type: none"> <li>1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.</li> <li>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</li> <li>3. The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where appropriate)</li> </ol>
<b>DG Health Services – Project EPI-Accounts Section</b>	P3 - FM checks the budget availability	Risk that the budget is not available but the FM prepares the bill	<p><b>Suggested Mitigating Control:</b></p> <p>A second person in the section should review that the budget availability has been checked and accordingly</p>

			sign the requisition.
			The AG office will reject the bill if the there is no budget as the SAP R3 system will not allow the payment.
<b>DG Health Services – Project EPI-Accounts Section</b>	P4 - Accountant fulfills the demand and sends the invoice to the FM	Risk that the wrong invoice is presented.	Invoice is verified by the FM.
		Risk that a bogus invoice is attached and sent	The FM verifies the invoices with the demand from the user section and confirm the goods received with stock register and for services from the user section
<b>DG Health Services – Project EPI-Accounts Section</b>	P5 - FM prepares the bill and send to competent authority for approval	Risk that an incorrectly calculated bill is forwarded.	<b>Suggested Mitigating Control:</b>  A second person in the section should review the bill before forwarding to the competent authority. The review should be evidenced by the signature of the reviewer.
<b>DG Health Services – Project EPI-Director Health</b>	P6 – Issues sanction and returns the case to FM	Risk that the approval is not given on time	<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health Services – Project EPI-Accounts Section</b>	P7 - FM prepares the expenditure schedule along with cheque and forwards it to DD EPI.	Risk that an incorrect expenditure schedule or cheque is prepared	The schedule and cheque are reviewed and signed by DD EPI and Director Health.

		Risk that the schedule and cheque is not forwarded on time	<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health Services – Project EPI- Deputy Director EPI</b>	P8 - Reviews and signs the expenditure schedule and cheque and forwards to second signatory	Risk that the schedule and cheque is not forwarded on time	<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health Services – Project EPI- Director Health</b>	P9 - Reviews and signs the cheque and expenditure schedule and returns to FM	Risk that the schedule and cheque is not returned on time	<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step- P2”
<b>DG Health Services – Project EPI- Accounts Section</b>	P10 - FM sends the cheque to AG office along with schedule of expenses	Risk that the cheque is not returned by the AG Office	<b>Suggested Mitigating Controls:</b>  1. The Accountant must enter all the cheques sent to AG office in a register  2. A monthly reconciliation of cheques sent and received must be prepared. A reconciliation report identifying outstanding cheques must be generated and reviewed by FM.  3. An aging report of all outstanding Cheques must be prepared on monthly basis; any un received cheque for more than 30 days must be followed up with AG

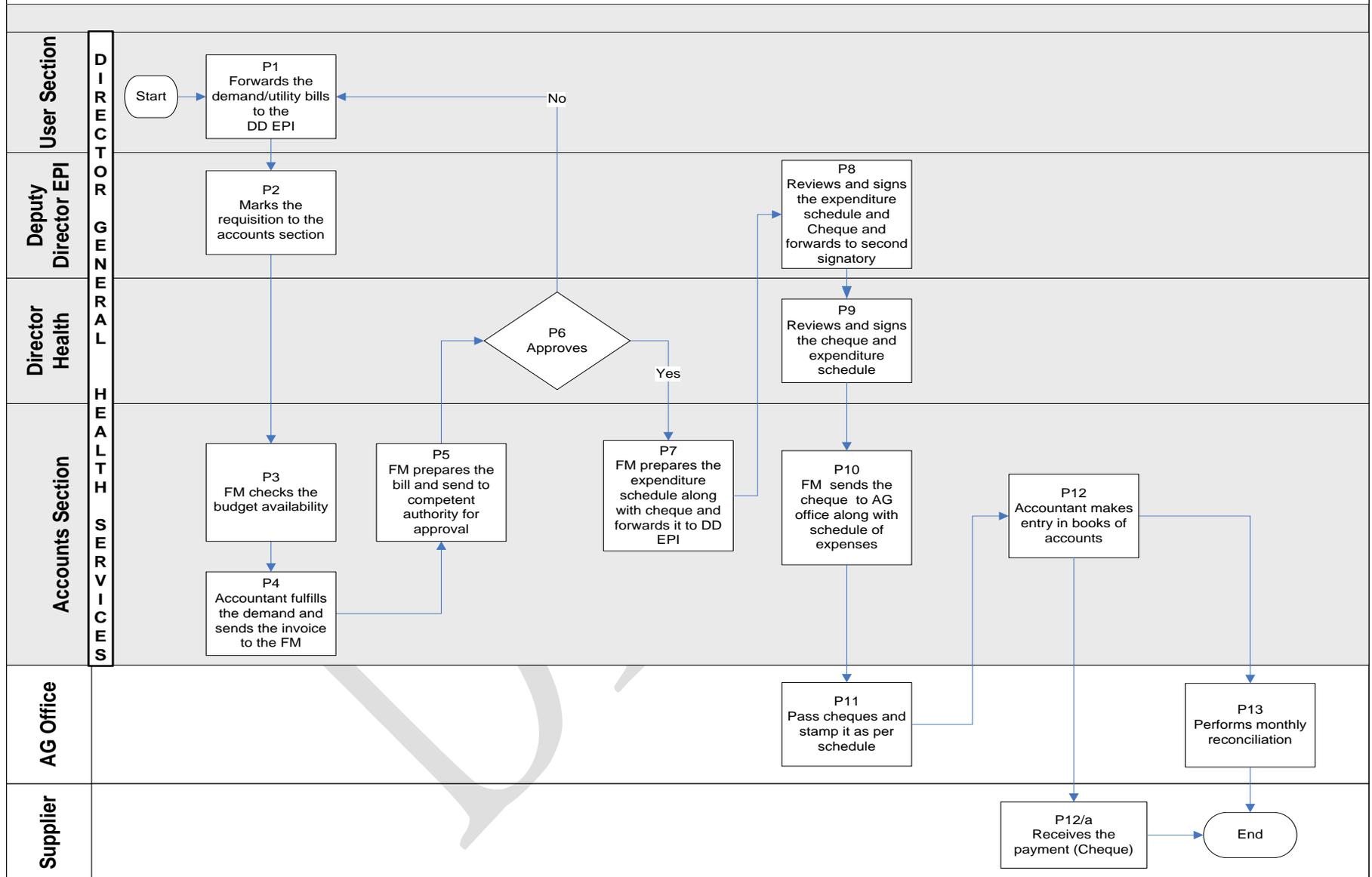
			office. 4. Aging report must be sent to the DD EPI for his review and signatures.
<b>AG Office</b>	P11 - Pass cheque and stamp it as per schedule	Risk sits in the AG Office	Control sits in the AG Office
<b>DG Health Services – Project EPI-Accounts Section</b>	P12 - Accountant makes entry in books of accounts (cash book)	Risk that the entry is recorded incorrectly	The cash book is reviewed by the FM and he ensures that all the entries made in the cash book are correct
			The monthly reconciliation with AG Office will discover and rectify any error.
<b>Supplier</b>	P12/a - Receives the payment (cheque)	Risk that the cheque is received by the supplier but later on the receipt is denied.	Acknowledgement slip is signed by the supplier at the time of collection of cheque.
		Risk that payment is not made to the supplier on time	<b>Suggested Mitigating Controls:</b> 1. An intimation letter to the supplier must be issued within 3 days from the receipt of cheque from AG office. 2. A list of cheques received from AG Office, but not issued to the supplier for more than 15 days must be prepared from the cheques received register. 3. The list shall be prepared on fortnightly basis. 4. The list should then be forwarded to DD

			EPI for his review and signatures.
<b>AG Office</b>	P13 - Performs monthly reconciliations with the Program Office	Risk sits in AG Office	Control sits in the AG Office

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Project EPI - Payment Cycle

Process id: Health/Project EPI /DG Health Services/ Payment Cycle/Recording & Payment-01



*H – Medical Coordination Cell*

<b>Process Narrative Including Risk and Control Matrix</b>	<b>H</b>
<b>Procurement Process – Selection of Suppliers – Medical Coordination Cell (MCC)</b>	<b>Process id: Health/DG Health Services/MCC/Selection of Suppliers</b>

**Background Information**

The Medical Coordination cell deals with the selection of medical suppliers for a particular medicine. This approved list of suppliers is forwarded to all the DHOs and hospitals. The hospital uses this list to procure medicine from the selected suppliers.

This is an annual process and each year a new list of supplier is prepared.

***Important Note:***

*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other **than DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

Section/ Entity	Process Step	Risk	Control
DG Health Services-MCC Section - Pharmacist	P1- Drafts invitation to bids from the supplier and forwards it DG Health for approval	Risk that mistake is made while drafting the invitation to bid	DG Health approves the draft invitation to bid. The evidence of the control is signature on the file
			<b>Suggested Mitigating Control:</b> The invitation to bid should be prepared by a one person and then approved by a higher authority in the section before being forwarded to DG Health
		Risk that the invitation to bid is not prepared on time and the process for selection of approved suppliers is delayed.	<b>Suggested Mitigating Controls:</b> 1. An annual planning calendar should be maintained by each section which should include all the important dates and related tasks.  2. This annual planning calendar should be approved by the head of the section at the beginning of the year  3. At the end of each month this should be reviewed by the head of the section to ensure that no important task is missed or delayed.
		Risk that the file is not forwarded to DG Health on time	<b>Suggested Mitigating Controls:</b> 1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be

			<p>followed.</p> <p>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</p> <p>3.The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where appropriate)</p>
<b>DG Health Services- DG Health</b>	P2- Approves the list and returns to MCC section which forwards the invitation to bid to the Information Department	Risk that the file is not returned and forwarded on time	<p><b>Suggested Mitigating Controls:</b></p> <p>“Please refer to the time service standards controls suggested under Process Step-P1”</p>
<b>Information Department</b>	P3- Advertises the Invitation to bid in the newspaper	Risk sits in the Information Department	Control for the risk sits in the Information Department
<b>Supplier/Vendor</b>	P4- Submits the bids to the clerk in MCC section	Risk sits with the supplier	Control for the risk sits with the supplier
<b>DG Health Services – MCC Section</b>	P5- Forwards all the bids to the Technical Committee	Risk that the bids are not forwarded to the Technical Committee on time	<p><b>Suggested Mitigating Controls:</b></p> <p>“Please refer to the time service standards controls suggested under Process Step-P1”</p>

		Risk that a bid received in not forwarded to the Technical Committee either deliberately or erroneously	Supplier will follow up with DG Health
			<p><b>Suggested Mitigating Controls:</b></p> <p>1) A complete list of all the bids received should be prepared by a clerk in the MCC section</p> <p>2) A second official in the MCC section should compare the list with the bids envelops and the diary in register.</p> <p>3) The control should be evidenced by a signature of the preparer and the reviewer on the list</p> <p>4) The same list should be forwarded to the Technical Committee along with the bids envelops.</p>
<b>DG Health Services – Technical Committee</b>	P6- Evaluates all the bids on technical basis and prepare a list of selected suppliers ad forwards it to DG Health for approval	Risk that a supplier is selected who is not technically sound enough	The technical committee consists of Nine Members and each supplier is vetted by all the members before being included in the approved list. The approved list is signed by all the members of the committee as evidence of the control
			The final approval by the DG Health will also mitigate the risk

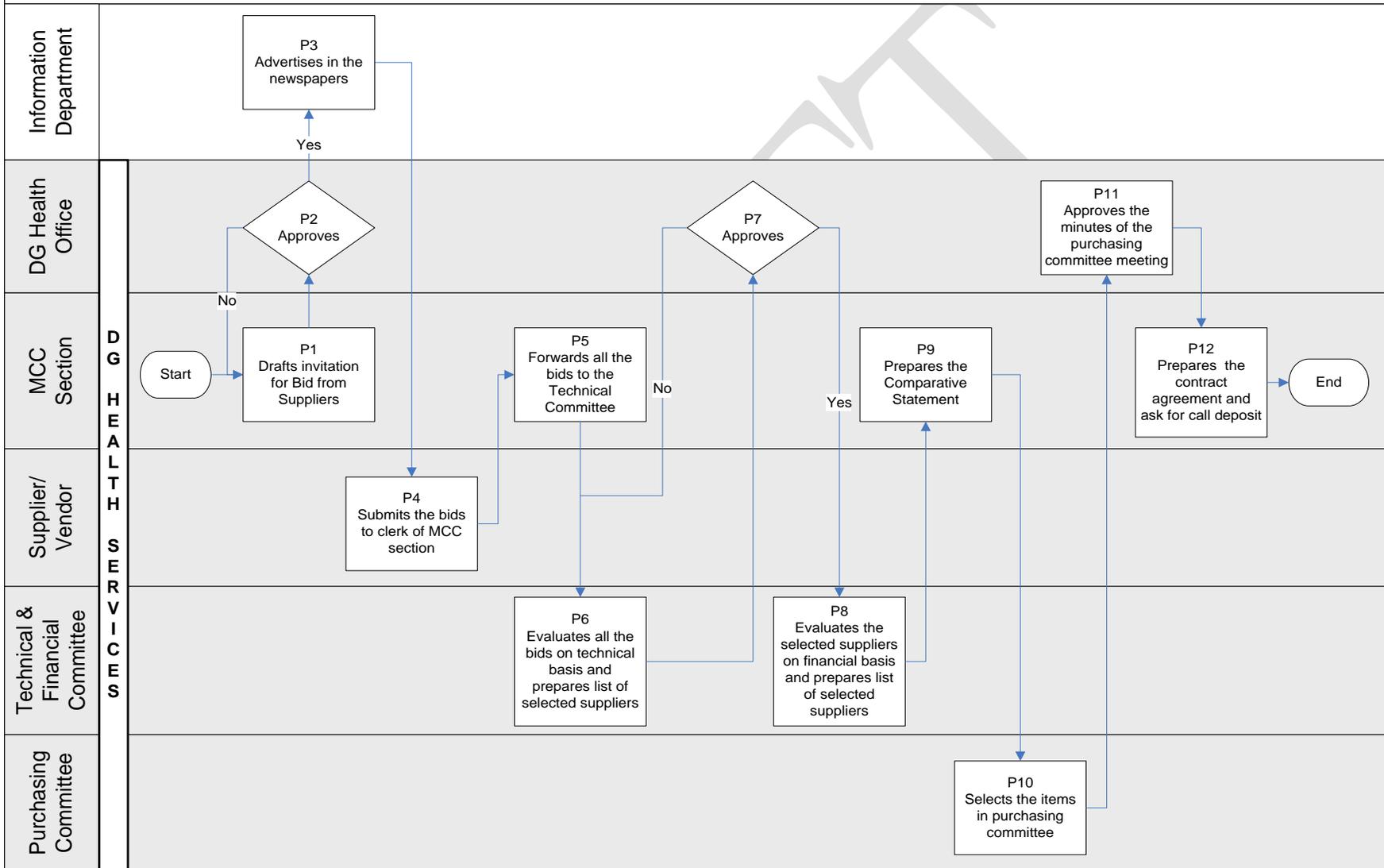
			of selecting a supplier having low technical expertise in the relevant area.(drugs)
		Risk that the Technical Committee itself does not have enough technical expertise in the area.	The technical committee is constituted by the DG Health who will make sure that the members of the committee are technical sound and have expertise in the area. The committee include members from the following areas: Professor of Surgery, Professor of Medicine, Professor of Peads, Professor of Anaesthesia, Medical Superintendent, Deputy Secretary Drug, Senior Pharmacist
		Risk that the list is not forwarded to DG Health on time	<b>Suggested Mitigating Controls:</b> “Please refer to the time service standards controls suggested under Process Step-P1”
<b>DG Health Services – DG Health</b>	P7- Approves and send the list to the Financial Committee.	Risk that the list is not forwarded to Financial Committee on time	<b>Suggested Mitigating Controls:</b> “Please refer to the time service standards controls suggested under Process Step-P1”
<b>DG Health Services- Financial Committee</b>	P8- Evaluates the selected suppliers on financial basis and prepares list of selected suppliers and forwards to the MCC section.	Risk that a supplier is selected who is not Financially sound enough	The financial committee consists of Nine Members;these are,

			<p>Special Secretary (Chairman), DG Health, Professor of Surgery, Professor of Medicine, Professor of Peads, Professor of Anastasia, Medical Superintendent, Deputy Secretary Drug, Senior Pharmacist</p> <p>and each supplier is vetted by all the members before being included in the approved list. The approved list is signed by all the members of the committee as evidence of the control</p>
		<p>Risk that the Financial Committee itself does not have enough financial expertise.</p>	<p>Among the committee members are members from finance section such as Deputy Director Budget and Accounts who plays important role in the vetting of the financial documentation received from the bidders.</p>
		<p>Risk that the list is not forwarded to MCC on time</p>	<p><b>Suggested Mitigating Controls:</b></p> <p>“Please refer to the time service standards controls suggested under Process Step-P1”</p>
<b>DG Health Services – MCC Section</b>	<p>P9- Prepares the comparative statement and forwards it to Purchasing Committee</p>	<p>Risk that a supplier is missed out during preparation of comparative statement either deliberately or erroneously</p>	<p>The comparative statement is prepared by a clerk and checked by any three members from T&amp;F committee. Each member will then sign</p>

			on the comparative statement. This control will mitigate the risk.
		Risk that the list is not forwarded to Purchasing Committee on time	<b>Suggested Mitigating Controls:</b> “Please refer to the time service standards controls suggested under Process Step-P1”
<b>DG Health Services– Purchasing Committee</b>	P10- Selects the final list of suppliers based on the lower bid/quality. Records the minutes of the meeting and forwards both the final list and minutes of the meeting to the DG Health	Risk that a supplier is selected with a higher bid or with a lower quality	There are eight Members in the Purchasing Committee. By Designation the members are Secretary (Chairman), Special Secretary, DG Health, Professor of Surgery, Professor of Medicine, Professor of Peads, Chief Drugs inspector, Chief Pharmacist Each member will vet the final list of supplier to ensure that the supplier with lowest bid is selected and where this is not the case e.g. where the quality of the lowest bidder was not of the standard required then reasons for the same are explained. The control is evidenced by the signature of each member on the minutes of the meeting
		Risk that the final list and minutes of the meeting are not forwarded to DG	<b>Suggested Mitigating Controls:</b> “Please refer to the

		Health on time	time service standards controls suggested under Process Step-P1”
<b>DG Health Services – DG Health</b>	P11- Approves the minutes of the purchasing committee meeting and sends the file to MCC Section	Risk that the file is not forwarded to MCC section on time	<b>Suggested Mitigating Controls:</b> “Please refer to the time service standards controls suggested under Process Step-P1”
<b>DG Health Services – MCC Section</b>	P12- Prepares and signs the contract agreement	Risk that contract prepared does not contain all the necessary clauses to bind the supplier to meet all the quality standards and requirements.	A standardised contract is used while entering into a contract agreement with suppliers. It covers all the important aspects as shelf life, mode of delivery, medicine bar code, liquidated damages and performance guarantee etc.

**Selection of Suppliers– Medical Coordinating Cell (MCC) Process id: Health/DG Health Services/Procurement/MCC-01**



*I - Litigation*

<b>Process Narrative Including Risk and Control Matrix</b>	<b>I</b>
<b>Litigation Process – Service cases</b>	<b>Process id: Health/DG Health Services /Litigation/Service - 01</b>

**Background Information**

An appellant (employee/doctor) can file a case in service tribunal, against an inquiry conducted within the department, disciplinary action/order given by his high ups, promotion or any other service related matter, and the defendant party of the case may be the Secretary Health or the Chief Secretary.

During the litigation process the DG Health Services interacts with different organisations including Service tribunal, government pleader, and law department or may be the high court if the case extends.

Vetting (by the government pleader) is a process through which the contents of the department’s reply are vetted for reasonableness against the relevant laws and regulations before forwarding to the service tribunal.

The detailed process is explained below:

***Important Note:***

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Section/ Entity	Process Step	Risk	Control
Appellant	<b>P1:</b> Files a case in the Services Tribunal	Risk sits with the appellant	Control sits with the appellant.
Services Tribunal	<b>P2:</b> Considers whether to accept or reject the case. If not accepted the appellant may apply appeal in the SC. Where accepted, Services Tribunal issues summon to department.	Risk sits in the Services Tribunal	Control sits in the Services Tribunal
DG Health Services - Assistant Director Litigation AD(L)	<b>P3:</b> Receives the summon (standing Instruction by DG health that all important litigation matters shall be given directly to AD(L)) and forwards it to AD(Admin).	Risk that the summon is not forwarded on time	Appellant will follow up through court
			<b>Suggested Mitigating Controls:</b> <ol style="list-style-type: none"> <li>1. Time service standards as per "APPENDIX-III Para 7 (c)" Manual of Secretariat should be followed.</li> <li>2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</li> <li>3. The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where appropriate)</li> </ol>

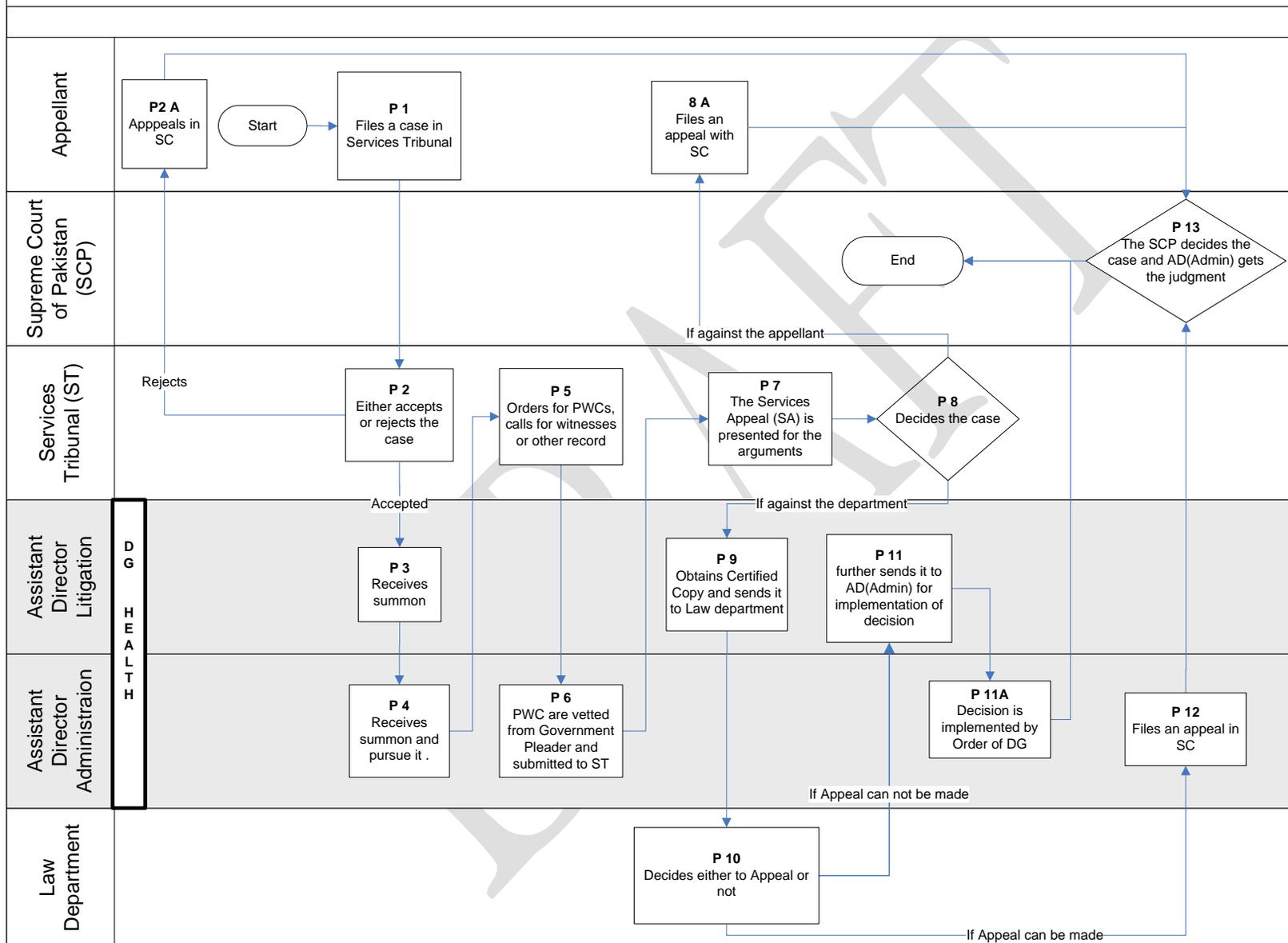
<b>DG Health Services - Assistant Director Administration AD(Admin)</b>	<b>P4:</b> Receives the summon and collects all the relevant data about the case.	Risk that all relevant data is not collected and presented to the ST.	The ultimate control is vetting by the Government pleader.
<b>Services Tribunal</b>	<b>P5:</b> Hears the case from time to time and calls witnesses, relevant record or PWC etc. On behalf of the Department AD(Admin)/AD(L) attends the hearing.	Risk sits in the Services Tribunal	Control sits in the Services Tribunal
<b>DG Health Services - Assistant Director Administration AD(Admin)</b>	<b>P6:</b> Reviews Para wise comments (PWCs) and forwards it to the Government pleader for vetting.	PWCs may not be relevant or sufficient	Clerk prepares the PWCs and AD(L)/AD(A) reviews it. The PWCs are finally vetted by the Government Pleader.
<b>Services Tribunal</b>	<b>P7:</b> Hears the arguments from both the parties.	Risk sits in the Services Tribunal	Control sits in the Services Tribunal
<b>Services Tribunal</b>	<b>P8:</b> Decides the case and decision is forwarded to all the parties (including Law Department).	Risk sits in the Services Tribunal	Control sits in the Services Tribunal
<b>Appellant</b>	<b>P8A –</b> Files an appeal with SC (if the decision of ST is against the appellant)	Risk sits with the appellant	Control sits with the appellant.
<b>DG Health Services - Assistant Director Litigation AD(L)</b>	<b>P9:</b> Obtains the certified copy of the judgment and forwards it to Committee in Law Department (if the ST decision is against the department)	Risk that the certified copy of the decision is not obtained on time and as a result the time for appeal lapses.	Law Department will follow up with the AD(L).
			<b>Suggested Mitigating Control –</b> A complete list of all the cases and their current status should be prepared by a clerk in the Litigation section on fortnightly basis.

			This list should be reviewed by AD(L) and finally by the Director and then DG.
		Risk that the Certified Copy of court's decision may not be forwarded to the Law Department's Committee on time.	Law Department will follow up with the Department ( as a copy of the judgement is already forwarded to it)
			<b>Suggested Mitigating Controls:</b>  "Please refer to the time service standards controls suggested under Process Step-P3"
<b>Law Department's Committee</b>	<b>P10:</b> Decides the case is either fit for appeal in the SC or may be declared as unfit  The Committee Includes  1. Secretary Law (Chair Man) 2. Advocate General KPK (Member) 3. DG Health (Member)	Risk sits in the Law Department	Control sits in the Law Department
<b>DG Health Services - Assistant Director Litigation AD(L)</b>	<b>P11:</b> Forwards the case to AD(L) (where the case is unfit for appeal in the Supreme Court of Pakistan)	Risk that the case is not forwarded to AD(L) on time	Appellant will follow up with the Department
			<b>Suggested Mitigating Controls:</b>  "Please refer to the time service standards controls suggested under Process Step-P3"
<b>DG Health Services -</b>	<b>P11A:</b> Implements the	Risk that the	Appellant will follow up

<b>Assistant Director Administration AD(Admin)</b>	judgment by an order from competent authority (DG).	judgment is not implemented at all or not implementation is delayed.	with the Department through court.
<b>DG Health Services - Assistant Director Administration AD(Admin)</b>	<b>P12:</b> Files the appeal in the SC through Advocate general of KPK (if the case is deemed fit for appeal)	Risk that the appeal is not filed on time.	Law Department will follow up with the Department
			<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step-P3”
<b>Supreme Court of Pakistan</b>	<b>P13:</b> Decides the case and AD(L) gets the final judgement.	Risk that the judgment is not implemented at all or not implementation is delayed.	Appellant will follow up with the Department through court.

Litigation Process – Service Cases

Process id: Health/DG Health Services/Litigation/Services - 01



<b>Process Narrative Including Risk and Control Matrix</b>	<b>I</b>
Litigation Process – Civil Cases	Process id: Health/DG Health Services/Litigation/Civil Cases-01

**Background Information**

As a part of the business, dispute may arise between the health department and vendors, general public etc. These disputes are settled at various forums after passing through various procedures. The appellant file a suit in the civil court and the court sent summon to the department. The Assistant Director Legal (ADL) coordinates with the court and defendants. The ADL forwards the summon to the office concerned (e.g. DHO, DG Health etc) for further processing. The Officer concerned attends the hearing from time to time and acts according to the instruction/orders of the court. The various steps involve are as follows:

***Important Note:***

*End to end process has been documented for the sake of understanding only .The relevant risks and controls that sit in departments/entities other than **DG Health Services** shall be documented at the respective departments/entities. Only risks and controls relating to **DG HEALTH SERVICES** have been documented here.*

Section/ Entity	Process Step	Risk	Control
Appellant	P1 – Files a case in the court	Risk sits with the appellant	Control sits with the appellant
Court (District/High/Supreme)	P1A: Receives the case from the appellant and issues summon to the Department.	Risk sits in the relevant court	Control sits in the relevant court.
DG Health Services – Assistant Director Legal	P2: Receives the summon from the court, (Standing Instruction by DG Health that all important litigation matters shall be given directly to AD(L)), gets administrative sanction from the DG Health and forwards it to Law Department for sanctioning.	Risk that the sanction may not be given/summon may not be forwarded on time	<b>Suggested Mitigating Controls:</b>  1. Time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat should be followed.  2. To ensure adherence to above referred rules Diary in and Diary out must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.  3. The reconciliation report should then be forwarded to the next higher authority for his/her review & signature.(where appropriate)
Law Department	P3 - Solicitor/Deputy Solicitor grants sanction and engages Government Pleaders.	Risk sits in the Law Department	Control sits in the Law Department
DG Health Services – Assistant Director	P4: Receives proper sanction from Law	Risk that the case may not be	Appellant will follow up through court

<b>Legal</b>	Department and forwards the case to the office concerned.	forwarded on time	
			<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step-P2”
<b>Office concerned (e.g. DHO etc)</b>	<b>P5:</b> Receives the case and collects relevant data.	Risk sits in the office concerned	Control sits in the office concerned
<b>Court (District/High/Supreme)</b>	<b>P6:</b> Hears the case from time to time .The court issues summon for each hearing to all parties involved. Being PAO, almost in all the case s, Secretary is a party	Risk sits in relevant court	Control sits in relevant court
<b>Court (District/High/Supreme)</b>	<b>P7:</b> Calls for witnesses, PWC (Para Wise Comments) and other relevant records and the office concerned acts according to the court’s instructions/orders.	Risk sits in relevant court	Control sits in relevant court
<b>Office concerned (e.g. DHO etc)</b>	<b>P8:</b> Prepares the Para wise Comments (PWC) /Jawab-e-Dawa and forwards it to Government Pleader for vetting.	Risk sits in the office concerned	Control sits in the office concerned
<b>Government Pleader</b>	<b>P8A -</b> Vets the para-wise comments and forwards these to office concerned.	Risk sits with the Government Pleader	Control sits with the Government Pleader
<b>Court (District/High/Supreme)</b>	<b>P9:</b> Receives Jawab-e-Dawa/PWCs and forwards it to the other party.	Risk sits in relevant court	Control sits in relevant court

<b>Court (District/High/Supreme)</b>	<b>P10:</b> Sets date for the arguments	Risk sits in relevant court	Control sits in relevant court
<b>Court (District/High/Supreme)</b>	<b>P11:</b> Decides the case and judgment is disseminated to all concerned	Risk sits in relevant court	Control sits in relevant court
<b>Appellant</b>	<b>P11A –</b> Decides to go to higher court (where courts decides against the plaintiff)	Risk sits with the appellant	Control sits with the appellant
<b>Office concerned (e.g. DHO etc)</b>	<b>P11B -</b> Collects the Certified Copy of detailed court's decision within seven days and forwards it to SO(L).	Risk sits in the office concerned	Control sits in the office concerned
<b>DG Health Services – Assistant Director Legal</b>	<b>P12:</b> Receives the Certified Copy of detailed court's decision from the office concerned and forwards it to the Committee at Law Department for concurrence.	Risk that the Certified Copy of court's decision may not be forwarded to the Law Department's Committee on time.	Law Department will follow up with the Department ( as a copy of the judgement is already forwarded to it) .
			<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step-P2”
<b>Law Department's Committee</b>	<b>P13:</b> Decides whether to appeal in the higher court. The Committee Includes; 1. Secretary Law 2. Advocate General KPK 3. DG Health Minutes of the meeting are prepared by SO(L) in law department duly signed by all the	Risk sits in the Law Department	Control sits in the Law Department

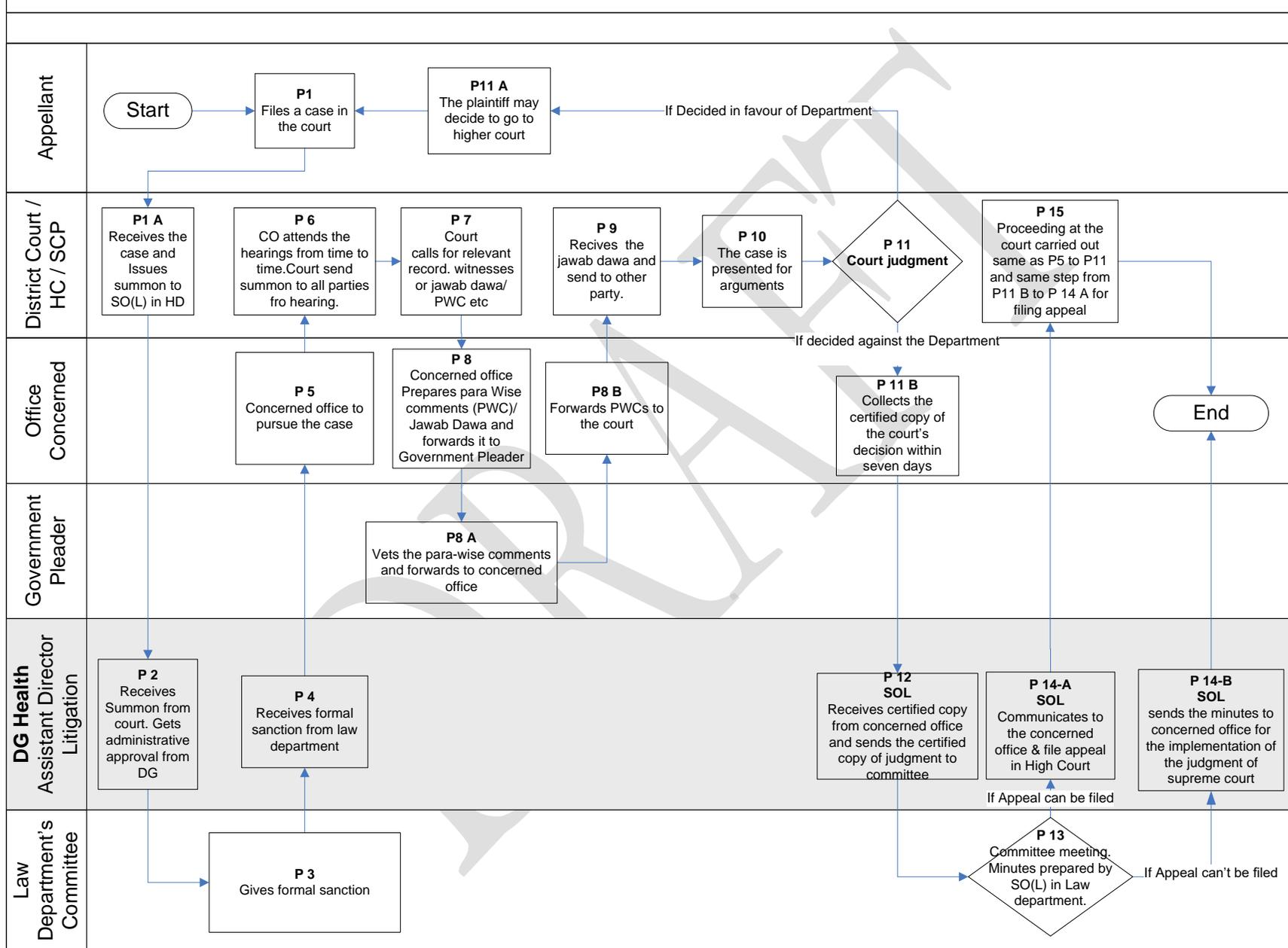
	participants and forwarded to AD(L) in DG Health.		
<b>DG Health Services – Assistant Director Legal</b>	<b>P14A:</b> Communicates with the office concerned for further documentation and requests the office concerned to file an appeal in the higher court through Advocate General of KPK (for cases where it is decided by the Law Department’s Committee that an appeal can be filed in the higher court).	Risk that the communication with the office concerned is not on time	Office concerned will follow up with the AD(L)
			<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step-P2”
<b>DG Health Services – Assistant Director Legal</b>	<b>P14B:</b> Forwards the minutes to office concerned to implement Court’s judgement (for cases where it is decided by the Law Department’s Committee that an appeal can’t be filed in the higher).	Risk that the minutes are not forwarded to office concerned on time	Office concerned will follow up with the AD(L)
			<b>Suggested Mitigating Controls:</b>  “Please refer to the time service standards controls suggested under Process Step-P2”
<b>Court (District/High/Sup reme)</b>	<b>P15:</b> Decides the case against the Department. For appeal same process is followed as in P 11 B to	Relevant risk shall identify at relevant Department.	Relevant control shall be addressed at relevant Department.

	14 A).		
		Risk that the time for appeal lapses.	<p><b>Suggested Mitigating Control –</b></p> <p>A complete list of all the cases and their current status should be prepared by the clerk in the Litigation section on fortnightly basis. This list should be reviewed by AD(L) and finally by the Director and then DG.</p>

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Litigation-Civil Cases

Process id: Health/DGHealth Services/Litigation/Civil Cases-01





**Section III**

**Audit Programs**



***A - Budget Management – Consolidation & Preparation***

<b>AUDIT PROGRAM</b>	<b>A-1</b>
<b>Budget Management- Consolidation - Developmental Budget (Demands for grants)</b>	<b>Process ID: Health /DG Health Services/BM /Consolidation /Dev-01</b>

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

To determine whether, on the basis of the systems and transactions examined (selecting all significant and/or representative samples) that:

- A. (ADP) Schemes are properly reviewed and consolidated
- B. (ADP) Schemes process is timely and responsive.

	<b>Audit Procedure</b>	<b>Done By<sup>5</sup>:</b>	<b>WP Ref<sup>6</sup>.</b>
	<p><b>(ADP) Schemes – Timely communication and proper consolidation</b></p> <ul style="list-style-type: none"> <li>▪ <i>Does the instructions from P&amp;D are received in time by the entity? (this should be in August or September)</i></li> <li>▪ <i>Is there a central coordination team within the DG Health to ensure that the overall entity's ADP Scheme is aggregated and includes the highest priority items within the government's priorities?</i></li> <li>▪ <i>Is there a process in place to provide clear instructions to DG Health/DDO for the preparation of the Developmental budget (ADP) Scheme each year?</i></li> <li>▪ <i>Are the Instructions from the P&amp;D Department communicated to DG Health on time and these instructions are forwarded to DDOs on time? (Enough time should be given so that budget is prepared at the DDO level)</i></li> <li>▪ <i>Is there a central policy and coordination function to aggregate the (ADP) Schemes from DG Health/DDOs and provide Government with a budget (ADPs) that is consistent with, and further, the government's set of priorities?</i></li> </ul>		

<sup>5</sup> The name/initials of the auditor who undertook the work

<sup>6</sup> Cross referenced to the working papers that contain the supporting details.

	<ul style="list-style-type: none"> <li>▪ For the current year (ADP) Schemes kindly check that these are reviewed by Director Procurement and final approval by DG Health.</li> <li>▪ Demand for the complete list of DDOs maintained and use this list to ensure that data from all the DDOs is received.</li> <li>▪ For a sample of ADP data received from the all the DDOs kindly check the casting and cross casting of the different forms received.</li> <li>▪ For a sample of ADP data received from the all the DDOs kindly ensure the following: <ul style="list-style-type: none"> <li>▪ Is the new ADP Scheme is feasible.</li> <li>▪ Note down the observation highlighted by Additional Director P&amp;D or Senior Planning officer.</li> </ul> </li> <li>▪ Check the variation in the DDOs (ADP) Schemes against the previous year and enquire about significant changes <ul style="list-style-type: none"> <li>• Use analytical procedure to find the variation in budgeted (ADP) Schemes data.</li> <li>• Enquire from management about high variation in (ADP) Schemes data and note the management comments.</li> </ul> </li> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li> </ul>		
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<b>AUDIT PROGRAM</b>	<b>A-2</b>
<b>Budget Management- Preparation -Non Developmental Budget (Demands for grants)</b>	<b>Process ID: Health/DG Health Services/BM/Preparation/Non Dev-01</b>

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

To determine whether, on the basis of the systems and transactions examined (selecting all significant and/or representative samples) that:

- A. Budgets are properly prepared and reviewed
- B. Budget process is timely and responsive.

	<b>Audit Procedure</b>	<b>Done By<sup>7</sup>:</b>	<b>WP Ref.<sup>8</sup>.</b>
	<p><b>Budgets – Timely communication and proper preparation.</b></p> <ul style="list-style-type: none"> <li>▪ <i>Does the budget circular and ceiling budget is received in time by the entity? ( this should be in August or September)</i></li> <li>▪ <i>Is there a central coordination team within the Secretariat to ensure that the overall entity’s budget is aggregated and includes the highest priority items within the government’s priorities?</i></li> <li>▪ <i>Is there a process in place to provide clear instructions to each DDOs for the preparation of the budget each year?</i></li> <li>▪ <i>Are the Instructions from the Finance Department including Budget Call Circular and Ceiling Budget communicated to all the DDOs in time? (Enough time should be given so that budget is prepared at the DDO level)</i></li> </ul>		

<sup>7</sup> The name/initials of the auditor who undertook the work

<sup>8</sup> Cross referenced to the working papers that contain the supporting details.

	<ul style="list-style-type: none"> <li>▪ For the current year budget kindly check that compilation sheet prepared is signed by the DDO (Director Administration).</li> <li>▪ Kindly check the casting and cross casting of the compilation sheet.</li> <li>▪ Trace some of the budgetary data sent by User Sections to the Account/Budget Section and kindly review casting and cross casting of <ul style="list-style-type: none"> <li>• Form BM-1&amp;2 (Estimates of current expenditure such as salary and non salary).</li> <li>• Form BM-6/9 (Schedule for new expenditure such as new Vehicle purchase).</li> </ul> </li> <li>▪ Check the variation in the current period budget against the previous year and enquire about significant variations <ul style="list-style-type: none"> <li>• Use analytical procedure to find the variation in budgeted data.</li> <li>• Enquire from management about high variation in budget data and note the management comments.</li> </ul> </li> <li>▪ Ensure that the limit of ceiling budget is not exceeded. <ul style="list-style-type: none"> <li>• Select a head of expenditure and Check current year original budget against allocated Budget Ceiling.</li> </ul> </li> <li>▪ Check the approval of the budget data by DDO (Director Administration), and DD Budget.</li> <li>▪ Review that the budget data is sent to the Finance Department within the time specified in the guidance issued by the Department. (01 January for Permanent estimates and 01 February for Temporary estimates)</li> <li>▪ Demand for the reconciliation between diary in and diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see</li> </ul>		
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	whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed.		
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<b>AUDIT PROGRAM</b>	<b>A-3</b>
<b>Budget Management- Re-Appropriation/Surrender of savings</b>	<b>Process ID: Health/DG Health Services/BM/Re-appropriation-01</b>

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

To determine whether, on the basis of the systems and transactions examined (selecting all significant and/or representative samples) that:

- A. Re-appropriation/Surrender of savings are properly prepared and reviewed.
- B. Re-appropriation/Surrender of savings process is timely and responsive.

	<b>Audit Procedure</b>	<b>Done By<sup>9</sup>:</b>	<b>WP Ref<sup>10</sup>.</b>
	<p><b>Statement of Re-appropriation/Surrenders – Timely communication and proper preparation.</b></p> <ul style="list-style-type: none"> <li>▪ <i>Does the instruction about Re-appropriation/Surrenders of savings is received in time by the entity?</i></li> <li>▪ <i>Is there a process in place to provide clear instructions to each DDO for the preparation of the statement of Re-appropriation/Surrenders of savings each year?</i></li> <li>▪ <i>Are the Instructions from the Finance Department communicated to all the DDOs on time? (Enough time should be given so that statement of re-appropriation/surrenders of savings is prepared at the DDO level)</i></li> <li>▪ <i>Is there a central policy and coordination function to aggregate the statement of re-appropriation/surrenders provide Government with a data that is consistent with, and furthers, the government’s set of priorities?</i></li> </ul>		

<sup>9</sup> The name/initials of the auditor who undertook the work

<sup>10</sup> Cross referenced to the working papers that contain the supporting details.

	<ul style="list-style-type: none"> <li>▪ For the current year statement of re-appropriation/surrenders of savings, kindly check that the re-appropriation statement is prepared and signed by the DDO (Director Administration) and DS Budget.</li> <li>▪ Kindly check the casting and cross casting of the re-appropriation/surrenders statement.</li> <li>▪ Check the variation in the statement of re-appropriation/surrenders of savings against the previous year and enquire about significant changes. <ul style="list-style-type: none"> <li>• Use analytical procedure to find the variation in statement of re-appropriation.</li> <li>• Enquire from management about high variation in data and note the management comments.</li> </ul> </li> <li>▪ Check the segregation of duty. <ul style="list-style-type: none"> <li>• Statement is prepared by.</li> <li>• Checked by.</li> <li>• Approved by.</li> </ul> </li> <li>▪ Check the approval of the statement of re-appropriation/surrenders of savings by the DDO (Director Administration), and DS Budget.</li> <li>▪ Review that the statement of re-appropriation/surrenders of savings is sent to the Finance Department within the time specified in the guidance issued by the department.</li> <li>▪ Check that audit copy is prepared and duly signed by DDO (Director Administration) and concerned officer of Finance Department.</li> <li>▪ Is a rolling budget forecast made by the Department to ascertain the position of excess/surrender early in the Financial Year?</li> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to</li> </ul>		
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	<p>the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</p>		
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*B – Human Resources Management*

<b>AUDIT PROGRAM</b>	<b>B-1</b>
Hiring process- Gazetted Employees	Process id: Health/DG Health Services/HRM/Hiring Process-01

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- There are controls over the hiring process
- There are controls that the post created is on need basis
- There is adequate separation of duties

	<b>Audit Procedure</b>	<b>Done By<sup>11</sup>:</b>	<b>WP Ref<sup>12</sup>.</b>
	<p><b>Test on Controls:</b></p> <p><b>AT DG HEALTH</b></p> <ul style="list-style-type: none"> <li>▪ Ensure that the requisition for the post is supported by proper justification.</li> <li>▪ Kindly check that the requisition before being forwarded to the DG office is reviewed by the Director Administration</li> <li>▪ The medical report is duly sign by director health and DG health.</li> <li>▪ Check the requisition received by DG health office from DHO as the case may be</li> </ul> <p><b>AT SECRETARIAT</b></p> <p>Select a sample of new appointments (from the list of employees hired during the current period) and ensure the following;</p> <ul style="list-style-type: none"> <li>▪ The sanction letter is duly signed by the budget officer V in Finance Department and Section Officer (E) in health department.</li> <li>▪ The requisition for recruitment is signed by the Secretary health before forwarding to Public Service</li> </ul>		

<sup>11</sup> The name/initials of the auditor who undertook the work

<sup>12</sup> Cross referenced to the working papers that contain the supporting details.

	<p>Commission.</p> <ul style="list-style-type: none"> <li>▪ Notification is checked with respect to the signature of section officer (E) in health</li> <li>▪ The arrival report is attached and duly signed by the Section Officer Establishment Health and by the employee</li> <li>▪ The medical report is attached</li> <li>▪ Ensure the following: <ul style="list-style-type: none"> <li>✓ Medical report is signed by the Medical Superintendent civil hospital</li> <li>✓ Finger prints of the candidate are present</li> <li>✓ Medical report is signed by the Section Officer Establishment Health</li> <li>✓ Police clearance report should be attached with all documents</li> </ul> </li> </ul>		
	<p><b>FOR AG OFFICE DOCUMENTS</b></p> <p>Select a sample of recruitment (from the list of employees hired during the current period) and ensure the following;</p> <ul style="list-style-type: none"> <li>▪ Check that the source 1 form is completely filled</li> <li>▪ Verify the data entered on the source 1 form with the supporting documents e.g. (CNIC and notification)</li> <li>▪ Check that the notification is attached and date of expiry of CNIC</li> <li>▪ The copy of payslip is present in accounts section</li> <li>▪ Payslip is signed by the Section Officer General (DDO) Health</li> <li>▪ The following heads of source 1 form is filled correctly <ul style="list-style-type: none"> <li>✓ DDO CODE (COST CENTER)</li> <li>✓ PERSONNEL ACTIONS – INFO TYPE 00</li> <li>✓ PERSONAL DATA – INFO TYPE 0002</li> <li>✓ ORGANISATIONAL ASSIGNMENT – INFO TYPE 0001</li> <li>✓ PRESENT ADDRESS – INFO TYPE 0006</li> <li>✓ PERMANENT ADDRESS – INFO TYPE 0006</li> <li>✓ BASIC PAY – INFO TYPE 0008</li> <li>✓ LEAVES – INFO TYPE 2001</li> <li>✓ BANK DETAIL – INFO TYPE 0009</li> <li>✓ GP FUND SUBSCRIPTION – INFO TYPE 0057</li> </ul> </li> </ul>		

	<ul style="list-style-type: none"> <li>✓ CREATE DATA SPECIFICATION – INFO TYPE</li> <li>✓ INTERNAL DATA – INFO TYPE 0032</li> <li>✓ FAMILY INFORMATION – INFO TYPE 0021</li> <li>✓ RECURRING PAYMENTS (ALLOWANCES) – INFO TYPE 0014</li> <li>✓ RECURRING PAYMENTS (ALLOWANCES) – INFO TYPE 0014</li> <li>✓ RECURRING PAYMENTS (DEDUCTIONS) – INFO TYPE 0014</li> <li>✓ PAYROLL – INFO TYPE 003</li> </ul> <ul style="list-style-type: none"> <li>▪ The source 1 form is signed by the Section Officer General (DDO) Health</li> <li>▪ Check whether a Document Control Sheet, listing all the documents required to be attached with the bill is prepared and signed by the preparer and reviewer both.</li> </ul> <p><b>TIMELINESS</b></p> <ul style="list-style-type: none"> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li> </ul>		
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<b>AUDIT PROGRAM</b>	<b>B-2</b>
Hiring process- Non Gazetted Employees	Process id: Health/DG Health Services/HRM/Hiring Process-02

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- There are controls over the hiring process
- There are controls that the post created is on need basis
- There is adequate separation of duties

	<b>Audit Procedure</b>	<b>Done By<sup>13</sup>:</b>	<b>WP Ref<sup>14</sup>.</b>
	<p><b>Test on Controls:</b></p> <p><b>AT DG HEALTH SERVICES</b></p> <p>Select a sample of new appointments (from the list of employees hired during the current period) and ensure the following;</p> <ul style="list-style-type: none"> <li>▪ The approval for the post by the DG Health Services is present.</li> <li>▪ Advertisement sent to the Information Department is signed by the Director Administration and letter is present.</li> <li>▪ A copy of the advertisement is available on the file</li> <li>▪ All the applications are entered in the diary register and ensure the following heads properly filled: <ul style="list-style-type: none"> <li>✓ Date of receiving</li> <li>✓ Bate of Birth</li> <li>✓ District of Domicile</li> </ul> </li> </ul>		

<sup>13</sup> The name/initials of the auditor who undertook the work

<sup>14</sup> Cross referenced to the working papers that contain the supporting details.

	<ul style="list-style-type: none"> <li>✓ Qualification</li> <li>✓ Candidate name</li> <li>✓ Address</li> <li>✓ Post for apply</li> <li>✓ TCS / Registry Number</li> </ul> <ul style="list-style-type: none"> <li>▪ Is there a process of initial screening of the applications carried out so that only candidates who meets the criteria are called for tests and interview</li> <li>▪ DG Health constitutes the committee for test and interviews and approval is present.</li> <li>▪ Final list of successful candidates along with detailed results is available on the file</li> <li>▪ Approval is present of the DG Health of the successful candidates.</li> <li>▪ Notification issued is checked with respect to the signature of Director Administration and approval by the DG Health.</li> <li>▪ The arrival report is attached.</li> <li>▪ The medical report is attached of all the candidates and approval by DG Health and signature by Director Administration</li> <li>▪ Ensure the following: <ul style="list-style-type: none"> <li>✓ Medical report is signed by the Medical Superintendent civil hospital</li> <li>✓ Finger prints of the candidate are present</li> <li>✓ Medical report is signed by the Director Administration.</li> </ul> </li> <li>▪ Does DDO maintain a list of approved bills/forms forwarded to Cashier? Also enquire about any reconciliation carried out between the said list and the despatch register.</li> </ul>		
	<p><b>FOR AG OFFICE DOCUMENTS</b></p> <p>Select a sample of recruitment (from the list of employees hired during the current period) and ensure the following;</p> <ul style="list-style-type: none"> <li>▪ Check that the source 1 form and source 2 form are completely filled</li> </ul>		

	<ul style="list-style-type: none"> <li>▪ Verify the data entered on the source 1 form with the supporting documents e.g. (CNIC, charge report, office order and appointment letter)</li> <li>▪ Check that the office order is attached and date of expiry of CNIC</li> <li>▪ The copy of payslip is present in accounts section</li> <li>▪ Payslip is signed by the DDO</li> <li>▪ The following heads of source 1 form is filled correctly <ul style="list-style-type: none"> <li>✓ DDO CODE (COST CENTER)</li> <li>✓ PERSONNEL ACTIONS – INFO TYPE 00</li> <li>✓ PERSONAL DATA – INFO TYPE 0002</li> <li>✓ ORGANISATIONAL ASSIGNMENT – INFO TYPE 0001</li> <li>✓ PRESENT ADDRESS – INFO TYPE 0006</li> <li>✓ PERMANENT ADDRESS – INFO TYPE 0006</li> <li>✓ BASIC PAY – INFO TYPE 0008</li> <li>✓ LEAVES – INFO TYPE 2001</li> <li>✓ BANK DETAIL – INFO TYPE 0009</li> <li>✓ GP FUND SUBSCRIPTION – INFO TYPE 0057</li> <li>✓ CREATE DATA SPECIFICATION – INFO TYPE</li> <li>✓ INTERNAL DATA – INFO TYPE 0032</li> <li>✓ FAMILY INFORMATION – INFO TYPE 0021</li> <li>✓ RECURRING PAYMENTS (ALLOWANCES) – INFO TYPE 0014</li> <li>✓ RECURRING PAYMENTS (ALLOWANCES) – INFO TYPE 0014</li> <li>✓ RECURRING PAYMENTS (DEDUCTIONS) – INFO TYPE 0014</li> <li>✓ PAYROLL – INFO TYPE 003</li> </ul> </li> <li>▪ The source 1 form is signed by the Director Administration.</li> <li>▪ The following heads of source 2 form is filled correctly</li> </ul>		
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	<ul style="list-style-type: none"> <li>✓ Office of the</li> <li>✓ For the month of</li> <li>✓ DDO Code</li> <li>✓ Description</li> <li>✓ Personal number</li> <li>✓ Employee name</li> <li>✓ Grade</li> <li>✓ General data change</li> <li>✓ Change in payments/deductions</li> <li>✓ CNIC number</li> <li>✓ Salary start and stop status</li> </ul> <ul style="list-style-type: none"> <li>▪ The source 2 form is signed in three stages i.e. Prepared by, Audited/Checked by and Entered/Verified by</li> <li>▪ Check whether a Document Control Sheet, listing all the documents required to be attached with the bill is prepared and signed by the preparer and reviewer both.</li> </ul> <p><b>TIMELINESS</b></p> <ul style="list-style-type: none"> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li> </ul>		
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<b>AUDIT PROGRAM</b>	<b>B-3</b>
Promotion – Non Gazetted Employees	Process id: Health/ DG Health Services/HRM/Promotion-01

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- Process of promotion is smooth and transparent.
- Compliance with rules and regulation.

	<b>Audit Procedure</b>	<b>Done By<sup>15</sup>:</b>	<b>WP Ref<sup>16</sup>.</b>
	<p><b>Test on Controls :</b></p> <p>Obtain the documents of the promotion made in the period under review and ensure the following:</p> <ul style="list-style-type: none"> <li>▪ Enquire from the Director Personnel how the vacant posts are identified.</li> <li>▪ Ensure that clerk has identified the vacant posts and the working papers are reviewed by the Director. This should be evidenced by signatures on the document.</li> <li>▪ Verify that the seniority list is approved/attested and whether it is without any dispute</li> <li>▪ Review the working papers for its authenticity and cross checked it with the Seniority list, quota calculation etc</li> <li>▪ Review the minutes of the meeting of DPC and ensure from attendance sheet all participants were present and minutes are sign by all the participants. Review the proposal / decision made. Identify the date issue of the minutes of the meeting.</li> <li>▪ Review the date of the final notification and ensure from note sheet that it is reviewed by DD Personnel and AD Personnel and director Admin before signing by DG Health.</li> </ul>		

<sup>15</sup> The name/initials of the auditor who undertook the work

<sup>16</sup> Cross referenced to the working papers that contain the details on which the auditor has formed an opinion about the controls.

	<p><b>TIMELINESS</b></p> <ul style="list-style-type: none"><li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li></ul>		
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<b>AUDIT PROGRAM</b>	<b>B-4</b>
Posting and Transfer – BPS-1 to 16	Process id: Health/ DG Health Services/HRM/Posting-Transfer 01

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- There are controls over the posting and transfer process
- There is adequate separation of duties
- Document sent to AG office is filled completely

	<b>Audit Procedure</b>	<b>Done By<sup>17</sup>:</b>	<b>WP Ref<sup>18</sup>.</b>
	<p><b>Test on Controls:</b></p> <p><b>AT DG HEALTH</b></p> <p>Select a sample of posting and transfer (from the list of employees during the current period) and ensure the following;</p> <ul style="list-style-type: none"> <li>▪ Notification from DG Health is present and signed by the Director Administration</li> </ul>		
	<p><b>FOR AG OFFICE DOCUMENTS</b></p> <p>Select a sample of posting and transfer (from the list of employees during the current period) and ensure the following;</p> <ul style="list-style-type: none"> <li>▪ That the source 2 form is filled completely and accurately</li> <li>▪ Source 2 form is duly signed by the Director Administration (DDO) DG Health and by the one who prepared the form</li> </ul>		

<sup>17</sup> The name/initials of the auditor who undertook the work

<sup>18</sup> Cross referenced to the working papers that contain the supporting details.

	<ul style="list-style-type: none"> <li>▪ Notification/office order is attached</li> <li>▪ That the source 3 form is filled completely and accurately</li> <li>▪ Source 3 form is duly signed by the Director Administration (DDO) DG Health and by the one who prepared the form</li> <li>▪ Notification/office order is attached</li> <li>▪ The following documents are attached with the source 2 and 3 form: <ul style="list-style-type: none"> <li>✓ Notification</li> <li>✓ Charge assumption</li> <li>✓ House rent certificate</li> <li>✓ Vehicle certificate</li> <li>✓ Service book</li> </ul> </li> <li>▪ Charge assumption certificate is duly signed by the Director Administration (DDO) and accounts officer Health.</li> <li>▪ House rent and vehicle certificate is duly signed by the Deputy Director Personnel and Director Administration (DDO) Health and in addition to this three specimen signatures of the employee is present</li> </ul> <p><b>TIMELINESS</b></p> <ul style="list-style-type: none"> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li> </ul>		
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<b>AUDIT PROGRAM</b>	<b>B-5</b>
Posting and Transfer – 17 and Above	Process id: Health/ DG Health Services/HRM/Posting- Transfer 02

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- There are controls over the posting and transfer process
- There is adequate separation of duties
- Document sent to AG office is filled completely

	<b>Audit Procedure</b>	<b>Done By<sup>19</sup>:</b>	<b>WP Ref<sup>20</sup>.</b>
	<p><b>Test on Controls:</b></p> <p><b>AT THE DG LEVEL</b></p> <p>Please ensure that approval of DG Health is present on the file</p> <p><b>AT SECRETARIAT</b></p> <p>Select a sample of posting and transfer (from the list of employees during the current period) and ensure the following;</p> <ul style="list-style-type: none"> <li>▪ Notification from Secretary Establishment is present and signed by the Section officer (E)</li> <li>▪ Notification from Secretary Health is present and signed by the Section Officer General (DDO) Health</li> </ul>		
	<p><b>FOR AG OFFICE DOCUMENTS</b></p> <p>Select a sample of posting and transfer (from the list of employees during the current period) and ensure the following;</p>		

<sup>19</sup> The name/initials of the auditor who undertook the work

<sup>20</sup> Cross referenced to the working papers that contain the supporting details.

	<ul style="list-style-type: none"> <li>▪ That the source 2 form is filled completely and accurately</li> <li>▪ Source 2 form is duly signed by the Section Officer General (DDO) Health and by the one who prepared the form</li> <li>▪ Notification/office order is attached</li> <li>▪ That the source 3 form is filled completely and accurately</li> <li>▪ Source 3 form is duly signed by the Section Officer General (DDO) Health and by the one who prepared the form</li> <li>▪ Notification/office order is attached</li> <li>▪ The following documents are attached with the source 2 and 3 form: <ul style="list-style-type: none"> <li>✓ Notification</li> <li>✓ Charge assumption</li> <li>✓ House rent certificate</li> <li>✓ Vehicle certificate</li> <li>✓ Service book</li> </ul> </li> <li>▪ Charge assumption certificate is duly signed by the Section Officer General (DDO) and accounts officer Health.</li> <li>▪ House rent and vehicle certificate is duly signed by the Additional Secretary/Secretary and Section Officer General (DDO) Health and in addition to this three specimen signatures of the employee is present</li> </ul> <p><b>TIMELINESS</b></p> <ul style="list-style-type: none"> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li> </ul>		
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<b>AUDIT PROGRAM</b>	<b>B-6</b>
Training and Development – All Employees	Process ID: Health/DG Health Services/HRM/training & Development - 01

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- Job descriptions are properly defined
- In-house training and development
- Refresher courses / trainings to keep resources updated
- Person specification vs. job description
- There is adequate separation of duties

	<b>Audit Procedure</b>	<b>Done By<sup>21</sup>:</b>	<b>WP Ref<sup>22</sup>.</b>
	<p><b>Tests:</b></p> <ul style="list-style-type: none"> <li>▪ Verification of Job descriptions to check it is properly defined by the related department.</li> <li>▪ Inquire from Training section either In-house or Out-side training and development was provided to employees to update their expertise.</li> <li>▪ Inquire/inspection of documents if any prepared by HR (Human Resource) against the employees trainings.</li> <li>▪ Discussion with employees about their knowledge and expertise in related areas.</li> <li>▪ Verify the role and responsibilities of employee's and ensure that their duties are properly segregated from each other.</li> <li>▪ For a sample of employees sent on local and foreign training, during the year, kindly check whether they met the criteria defined in the letter sent by P&amp;D/Department of Economic Affairs.</li> </ul>		

<sup>21</sup> The name/initials of the auditor who undertook the work

<sup>22</sup> Cross referenced to the working papers that contain the supporting details.

	<p><b>TIMELINESS</b></p> <ul style="list-style-type: none"><li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li></ul>		
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<b>AUDIT PROGRAM</b>	<b>B-7</b>
Retirement – All Employees	Process id: Health/ DG Health Services/HRM/Retirement Process-01

**AUDIT PROGRAM**

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- Process of retirement is smooth.
- Retirement cases are dealt timely.
- Compliance with rules and regulation.

	<b>Audit Procedure</b>	<b>Done By<sup>23</sup>:</b>	<b>WP Ref<sup>24</sup>.</b>
	<p><b>Test on Controls ;</b>            Obtain the documents of the transfer made in the period under review and :</p> <ul style="list-style-type: none"> <li>▪ Review the retirement documents of the employee and ensure the date of retirement with personnel file of the employee.</li> <li>▪ Verify the date of approval of secretary for notification and the date of notification.</li> <li>▪ Ensure copy of notification is sent to all concerned.</li> <li>▪ Review the application to ensure its completeness and reasonableness and verify approval from DG Health.</li> <li>▪ Check whether clearance from PAC is given on the note sheet.</li> <li>▪ Verify that an affidavit (in case of any discovery of any amount outstanding against the applicant shall be deductible from pension) duly signed by the applicant is attached with documents.</li> <li>▪ Check the date of approval of secretary and date of</li> </ul>		

<sup>23</sup> The name/initials of the auditor who undertook the work

<sup>24</sup> Cross referenced to the working papers that contain the details on which the auditor has formed an opinion about the controls.

	<p>dispatch to AG office and Benevolent Office.</p> <ul style="list-style-type: none"> <li>▪ Check the date of intimation of AG and Benevolent fund for issuance of cheques.</li> </ul> <p><b>(Information on Pen 3 Forms needs to be verified with the personal files)</b></p> <p><b>TIMELINESS</b></p> <ul style="list-style-type: none"> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li> </ul> <p><b>Compliance with Authority</b></p> <p>Kindly ensure that the attached pension rules are being followed.</p>		
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## **PENSION RULES**

**Pension:** - Means a periodical payment made by Government" in consideration of the services rendered by a Government servant in accordance with rules.

The minimum length of service required for pension is ten years while for the gratuity the required length of service is five years or more but less than 10 years.

a. **Classes of Pension:**

i. **Superannuation Pension:** Granted on completion of age of superannuation which presently is 60 years under the law.

ii. **Retiring Pension:** Granted to a Government servant who is permitted or required by Government to retire after completing qualifying service of 25 years. The retiring pension is also granted to a Government servant who is compulsorily retired under the E & D Rules.

iii. **Invalid Pension:** Awarded to a Government servant who by bodily or mental infirmity is permanently incapacitated by the standing Medical Board or standing invaliding committee or Medical Superintendent as described below: -

The standing Medical Board or standing invaliding committee in the case of Government servants in B-16 and above. Medical Superintendent DHQ/Services Hospital in case of Government servant in B-1 to B-15.

Note:- A Government servant should be invalided within thirty days of the receipt of Medical Certificate or if he is on leave or is granted leave as a special case, on the expiry of such leave whichever may be later.

iv. **Compensation Pension:** Granted on the eve of abolition of a permanent post, if an incumbent of such post is not absorbed in any other service/post.

b. **Family Pension:** Granted to the family members of a Government servant in case of his death during service or to the family of a pensioner in the event of his death.

i. In case the civil servant dies during service, the family pension shall be admissible at the rate 50 % of Gross pension. The gratuity in lieu of one fourth of gross pension on the basis of age of the deceased civil servant according to commutation table will also be paid. If the civil servant dies after retirement, the family pension would be admissible equal to 50 % of the net or reduced pension.

ii. The widow will get pension for life or till her remarriage. The husband of the deceased female servant will get pension for 10 years.

iii. In case the civil servant dies, and the widow is also a civil servant, the pension would only cease in case of death or remarriage of

the widow.

Family Includes:-

a) Wife/Wives of a male Government servant. b) Husband of the deceased Government servant.

c) Widow / widows and children of a deceased son of the Government servant.

iv. If the widow dies, the pension will be admissible to the sons, if any until they attain the age of 21 years and the unmarried daughter, if any, until they are married or attain the age of 21 years, whichever is earlier.

c. **Extraordinary Pension:**

Is granted in addition to normal pension whose death, injury or disability etc is directly attributed to duty in service.

d. **Anticipatory Pension:-**

If there is an apprehension that finalization of pension case of a Government servant will be delayed, a pension upto 80 % of the admissible pension may be issued by competent authority without reference to audit office.

e. **Compassionate allowance:-**

No pension shall be admissible to a civil servant who is dismissed or removed from service for reasons of discipline, but government may sanction compassionate allowance to such a civil servant, not exceeding two thirds of pension or gratuity which would have been admissible him had he been invalided from service on the date of dismissal or removal.

### **Conditions for the Grant of Pension:**

- The service must be under Government.
- The service must be pensionable.
- The servant must be paid out of the consolidated fund.

### **Service Qualifying for Pension:**

- All periods of leave, other than extraordinary leave.
- The period of suspension followed by re-instatement.
- Probationary period followed by confirmation.
- Half of period of apprenticeship.
- Military pensionable service which terminates before a pension has been earned in respect of it, when followed by Civil pensionable service, counts as part of such service provided that any bonus or gratuity received in lieu of pension on or since discharge from military service shall be refunded in lumpsum or in monthly installments not exceeding 36. The military service of the individual concerned and the amount of gratuity paid to him should be verified by reference to the Controller of Military Accounts.
- Time occupied in transit from one appointment to another.
- Period of training during service.
- Periods spent in Foreign Service if pension contributions are paid.

### **Service which does not qualify for Pension:**

- Extraordinary leave (i.e. leave without pay).
- Overstay of joining time or leave.
- Half of the Apprenticeship period.
- Foreign service if pension contributions are not paid.

### **Forfeiture of past Service:**

A Government servant forfeits his past service in the following cases:-

1. Resignation of a post unless it is to take up another post, service in which counts for pension.
2. Removal or dismissal from service on account of misconduct, insolvency or inefficiency.
3. Absence from duty without leave.

Note:- The pension sanctioning authority may commute retrospectively periods of absence without leave into extraordinary leave.

## **Condonation of interruption and deficiencies:**

### **Interruption:**

- a. The Administrative Department may for purpose of pension condone all gaps between qualifying service of a Government servant.
- b. The period of extraordinary leave shall not be treated as qualifying service for pension but only as a bridge between the two periods of qualifying service Interruption in service due to other reasons may be condoned provided such interruption is not due to any fault or willful act of the Government servant, like unauthorized absence, resignation or removal from service. Interruption due to removal on account of reduction and retrenchment of the post shall however be deemed to have been condoned. The periods of such interruptions shall not, however, count as qualifying service for pension.

### **Deficiency:**

- a. A deficiency in qualifying service upto 6 months is automatically condoned.
- b. A deficiency in service for more than 6 months but less than a year can be condoned by a competent authority subject to the following conditions:-
  - i. The Government servant has died while in service or has retired under circumstances beyond his control, such as on invalidation or abolition of his post, and would have completed another year of qualifying service, if he had not died or retired.
  - ii. The service rendered by him had been meritorious;
- c. A deficiency of full one year or more cannot be condoned.

### **Factors involved in calculation of Pension:-**

- a. Last Pay: i.e. Basic pay, Additional pay / special pay, personal pay, technical pay, indexed pay, senior post allowance, increment accrued during L.P .R, Dearness allowance, any other addition to pay which may specially be declared by Govt: as emoluments reckoning for pension.
- b. Net Qualifying Service:
- c. Formula of Calculation of pension:

Last pay x Service (upto 30 years) x 7

300

Plus

Service benefit@ 2 % for each completed year of service in addition to 30 years subject to a maximum of 10 %.

### **Commutation:-**

- An amount upto 50 % of the Gross pension can be commuted at the rate of commutation table with reference to the age of the Government servant on the next birthday.
- The commuted value of pension shall be restored on outliving the period for which commuted value was paid. In restoration, fraction of a year shown in the commutation table which is less than six months will be ignored and that of six months and more will count as one year.
- The gratuity has been abolished altogether w.e.f. 1.7.1986. However, the amount surrendered for gratuity before 1.7.1986 shall be restored after outliving the period for which gratuity was allowed.
- Commutation is not subject to medical certificate if it is asked for within one year of the date of retirement. This is not applicable in the case of invalid pension. In the cases of premature retirement on medical grounds, the requirement of medical examination shall not be waived.
- A civil servant after attaining the age of 60 years will be allowed commuted value of pension as applicable to the age of 60 years, instead of 61 years.

### **Amount of gratuity in the case of Govt:**

Employees having more than five but less than ten year service. Gratuity is paid at the rate of one month pensionable emoluments for each completed year of service. In case of death or invalidation, gratuity at the rate of one and half month's emoluments is paid for each completed year of service.

### **General Orders:**

- Good conduct during and after service is an implied condition. The pension can be reduced or stopped if the conduct of Govt: Servant during service and or after retirement is not satisfactory.
- There is no maximum limit of pension. \* Except with the previous sanction of the Govt., No pensioner shall within a period of two years from the date of his retirement, take part in any election or engage in politics.

### **Pension Sanctioning Authority:**

- a. The appointing authority can accord sanction of pension for civil servants in Grade- I 6 and below.
- b. The Secretary of the Department concerned shall have the powers. to grant/sanction all kinds of pension, excluding compassionate allowance to civil Servants in Grades I 7 to 19 who are or have been working under his administrative control immediately before retirement. The extraordinary pension shall be sanctioned with the prior concurrence of Finance Department.
- c. The Chief Secretary shall have powers to accord sanction of pension to Officers in B-20 and above.

**Commutation Table**

Age Next Birthday	Numbers of years purchased		Age Next Birthday	Numbers of years purchased	
20	50.6304	607-5648	50	22.8911	274-6932
21	49.6676	596-0112	51	22.0658	264-7896
22	48.7066	584-4792	52	21.2563	255-0756
23	47.7464	572-9604	53	20.4638	245-5656
24	46.7884	561-4608	54	19.6896	236-2752
25	45.8314	549-9768	55	18.9348	227-2176
26	44.8758	538-5096	56	18.2002	218-4024
27	43.9215	527-0580	57	17.4860	209-8320
28	42.9688	515-6256	58	16.7925	201-5100
29	42.0179	504-2148	59	16.1191	193-4292
30	41.0089	492-1068	60	15.4649	185-5788
31	40.1218	481-4616	61	14.8290	177-9480
32	39.1767	470-1204	62	14.2105	170-5260
33	38.2336	458-8032	63	13.6090	163-3080
34	37.2929	447-5148	64	13.0239	156-2868
35	36.3551	436-2612	65	12.4549	149-4588
36	35.4203	425-0436	66	11.9017	142-8204
37	34.4885	413-8620	67	11.3643	136-3716
38	33.5603	402-7236	68	10.8428	130-1136
39	32.6361	391-6332	69	10.3371	124-0452
40	34.7160	380-5020	70	9.8472	118-1664
41	30.8007	369-6084	71	9.3729	112-4748
42	29.8907	358-6884	72	8.9142	106-9704
43	28.9800	347-7600	73	8.4708	101-6496
44	28.0891	337-0692	74	8.0427	96-5124
45	27.1990	326-3880	75	7.6299	91-5588
46	26.3172	315-8064	76	7.2322	86-8764
47	25.4444	305-3328	77	6.8496	82-1952
48	24.5816	294-9792	78	6.4818	77-7816
49	23.7301	294-7612	79	6.1287	73-5444
			80	5.7901	69-4812

OTHER PENSION RULES

/ Vol-II

NO.FD/SO(SR-II)/4-111/2003  
Dated Peshawar, 1st

October 2003.

Subject: - **GRANT OF INCREASE IN PENSION TO CIVIL PENSIONERS OF THE NWFP GOVERNMENT**

I am directed to refer to this Department's letter of even number dated: 9-7-2003 on the subject noted above and to say that queries have been received in this Department, as to whether 15% increase in pension is also admissible to those Government servants who would retire on or after 01-07-2003.

2. It is clarified that the said increase in pension is admissible until further orders to those Government servants as well who retired /may retire on or after 01-07-2003.

NO.SOSR.III (FE&TD) 4-36/76/Vol:IV

Dated Peshawar, 26th June, 2000.

Subject: **SIMPLIFICATION OF PROCEDURE REGARDING PENSION.**

I am directed to refer to the subject noted above and to say that under Para 1(j) of the Finance Department's letter No.SO(SR.III)FD/4-36/76, dated 4-6-1977 all periods of suspension followed by re- instatement should qualify for pension regardless of the fact whether the Government Servant was or was nor allowed full pay and allowances for the period of suspension. In other words, the mere act of re-instatement should be deemed to have rendered the period of suspension as qualifying for pension.

2. A question has been raised whether in the case of a Government Servant who dies during the period of suspension the intervening period between the date of suspension and death would qualify for pension or otherwise.

3. After examination of the matter it has been decided that in cases similar to that as referred to above the period of suspension would qualify pension as in the case of reinstatement .

NO.SOSR.III (FE&TD) 4-199/76/Vol:III

Dated Peshawar, 20th October 2000

Subject: **FURTHER LIBERALIZATION OF PENSION.**

I am directed to refer to the subject noted above and to say that under the existing instructions the family pension will be admissible to:-

- (i) The widow or widower as the case may be, of the deceased Government Servant for life or until re-marriage; and
- (ii) failing (i) above to the Sons, if any, until they attain the age of 21 years and the un-married daughters, if any, till they are married or attain the age of 21 years, which-ever is earlier.

2. It has been decided that failing (i) and (ii) above the family pension will be admissible to the surviving un-married daughter till marriage. In case there are more than one such daughter the amount will be divided equally. No arrears will be allowed prior to 20-10-2000.

NO.SOSR-III-II /FD/4-132/86/

Dated Peshawar the 15<sup>th</sup> April 2002

Subject: **GRANT OF COMMUTATION TO THE WIDOW OF GOVERNMENT SERVANT COMPULSORILY RETIRED FROM SERVICE BUT EXPIRED BEFORE SIGNING HIS PENSION/ COMMUTATION CLAIMS.**

I am directed to refer to this Department letter of even number dated 2<sup>nd</sup> August 1986 on the subject noted above and to state that commutation upto 50% of gross pension was admissible to a Civil pensioner at his option. Under the existing procedure as contained in this Department letter No.FD(PRC) 1-1/2001, dated 27-10-2001 the entitlement of commuted value upto 40% of gross pension becomes valid as and when a government servant, while in service or

on retirement, exercises his option for commuted value of pension on prescribed form (C.S.R-25 Revised).

2. Some references have been received in this Department where government servants while having been retired compulsorily could not sign their pension papers due to their death. Consequently the bereaved families of deceased government servants were not given the benefit of the commuted value of pension under the existing rules.

3. The case has been considered and it has been decided that the family of a deceased government servant, who after having compulsorily retired could not sign his pension papers due to death, shall also be entitled for the commuted value of pension hence forth subject to fulfilment of all other conditions in this regard.

NO.SOSR-III-II (FD) 4-92/85/VOL-II

Dated Peshawar the 12<sup>th</sup> September 2002.

Subject: **RESTORATION OF PENSION SURRENDERED IN LIEU OF COMMUTATION/GRATUITY**

I am directed to refer to para18 (e) of Finance Department Government of N.W.F.P letter No.FD (PRC) 1-1/2001, dated: 27-10-2001 under which the benefit of restoration of surrendered portion of pension in lieu of commutation / gratuity was withdrawn with effect from 01-12-2001 irrespective of an employees date of retirement. The old pensioners have requested for reconsideration of this decision in so much as that it may not be made applicable to Government servants who retired prior to 01-12-2001.

2. The case has been reconsidered and it has been decided that all those Government servants who retired prior to 01122001 others those who have opted to remain in Pay Scales of 1994 shall be entitled to the restoration of surrendered portion of pension in lieu of commutation /gratuity.

3. It has also been decided that all other benefits available under the 1994 scales shall continue for those who have opted to remain in the 1994 scales. Government servants who

availed the benefit of presumptive fixation of pay in the 2001 scales i.e. those who retired between 01-7-2001 to 01-12-2001 shall be governed by the Pay and Pension Package of the 2001 pay scales.

NO.FD/SOSR-II/4-199/2002/

Dated Peshawar the 24<sup>th</sup> February 2004.

Subject: **CONTINUATION OF PAYMENT OF SALARY ETC TO MARTYRS IN THE POLICE DEPARTMENT.**

Reference your letter No.10973/A-2, dated: 22-10-2003 addressed to the Chief Secretary, Government of N.W.F.P Peshawar on the subject noted above.

2. The Chief Minister N.W.F.P is pleased to approve the payment of last pay & allowances drawn by the Shaheed Police officials for the remaining period of their service (up to the age of superannuation ) with immediate effect subject to following conditions:-

- i) Pension will not be attracted in the matter as the bereaved families would qualify for pension only after the remaining period of service upto the age of superannuation has expired.
- ii) The financial liability to be caused by this decision will be met out of existing budget and no Additional funds will be demanded as savings in the head of pay and allowances are quite substantial every year.
- iii) Widow of the Shaheed Police official shall be entitled to free medical facilities till the date of superannuation of the Shaheed or remarriage which ever is earlier. The children of Shaheed Police official shall also be entitled to free medical facilities in Government Hospital till attaining the age of 20 years or superannuation of the Shaheed Police official or whichever is earlier.
- iv) It shall not have any retrospective effect.

<b>AUDIT PROGRAM</b>	<b>B-8</b>
Employee Related Expenses (Allowances)	Process id: Health/ DG Health Services/Employee related expense-01

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- All pay and allowances are paid only to eligible employees

	<b>Audit Procedure</b>	<b>Done By<sup>25</sup>:</b>	<b>WP Ref<sup>26</sup>.</b>
	<p><b>Tests:</b></p> <p>For selected employees from the payroll master sheet (computerised sheet sent from AG office) please ensure the following;</p> <ul style="list-style-type: none"> <li>▪ Compare the total pay i.e. basic pay and allowances with the previous month and enquire and investigate any change</li> <li>▪ See that the pay of the officer is according to his/her scale</li> </ul> <p>Please check that the following allowances (where applicable) are paid as per the rule:</p> <p><b>Adhoc Relief (Wage Type: 1831)</b></p> <ul style="list-style-type: none"> <li>• Check that employees appointed after 30.06.2005 are not admissible for such allowance</li> <li>• Check that employees whose date of joining was 30-6-2005 was paid adhoc relief allowance as per revised pay scale 2005.</li> <li>• Check that the adhoc relief allowance shall continue to be admissible at frozen level on existing conditions.</li> <li>• Check that the allowance is admissible to the</li> </ul>		

<sup>25</sup> The name/initials of the auditor who undertook the work

<sup>26</sup> Cross referenced to the working papers that contain the supporting details.

employees transferred from one post to another taking effect after 01-07-2005, provided they were previously in receipt of such benefits.

- Check that this allowance was also admissible on extra ordinary leaves as soon as they resume duties, at the frozen level which would have been admissible to them had they not proceeded on EOL.

**Special Additional Allowance (Wage type: 1623)**

- Check that this allowance was not paid to new employees who joined after 1-12-2001 and only paid to previous employees at frozen level who were entitled to and in respect of the benefits immediately before their appointment (promotions/transfers/absorptions).

**Special Allowance (Wage Type: 1550)**

- Check that an increase @ 15 % on initial pay shall be allowed to the contractual appointees as special allowance that are in receipt of pay package slightly higher than the standard pay package prescribed under the contract appointment policy dated: 29-12-2004.

**Special Relief Allowance (Wage Type: 1776)**

- Check that employees appointed after 30.06.2005 are not admissible for such allowances
- Check that employees whose date of joining was 30-6-2005 onwards was paid special relief allowance @ 15 % of basic pay per month to a civil servant in BPS-1 to 22 as per revised pay scale 2005. This allowance continues to be admissible at frozen level on existing conditions.
- Check that the allowance is admissible to the employees transferred from one post to another taking effect after 01-07-2005, provided they were previously in receipt of such benefits.
- Check that this allowance was also admissible on extra ordinary leave as soon as they resume duties, at the frozen level which would have been admissible to them had they not proceeded on EOL.

**Superannuation age**

	<ul style="list-style-type: none"> <li>• Check that superannuation pension is granted to a Government servant only on completion of age. Identify those Government officials who have attained the age of superannuation but are still in government job.</li> </ul> <p><b>Dearness Allowance (Wage type: 1864)</b></p> <ul style="list-style-type: none"> <li>• Check that the dearness allowance @ 15 % sanctioned w.e.f. 1.07.2006 shall stand frozen at the level of its admissibility as on 30.06.2007 and the amount shall continue to be admissible to the entitled recipients until further orders but it will not be admissible to new entrants joining Govt. service on or after 01.07.2007.</li> </ul> <p><b>Entertainment Allowance (Wage type: 1518)</b></p> <ul style="list-style-type: none"> <li>• Check that this allowance is admissible to the Grade 19 and above officers only.</li> </ul> <p><b>Senior Post Allowance (Wage type: 1549)</b></p> <ul style="list-style-type: none"> <li>• Check that Senior Post allowance is admissible only to BPS 20,21,22</li> </ul> <p><b>Performance Evaluation Allowance (Wage type: 1615)</b></p> <ul style="list-style-type: none"> <li>• Check that Performance Evaluation Allowance is allowed to Audit Officer working in Performance Evaluation Cell BPS 17 and above</li> </ul> <p><b>Diet Allowance (Wage type: 1817)</b></p> <ul style="list-style-type: none"> <li>• Diet allowance is only allowed to nursing below cadre 16</li> </ul> <p><b>Integrated Allowance (Wage Type: 1833)</b></p> <ul style="list-style-type: none"> <li>• Check that Integrated allowance is admissible only to Qasid, Naib Qasid and Daftari</li> </ul> <p><b>Orderly Allowance (Wage Type :1540)</b></p> <ul style="list-style-type: none"> <li>• Check that orderly allowance is only allowed to Grade 20 and above or opt for the provision of residence orderly (only one is allowed)</li> </ul> <p><b>Instructional Allowance (Wage type: 1594)</b></p> <ul style="list-style-type: none"> <li>• Check that Instructional allowance is only allowed to officer/staff deployed on instructional duties in</li> </ul>		
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	<p>training institutes</p> <p><b>Warden Allowance (Wage Type: 1618)</b></p> <ul style="list-style-type: none"> <li>• Check that Warden allowance is only allowed to teachers who are assigned the duties of Hostel Warden in colleges and polytechnics</li> </ul> <p><b>Medical Allowance (Wage Type: 1300)</b></p> <ul style="list-style-type: none"> <li>• Check that Medical allowance is only allowed to Non Gazetted employees</li> </ul> <p><b>Following allowances are abolished, Check that no employee is taking these allowances</b></p> <ul style="list-style-type: none"> <li>• Cash Handling (Wage Type 1587 )</li> <li>• Outfit (Wage Type 1638)</li> <li>• Furniture Cloth (Wage Type 1524 )</li> <li>• Telecom (Wage Type 1562 )</li> <li>• Good Conduct (Wage Type )</li> <li>• Copier/Photo state (Wage Type 1512 )</li> <li>• Telephone (Wage Type 1563 )</li> <li>• Statistics (Wage Type 1569 )</li> <li>• Gilgit (Wage Type 1526 )</li> </ul> <p><b>Appointment</b></p> <ul style="list-style-type: none"> <li>• Check that Naib Qasids are appointed after the up gradation of existing employee on or after 01.07.2008 at Grade 1</li> <li>• Check that Drivers are appointed after the up gradation of existing employee or after 01.07.2008 at Grade 4</li> </ul> <p><b>Over Time Allowance</b> Check that allowance to Garage Superintendent of Provincial Assembly at the rate of Rs.1500 P.M</p>		
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*C – Procurement*

<b>AUDIT PROGRAM</b>	<b>C-1</b>
Procurement- Tendering process	Process ID: Health/DG Health Services/Procurement/ Tendering process-01

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- A proper Tendering process was followed;
- The analysis of the bids was according to the selection criteria;
- The calculations and comparisons were properly carried out;
- The contract was awarded in a timely manner; the end user was involved in the process; relevant information was properly presented; and the awarding process was properly disclosed;

	<b>Audit Procedure</b>	<b>Done By<sup>27</sup>:</b>	<b>WP Ref<sup>28</sup>.</b>
	<p><b>Test on Controls and Regularity:</b></p> <p>From the Cash book select a sample of purchases above Rs.40,000 and examine the contract file to perform the following:</p> <ul style="list-style-type: none"> <li>▪ Please check that appropriate requisition is available for the goods to be purchased.</li> <li>▪ Please check that the requisition is both approved by section in-charge and the DDO (Director Administration)</li> <li>▪ Check for appropriate sanction from the competent authority as delegation of power rules</li> <li>▪ A departmental purchasing committee has been established by the head of the department</li> <li>▪ For each contract, review the advertising process and</li> </ul>		

<sup>27</sup> The name/initials of the auditor who undertook the work

<sup>28</sup> Cross referenced to the working papers that contain the supporting details.

	<p>determine whether information about the RFP was widely distributed (at least 3 leading newspapers),</p> <ul style="list-style-type: none"> <li>▪ Sufficient time provided to respond (A minimum of thirty days shall be allowed between date of publication of the notice Inviting Tenders and submission of tenders)</li> <li>▪ (Any reduction in the time stipulated may be specifically authorized by the Head of the Procuring Entity for reasons to be recorded in writing)</li> <li>▪ Kindly check that “terms and conditions” of the tender notice are in accordance with the rules set out by NWFP (KPK) procurement rules 2003.</li> <li>▪ Examine that at least 3 bids have been received. What was done when less than 3 bids were submitted. (Was special authority obtained to proceed when fewer than 3 bids received and justification given (such as only 2 suppliers of product/service available)?</li> <li>▪ Ensure that sufficient funds were available for the purchase. Also ensure that there has been an administrative approval of the funds under NWFP Delegation of Powers under the Financial rules and Powers of Re-Appropriation Rules 2001</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Seek evidence that evaluation criteria is established before bids are opened (by observation and/or interviewing and confirm that in certain cases, this criteria is provided to potential bidders with the RFP)</li> </ul>		
	<p>Please ensure that the following procedure has been followed during the tender opening process:</p> <ul style="list-style-type: none"> <li>▪ All the envelopes received containing tenders shall be counted and initialed by the Tender Inviting Authority.</li> <li>▪ The name of contractors or suppliers who have withdrawn their tenders shall be announced.</li> <li>▪ All the tenders received in time shall be opened.</li> <li>▪ A record of the corrections noticed at the time of the bid opening shall be maintained.</li> </ul>		

	<ul style="list-style-type: none"> <li>▪ The name of the tenderers and the quoted prices shall be read out. The price shall be circled in ink and page initialed by the Tender Inviting Authority.</li> <li>▪ The fact whether earnest money security has been deposited and other documents required have been produced shall be indicated.</li> <li>▪ Minutes of the tender opening shall be recorded</li> <li>▪ Please ensure that a comparative statement is prepared and duly signed by all the members of the purchase committee.</li> <li>▪ Please cross check the figures on the comparative statement with individual quotations sent by the suppliers.</li> <li>▪ Any minutes of the meeting between the suppliers and the purchase committee for the negotiation of the price should be recorded and signed by all the members of the committee.</li> <li>▪ A supply order has been issued to the approved supplier within the terms and conditions agreed.</li> <li>▪ Please check that tender security of 10% (in the form of call deposit) has been received from the successful bidder. Please note that the 2% earnest money shall be adjusted against this tender security.</li> <li>▪ Verify that the earnest money of 2% received (in the form of call deposit) from the unsuccessful bidders has been returned.</li> <li>▪ Evaluate whether the purchasing committee has been formed in such a way that an expert is available to ensure that goods of specified quality are purchased</li> <li>▪ Ensure that a declaration form as given in the NWFP procurement rules 2003 has been submitted by all the members of the purchase committee (This relates to ethics)</li> <li>▪ If it's single source procurement then kindly ensure that all the requirements under NWFP procurement Rules 2003 have been followed.</li> <li>▪ Please verify that approval from the head of the</li> </ul>		
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	<p>procuring department has been obtained for the single source purchase.</p> <ul style="list-style-type: none"> <li>▪ Kindly ensure that the single source procurement meets the following three different conditions explained in the rules: <ul style="list-style-type: none"> <li>a) The goods, construction or services are available only from a particular contractor or supplier, or a particular contractor or supplier has exclusive rights in respect of the goods, construction or services, and no reasonable alternative or substitute exists; or</li> <li>b) The Procuring Entity having procured goods, equipment, technology or services from contractor or supplier, determines that additional supplies must be procured from that supplier or contractor for reasons of standardization or because of the need for compatibility with existing goods, equipment, technology or services, taking into account the effectiveness of the original procurement in meeting the needs of the Procuring Entity, the limited size of the proposed procurement in relation to the original procurement, the reasonableness of the price and the unsuitability of alternatives to the goods or services in question; or</li> <li>c) The works to be undertaken by a department fall under the category of petty works as defined in the North-West Frontier Province Delegation of Financial Powers under the Financial Rules and the Powers of Re-Appropriation Rules, 2001.</li> </ul> </li> <li>▪ By reviewing the cash book kindly analyse whether the purchases have been broken into smaller parts in order to avoid tendering.</li> <li>▪ Kindly ensure that the following requirements of GFR are met; <ul style="list-style-type: none"> <li>1. Para (145) .Purchases must be made in most economical manner in accordance with the definite requirements of the public service. Stores should not be purchased in small quantities. At the same time, care should be taken not to purchase stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to Government</li> </ul> </li> </ul>		
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	<p>2. According to S. No. 3 of the NWFP Delegation of Powers Rules 2001 read with F. D. letter No. SO (Accounts) – FD12-8/96, dated 5<sup>th</sup> January 1997, purchase of equipments exceeding Rs. 1.5 million is required to be supervised by the Inter-Departmental Purchase committee (IDPC) including representative of Finance, P &amp; D Department and Administrative Department</p> <p>3. Para (146) Purchase order should not be split up in order to avoid the necessity sanction of higher authority, required with reference with the total amount of the orders</p> <p>From the Cash book select a sample of purchases below Rs.40,000 and examine the contract file to perform the following:</p> <p>(Kindly follow all the above steps. The main differences are as follows. No tendering. Local purchase No purchase committee)</p> <p><b>TIMELINESS</b></p> <ul style="list-style-type: none"> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li> </ul>		
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<b>AUDIT PROGRAM</b>	<b>C-2</b>
<b>Procurement- Fixed Assets/Goods</b>	<b>Process ID: Health/DG Health Services/Procurement/Fixe d Assets/Goods-01</b>

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- There is adequate separation of duties
- Purchase of goods and services justified and properly authorised
- Controls to ensure that the necessary funds are available under the budget and the particular goods or services are a correct expenditure against the budget (consistent with the object / appropriation / objectives of the programme)
- There are procedures to administer control over the receipt of duplicate invoices
- There are controls to ensure that the goods and services have been delivered and received, according to the quantity, quality and within time promised (where applicable)

	<b>Audit Procedure</b>	<b>Done By<sup>29</sup>:</b>	<b>WP Ref<sup>30</sup>.</b>
	<p><b>Test on Controls and Regularity;</b></p> <p>For a sample of fixed assets/goods purchase for the period from the Cash Book perform the following;</p> <ul style="list-style-type: none"> <li>▪ Please check that appropriate requisition is available for the goods to be purchased.</li> <li>▪ Please check that the requisition is both approved by section in-charge and the Director Administration (DDO)</li> <li>▪ Check for appropriate sanction from the competent authority as delegation of power rules</li> <li>▪ Please ensure that adequate budget was available for the purchase under appropriate head.</li> <li>▪ Please check entry in the stock register</li> </ul>		

<sup>29</sup> The name/initials of the auditor who undertook the work

<sup>30</sup> Cross referenced to the working papers that contain the supporting details.

	<ul style="list-style-type: none"> <li>▪ Please verify that the receipt (Inward registry) is signed by the Director Administration/Purchase Committee</li> <li>▪ Check the format of the stock Register. It should be made in such a way that there are receipt , issues and balance of stock items shown</li> <li>▪ Kindly verify the issue with the section demand</li> <li>▪ Please verify the signature of the user section in-charge on the issue side of the register</li> <li>▪ Please check the bill prepared by the bill Assistant and perform the following; <ol style="list-style-type: none"> <li>1. Check the account code on the bill and ensure that proper head of account is being debited (e.g. A03970 – other charges)</li> <li>2. Compare the items on the bills with the supplier invoices</li> <li>3. Verify that the bill is signed by the Director Administration</li> <li>4. Check casting of the bill</li> </ol> </li> <li>▪ Check payments for product/service entered into ledger (Cash book) for correct year.</li> <li>▪ Check that procurement was made from person registered with Industries Department of Provincial Government.</li> <li>▪ Check that procurement of taxable goods was made from a person duly registered under the Sales Tax Act, 1990. [Section 2(3) of Sales Tax Special Procedure (Withholding) Rules, 2007 as amended by SRO.77(I)/2008, Dated:23<sup>rd</sup> January, 2008]</li> <li>▪ Check that sales tax was withheld at 3% or 16% as amended from time to time.[Section 2(2) and (3) of Sales Tax Special Procedure (Withholding) Rules, 2007 as amended by SRO.77(I)/2008, Dated:23<sup>rd</sup> January, 2008]</li> <li>▪ Check that Income Tax was deducted at 3.5% on supplies and 6.0% on services or as mentioned in Income Tax Ordinance. [Section 153 of Income Tax Ordinance]</li> </ul>		
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	<ul style="list-style-type: none"> <li>▪ Through CAATs or other means, identify in the records any situations of “identical” transactions and check whether they are two separate purchases (tracing through to physical check of goods/services received) or are cases of double payment for same goods/service. Follow up on cause(s) of duplicate payments (including possibility of fraud).</li> <li>▪ Please check that the original suppliers’ invoices attached with the bill are stamped by the Director Administration as verified. This can also be seen on the photocopied invoices.</li> <li>▪ At least for large transactions and transactions close to year end, conduct physical check on existence of goods and services (if these are distant from site where conducting audit, may seek confirmation in writing from DDO or independent party)</li> <li>▪ Check that procurement was made at the close of the financial year to prevent lapse of budget grant for the purpose of showing full amount of grant as utilized without actually obtaining delivery of goods and services.[Rule-388 (i) of CTR] [Rule 290 of TR Vol-I]</li> <li>▪ Ensure the following: <ol style="list-style-type: none"> <li>1. A monthly reconciliation of bills sent and cheques received is prepared. Any outstanding items are identified and reviewed by the DDO</li> <li>2. Aging report of all outstanding bills is prepared on monthly basis. The report is reviewed and signed by Director Administration and DG health.</li> <li>3. An intimation letter to applicant is issued within three days of receipt of cheque</li> <li>4. A list of cheques received from AG office and not issued to the applicant for more than 15 is prepared on fortnightly basis. The list is reviewed by DG health</li> </ol> </li> <li>▪ Enquire that the DDO office maintains a list of approved bills/forms forwarded to dealing assistant /Cashier and the DDO (Director Administration) office compares the list with bill dispatched register on monthly basis. Any outstanding item is followed up with the Cashier/Dealing assistant</li> </ul>		
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	<p><b>TIMELINESS</b></p> <ul style="list-style-type: none"><li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li></ul>		
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*D – Fixed Assets Management*

<b>AUDIT PROGRAM</b>	<b>D</b>
Fixed asset Management- Fixed assets	Process ID: Health/DG Health Services/FAM/Asset management-01

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- Fixed assets record is properly maintained
- Written policies and procedures are in place for safeguarding of assets
- The Disposal of assets is properly managed
- Utilization of assets is monitored

	<b>Audit Procedure</b>	<b>Done By<sup>31</sup>:</b>	<b>WP Ref<sup>32</sup>.</b>
	<p><b>Test on Controls ;</b></p> <p>For a sample of assets purchased during the period, by reviewing the Cash book, kindly ensure the following;</p> <ul style="list-style-type: none"> <li>▪ There is written requisition from the user Department for purchase of asset</li> <li>▪ The requisition is approved from the head of the section</li> <li>▪ Review that the requisition is approved by the DDO (Director Administration)</li> <li>▪ Kindly check the entry of the asset in the stock register</li> <li>▪ Please verify the signatures of DDO (Director Administration)/purchase committee and the in-charge of the section where the asset is delivered on the stock register</li> <li>▪ Please ensure that adequate budget was available for</li> </ul>		

<sup>31</sup> The name/initials of the auditor who undertook the work

<sup>32</sup> Cross referenced to the working papers that contain the details on which the auditor has formed an opinion about the controls.

	<p>the purchase under appropriate head.</p> <ul style="list-style-type: none"> <li>▪ For any assets not delivered, determine why payment was made before delivery</li> <li>▪ Check for a sample selected out of the Fixed Assets Register (Cash book) that the assets physically exist and that they comply with the information in the Register regarding location, asset identification number, description, classification, and other relevant information</li> </ul> <p><b>Policies and Procedures</b></p> <ul style="list-style-type: none"> <li>▪ Confirm that a proper Fixed Asset Register according to sections 13.4, 13.5 and 13.6 of the Accounting Policies and Procedures Manual (APPM) being maintained?</li> <li>▪ Is the following information contained in the Fixed Assets Register: <ul style="list-style-type: none"> <li>▪ Description</li> <li>▪ Classification of asset</li> <li>▪ Date of purchase / date of completion</li> <li>▪ Original purchase cost (in rupees)</li> <li>▪ Cost in foreign currency (where applicable)</li> <li>▪ Asset identification number</li> <li>▪ Current location</li> <li>▪ Ownership of / responsibility for?</li> </ul> </li> <li>▪ Are fixed assets reports produced every quarter? (A requirement of Financial Reporting Manual)</li> <li>▪ Are the policies for disposal of fixed assets (13.5) being followed?</li> <li>▪ Is there proper accounting of the proceeds from disposal (13.6) being followed?</li> <li>▪ Are periodic physical counts of assets made by persons independent of accounting and asset records <b>and</b> independent of the custodians of the assets?</li> </ul> <p><b>Disposal</b></p> <ul style="list-style-type: none"> <li>▪ Take a sample of assets recently disposed of and check: <ol style="list-style-type: none"> <li>a) Whether proper authority was obtained to dispose of the asset</li> </ol> </li> </ul>		
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	<p>b) That an appropriate price was obtained (either by a competitive bid process or by benchmarking the value of the asset before determining the price)</p> <p>c) Where possible, compare prices obtained for similar assets and investigate any assets apparently sold below value</p> <p><b>Utilization</b></p> <ul style="list-style-type: none"> <li>▪ Are buildings used as intended?</li> <li>▪ Are buildings properly utilised (e.g. Wards used and/or not overcrowded)?</li> <li>▪ Are records kept on the use of equipment (logs of daily use / distances travelled / who used / fuel consumed) and is actual capacity utilisation assessed periodically</li> </ul> <p><b>Compliance with Authority</b></p> <ul style="list-style-type: none"> <li>• Check that Serious loss to immovable property has been immediately reported by department officer to head of Department</li> <li>• Check that Head of Department immediately reported the loss to Government</li> <li>• Check that copy of completed enquiry has been simultaneously submitted for audits</li> <li>• Check that hiring of private building is only allowed when Government building is not available and non availability of accommodation certificate from the divisional officer has been obtained</li> <li>• Check that any public building has been occupied for private residence without consent of Government</li> <li>• Check that rent of Government building let to private person has been received in advance according to the rate prevailing in locality</li> </ul> <p><b>TIMELINESS</b></p> <ul style="list-style-type: none"> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If</li> </ul>		
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	possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed		
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*E – Stores Management*

<b>AUDIT PROGRAM</b>	<b>E</b>
Stores Management - Stores Process	Process id: Health/ DG Health Services/Stores Management/Stores Process-01

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- Stores record is properly maintained
- Written policies and procedures are in place for the safeguard of stores
- There is sound management of inventory levels

	<i>Audit Procedure</i>	<b>Done By:</b>	<b>WP Ref.</b>
	<p><b>Test on Controls and Regularity;</b></p> <p>For a sample of store items (stationery etc) purchased during the period, by reviewing the Cash book, kindly ensure the following;</p> <ul style="list-style-type: none"> <li>▪ There is written requisition from the user section for purchase of store item</li> <li>▪ The requisition is approved from the head of the section</li> <li>▪ Review that the requisition is approved by the DDO (Director Administration)</li> <li>▪ Kindly check the entry of the store item in the stock register</li> <li>▪ Please check that DDO (Director Administration) has signed in the stock register</li> <li>▪ Check for the sanction authority is appropriate as per North-West Frontier Province Delegation of Financial Powers under the Financial Rules and the powers of Re-Appropriation Rules, 2001</li> <li>▪ Kindly check for the signature of the DDO (Director</li> </ul>		

	<p>Administration) on the goods inward side of stock register</p> <ul style="list-style-type: none"> <li>▪ Through observation ensure that the store room is locked and only the caretaker can enter the store room.</li> <li>▪ For a balance of items (e.g. stationery, toners etc) as appearing in the stock register kindly perform a physical count and compare with the records in the stock register</li> <li>▪ Observe the condition of store items and enquire about any damaged items during the physical count (as explained above)</li> <li>▪ Take a sample of recent acquisitions of stores and check against stores accounts</li> <li>▪ Demand for a stock take report</li> <li>▪ Check that after periodic physical count a certificate of verification with it result has been recorded in the stock register and discrepancies have been reported to the accounts</li> <li>▪ Check that shortage, damage and unserviceable stores have been reported to competent authority for write off or auction</li> <li>▪ Check that any excess or surplus stock has been kept by department</li> <li>▪ Check that obsolete, surplus or unserviceable stock have been disposed/write off under the sanction of competent authority</li> <li>▪ Check that report of unserviceable stores has been available</li> <li>▪ Check that unserviceable stores have been disposed/sold through public auction</li> <li>▪ Check that disposal record is available</li> <li>▪ Check that the value of imported stores have been converted to rupee account at the current prevailing</li> </ul>	<p>GFR-161</p> <p>GFR-167</p> <p>CTR-379</p> <p>GFR-22</p> <p>GFR-22</p> <p>GFR-22</p> <p>B&amp;R – 3.11</p>	
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	<p>exchange rate</p> <ul style="list-style-type: none"> <li>▪ Check that any payment for stores has not been made before these are received or surveyed.</li> </ul> <p>Kindly ensure the following requirements of GFR are met:</p> <p>a) (Para 148) All material received should be examined, counted, measured, weighed as the case may be, when delivery is taken, and they should be taken on charge by a responsible Government Officer who should see that quantities are correct and their quality is also good, and record a certificate that he has actually received the materials and recorded them in the appropriated stock register.</p> <p>b) (Para 149) When materials are issued for departmental use, manufacture, sale etc, the officer in-charge of the store should see that an indent in prescribed form has been made by a properly authorized person who examined it carefully with reference to the orders or instructions for the issue of stores and sign it after making suitable alterations under his dated initials in the description and quality of material.</p> <p>c) (Para 151) The officer interested with stores should take special care for arranging for their safe custody, for keeping them in good and efficient condition and for protecting them from loss, damage or deterioration. He should maintain suitable accounts and inventories and prepare correct returns in respect of the stores in his charge with a view to preventing losses through theft, fraud, accident or otherwise and to making it possible at any time to check the actual balances with the book balances and the payment to suppliers, etc.</p> <p>d) Para 155 A reliable list, inventory or account of all stores</p>	<p>B&amp;R – 3.11</p> <p>B&amp;R – 3.11</p>	
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	<p>in the custody of Government Officer should be maintained in a form prescribed by the competent authority to enable a ready verification and check of accounts at any time.</p> <p>e) (Para 159) A physical verification of all stores should be made at least once in every year under rules prescribed by the competent authority.</p> <p>f) (Para 162) Balances of stores should not be held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit. Store remained in stock for over year should be considered surplus.</p> <p>g) (Para 167) Stores which are reported to be unserviceable may be disposed off by sale or otherwise under the orders of the authority competent to sanction writing off a loss. Head of office should record full particulars regarding all condemned stores in suitable list from which their disposal can be watched.</p> <p><b>Safeguarding of stock</b></p> <ul style="list-style-type: none"> <li>▪ Examine the facilities for handling and storing inventory and conclude whether appropriate <ul style="list-style-type: none"> <li>a) Determine whether the amount of space is reasonable (not too crowded / not too much wasted space)</li> <li>b) Conclude whether the storage conditions are suitable (no perishable items stored outside / the building free of wet or damp / reasonable access to stored items)</li> <li>c) Check that storage is free of hazards or dangerous situations (unstable shelving / very heavy items stored high / walkways cluttered / dangerous chemicals not marked or guarded)</li> <li>d) Observe whether there are adequate physical controls</li> </ul> </li> </ul>		
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	<p>over the inventory to ensure they are properly safeguarded</p> <ul style="list-style-type: none"> <li>▪ Conclude whether the maintenance of inventory records are sufficient to safeguard the inventory</li> </ul> <ol style="list-style-type: none"> <li>a) Records are maintained up-to-date</li> <li>b) Access to records controlled so difficult to change to cover up theft</li> <li>c) Regular reconciliation of actual inventory with inventory records and accounting records</li> </ol> <p><b>Level of Inventory and utilization rate</b></p> <ul style="list-style-type: none"> <li>▪ Examine items in stock by physical inspection and identify any unusual items (large quantity / look as if in storage a long time / etc.) and enquire about the items</li> <li>▪ Look at items in records that raise possible questions (large stock levels / little demand / large volume purchased with low usage and already many in stock / last purchase many years ago / etc.) (if this type of information can be determined easily)</li> <li>▪ Follow up on items noted in steps 1 and 2</li> </ul> <p><b>Measures of Over-Supply</b></p> <ul style="list-style-type: none"> <li>▪ On a sample basis, including high value items or very bulky items (taking up space in stores) (and also items noted in stores / records as apparently over-stocked), examine usage rates and thus calculate the amount of inventory in terms of months (or years) it would take to use up all of that item in stock</li> <li>▪ For those items that have many year's worth of usage, enquire why so much is in stock and what actions are intended to be taken</li> </ul> <p><b>Measures of Under-Supply</b></p> <ul style="list-style-type: none"> <li>▪ From stores records / stores accounts, identify those items that could not be supplied from stock, especially those with high usage (if such information</li> </ul>		
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	<p>is available)</p> <ul style="list-style-type: none"> <li>▪ Examine items on “back order”, (i.e. those items ordered and still not delivered) and determine how long been on order, especially those with high usage, and determine if reasonable or not</li> <li>▪ If information is available on “lead times” (i.e. how long it normally takes from order to delivery) compare information obtained from back orders with the lead times and identify problems and reasons for problems</li> </ul> <p><b>TIMELINESS</b></p> <ul style="list-style-type: none"> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li> </ul>		
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*F – Operating Expenses*

<b>AUDIT PROGRAM</b>	<b>F</b>
Operating Expense Process	Process id: Health/ DG Health Services/Operating Expense/Recording and Payment Process 01

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- There are controls over the operating expense process
- There is adequate separation of duties
- Demand letter is present
- The stock register is updated

	<b>Audit Procedure</b>	<b>Done By<sup>33</sup>:</b>	<b>WP Ref<sup>34</sup>.</b>
	<p><b>Test on Controls:</b></p> <p><b>AT DG HEALTH</b></p> <p>Select a sample of operating expense (during the current period) and ensure the following;</p> <ul style="list-style-type: none"> <li>▪ Demand letter is present and duly signed by the relevant section who ordered and Director Administration (DG Health)</li> <li>▪ The demand letter is also signed by the person who received items</li> <li>▪ Invoice/bill is present against purchases and signed by the Director Administration (DG Health)</li> <li>▪ Scrutinized stamp may also be present on the invoice</li> <li>▪ The stock register is updated after receiving the items</li> <li>▪ The signature of the employee/person is available in the stock register who receives items</li> <li>▪ Requisition is approved and duly signed by the</li> </ul>		

<sup>33</sup> The name/initials of the auditor who undertook the work

<sup>34</sup> Cross referenced to the working papers that contain the supporting details.

	<p>Accountant and Director Administration (DG Health)</p> <ul style="list-style-type: none"> <li>▪ Quotations are available from different suppliers and signed individually with respect to their business name</li> <li>▪ Comparative statement is prepared and signed by the Accountant, Director Administration (DG Health) and DG Health</li> <li>▪ The lowest rate is ordered</li> <li>▪ Purchase order is signed by the Director Administration (DG Health)</li> <li>▪ Contingent bill is prepared as per Rules (Financial Powers) and duly signed by the DG and Section Director Administration (DG Health)</li> <li>▪ The signatures have been taken in stock register by the ones who received items from caretaker</li> <li>▪ Stock register is signed by the Director Administration (DG Health)</li> <li>▪ Ensure the following: <ul style="list-style-type: none"> <li>1. A monthly reconciliation of bills sent and cheques received is prepared. Any outstanding items are identified and reviewed by the DDO</li> <li>2. Aging report of all outstanding bills is prepared on monthly basis. The report is reviewed and signed by Additional Director/Director.</li> <li>3. An intimation letter to applicant is issued with in three days of receipt of cheque</li> <li>4. A list of cheques received fro AG office and not issued to the applicant for more than 15 is prepared on fortnightly basis. The list is reviewed by Additional Director/Director..</li> </ul> </li> <li>▪ Enquire that the DDO office maintains a list of approved bills/forms forwarded to dealing assistant /Cashier and the DDO office compares the list with bill dispatched register on monthly basis. Any outstanding item is followed up with the Cashier/Dealing assistant</li> </ul>		
	<p><b>FOR AG OFFICE DOCUMENTS</b></p> <p>Select a sample of operating expense (during the current period) and ensure the following;</p> <ul style="list-style-type: none"> <li>▪ Total amount of the bill is cross verified with the invoices available</li> </ul>		

	<ul style="list-style-type: none"> <li>▪ The code/head on contingent bill is correct which bears the total amount of expenditure</li> <li>▪ Contingent bill is signed by the Director Administration (DG Health)</li> <li>▪ Amount of total budget is updated on the contingent bill</li> <li>▪ Amount of total expenditure is updated on contingent bill</li> <li>▪ Balancing/remaining amount is also updated on the contingent bill</li> <li>▪ Provincial coded classification performa (form PR8) is filled correctly</li> <li>▪ The following heads of provincial coded classification performa is filled: <ul style="list-style-type: none"> <li>✓ Fund number</li> <li>✓ Government code</li> <li>✓ Business area/department</li> <li>✓ Cost cent/DDO</li> <li>✓ Detail function</li> <li>✓ Vendor number</li> <li>✓ C.L. Code</li> <li>✓ C.N. Code</li> <li>✓ Payment (debit)</li> <li>✓ Deduction (credit)</li> <li>✓ Object code</li> <li>✓ Net payment</li> </ul> </li> <li>▪ Provincial coded classification performa is signed by the Director Administration DDO (DG Health)</li> <li>▪ Check casting of the performa</li> <li>▪ Check payments for product/service entered into ledger (Cash book) for correct year</li> <li>▪ In the cash book verify the signature of the D(Admin) DDO against the cheque paid</li> <li>▪ Check the acknowledgement received from the supplier.</li> <li>▪ Obtain a copy of reconciliation between AG office and department for a few months including for the month of June and December</li> <li>▪ Verify that the reconciliation is signed and stamped by the responsible officers of the both departments.</li> <li>▪ Demand for an Aging report of bills outstanding</li> </ul>		
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	<p>for more than 30 days. Please check the report is reviewed by DS.</p> <ul style="list-style-type: none"> <li>▪ Enquire about any bill outstanding for more than 30 days and note down the reasons</li> </ul> <p><b>TIMELINESS</b></p> <ul style="list-style-type: none"> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li> </ul>		
<p><b>Compliance with Authority (For Different type of expenses) (Please use where applicable)</b></p> <p><b>Use/repair of Govt. Vehicles</b></p> <ul style="list-style-type: none"> <li>• Check that Head of Department nominates an officer of the Department to be in charge of a Government vehicle or vehicles</li> <li>• Check that any vehicle purchased registered in favour of officer in charge by designation</li> <li>• Check that Government vehicle shall be used for Government duty only</li> <li>• Check that Government vehicle used other than Government purpose prior approval obtained from the Head of the Department and the rate charge of Rs.1.25/- per kilo meter or portion thereof</li> <li>• Check that the money realized on account of hire charges shall be credited to Government account under the respective heads.</li> <li>• All the Government officers irrespective of their ranks/status shall be entitled to use only one vehicle for official duty.</li> <li>• Check that officers of Provincial Government who are holding charge of more than one department/organization and are in possession of more than one vehicle, by virtue of their offices/posts etc. will not be entitled to use the Additional vehicles</li> <li>• Check that only those officer are using the car who are nominated by the Head of Departments</li> <li>• Check that only the non availability of driver then the concerned officer are allowed to drive the car possess valid</li> </ul>		<p>Govt of NWFP, S&amp;GAD So(T)NPIS&amp;GAD/97 dated 13/3/1997</p> <p>FD Letter No. S.O(A/Cs)FD/2-3/97 dated 26.04.1997</p>	

<p>driving license</p> <ul style="list-style-type: none"> <li>• Check that vehicles after an office hour remained in the parking of office.</li> <li>• Check that vehicle are provided to cashier from office to bank if they carried Government money exceeding Rs.4000</li> <li>• Check that requisition (specify the designation, purpose and time and place) for the use of Government vehicle addressed to Officer In charge</li> <li>• Check that following books shall be maintained for each motor vehicle <ul style="list-style-type: none"> <li>(1) Log Book</li> <li>(2) History Sheet</li> <li>(3) Petrol Account Register</li> </ul> </li> <li>• Check that Log Book signed and examined by Officer In charge every day at the time the driver is relieved from duty</li> <li>• Check that in case of expenditure on Engine Overhaul, Replacement of tyres and batteries and Repair in case of accident and routine where repairing cost exceed Rs.15,000, NOC from obtained from Committee consisting of Technical Officer of S&amp;GAD and M.V.E Peshawar.</li> <li>• Check that in case NOC was not obtained for the above expenditures repair work was carried out in the work shop of Agriculture Engineering, and in case work shop is unable to carry out the work NOC from Assistant Engineer of the Agriculture Engineering work shop is obtained for carrying out work in private work shop.</li> <li>• Check whether replaced parts have been received back and entered in the register of unserviceable articles.</li> <li>• Check whether sanction of the competent authority has been obtained to incur expenditure.</li> <li>• Check that in case of condemnation of vehicle the expected life of vehicle 7 year and one lac and sixty thousand Kim respectively for all kind of vehicle has been completed.</li> <li>• Check that technical advice from the committee consisting of Motor Vehicle Examiner, and Agriculture Engineer/Assistant Agriculture Engineers of the Agriculture Engineering workshop has been obtained.</li> </ul>	<p>FD Letter No. S.O(A/Cs)FD/2-3/98 dated 28.02.1998 Delegation of Power Schedule 2 of Section 11</p>
<p><b>POL</b> Check that POL are within the limit</p> <ul style="list-style-type: none"> <li>• Senior Minister [for local and officials tour] (800 Liters)</li> <li>• Ministers [for local and officials tour] (600 Liters)</li> <li>• Chief Secretary, ACs, Finance Secretary, Home Secretary and IGP [For local duties and officials tours may be claimed as</li> </ul>	<p>SOT(AD)3-40/03 dated 16.06.2005 DSA(G/S&amp;GAD)6- 2/98 dated 16.06.2005</p>

<p>per actual] (225 Liters)</p> <ul style="list-style-type: none"> <li>• All Administrative Secretaries, Commissioners/DIGs Hazara &amp; Malakand Division/Ranges [For local duties and officials tours may be claimed as per actual] (200 Liters)</li> <li>• All other Commissioners,/DIGs Chairman CM's Inspection Team &amp; Governor's Inspection Team [For local duties and officials tours may be claimed as per actual] (175 Liters)</li> <li>• Chairman Public Service Commission, Service Tribunal &amp; other officers in BPS-20 and above [For local duties and officials tours may be claimed as per actual] (150 Liters)</li> <li>• All DCOs, SPs, of the District, Heads of Attached Departments [For local duties and officials tours may be claimed as per actual] (160 Liters)</li> <li>• All Secretariat Officers above Dy: Secretaries, SEs 7 XENs in a Division/District [For local duties and officials tours may be claimed as per actual] (130 Litres)</li> <li>• Divisional Directors, Edu: HEALTH, Agri:, Local Govt &amp; RDD, Conservator Forest, all other Divisional Level Officers [For local duties and officials tours may be claimed as per actual] (110 Litres)</li> <li>• DHOs, DFO, &amp; all other District Level Officers [For local duties and officials tours may be claimed as per actual] (90 Litres)</li> <li>• All ACOs Hazara and Malakand Divisions [Ceiling cover both local as well as official tours] (350 liters)</li> <li>• All other Assistant Commissioners [Ceiling cover both local as well as official tours] (300 liters)</li> <li>• All SDPOs of Hazara &amp; Malakand Range [The ceiling cover both local duties as well as official tours &amp; patrolling duties] (400 Litres)</li> <li>• All other SDPOs/DSPs [The ceiling cover both local duties as well as official tours &amp; patrolling duties] (350 Litres)</li> <li>• All sub Divisional Level Officers and rest of the officers who are not covered above [For local duties and officials tours may be claimed as per actual] (75 Litres)</li> <li>• Traffic Police [ceiling cover both local as well as patrolling duties] (300 liters)</li> <li>• Police Stations [ceiling cover both local as well as patrolling duties] (300 liters)</li> </ul> <p><b>CNG</b></p> <p>Check that CNG are consumed within the limit</p> <ul style="list-style-type: none"> <li>• Minister [for local and officials tour] (300 kg)</li> <li>• Chief Secretary, Add, Chief Secretary, Sec. Finance, Home and IGP [For local duties and officials tours may be claimed as per actual] (150 kg)</li> </ul>	
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<ul style="list-style-type: none"> <li>• Admin Secretaries, Add. IGPs/DIGs Hazara and Malakand Range [For local duties and officials tours may be claimed as per actual] (125 kg)</li> <li>• Other DIGs, Chairman Chief Minister Inspection team, and Governor Inspection team [For local duties and officials tours may be claimed as per actual] (110 kg)</li> <li>• Chairman PCS, Service Tribunal and other BPS 20 and above other Provincial Officers [For local duties and officials tours may be claimed as per actual] (100 kg)</li> <li>• DCOs, DPOs and Head of attached Deptt. [For local duties and officials tours may be claimed as per actual] (100 kg)</li> <li>• Secreteriat above Dy:Sycretaries Officers and District EDOs, and Dos Works and Services [For local duties and officials tours may be claimed as per actual] (85 kg)</li> <li>• Other EDOs, Forest Conservator and other District Level Officers [For local duties and officials tours may be claimed as per actual] (70 kg)</li> <li>• DFOs and other District Officers [For local duties and officials tours may be claimed as per actual] (60 kg)</li> <li>• Other ACOs of Hazara and Malakand Districts [Ceiling cover both local as well as official tours] (220 kg)</li> <li>• Other ACOs [Ceiling cover both local as well as official tours] (200 kg)</li> <li>• SDPOs of Hazara and Malakand District [The ceiling cover both local duties as well as official tours &amp; patrolling duties] (250 kg)</li> <li>• Other SDPOs [The ceiling cover both local duties as well as official tours &amp; patrolling duties] (220 kg)</li> <li>• Tehsil level officers and other officers [For local duties and officials tours may be claimed as per actual] (50 kg)</li> <li>• Traffic Police [ceiling cover both local as well as patrolling duties] (200 kg)</li> <li>• Police Stations [ceiling cover both local as well as patrolling duties] (200 kg)</li> </ul> <p>Auditor should observe the following rules</p> <ul style="list-style-type: none"> <li>• Check that all Petrols Cars are converted into CNGs</li> <li>• All car converted to CNGs only 30 letter Petrol admissible for starting purposes.</li> <li>• CNGs rules will be observed from the date of conversion from Petrol to CNGs</li> </ul>	
<p><b>Telephone</b></p>	

## Office Telephone

Check that telephone calls are within the limits

- Chief Secretary, ACS, All Admin Secretary, IG police, MBR, Commissioners, DIGs, Advocate General, DCs./ADCs, SSPs/SPs posted in district; ACs/SDPOs, DS(Admin), S&G AD, SO (Gen) S& GAD, Director Protocol, & Director Information..  
**( No Limit )**
- All heads of attached Departments, Other Officers in BPS-20 & above **(2500 Calls)**
- Additional Secretaries & equivalent Regional & Divisional Heads of various departments, SOGs, or Sos (Admin), in the administrative Departments **(2000 calls)**
- Dy. Secretaries & Equivalent & Police Stations **(1600 calls)**
- All other Officers **(800 Calls)**

Govt. of NWFP  
S&GAD Deptt.  
Letter No.  
DSA(g/s&gad)6-  
2/98 Dated  
30.05.98

## Residential Telephone

Check that the Residential Telephone bill of the following should not exceed from the credit limit

- Provincial Ministers -- (5720 calls)
- Chief Secretary, ACS, and Sec. Finance deptt. -- (4575 calls)
- Sec. Home & IG Police -- (6860 calls)
- All Admn: Sec, MBR, Commissioners, DIGs, & Advocate Generals -- (4000 calls)
- Chairman Governor's Inspection Team, PCS, Chief Minister Inspection Team & Service Tribunal -- (3500 calls)
- Member PCS & Service Tribunal, Dy:Commisioners, SPs of Districts -- (2000 calls)
- Addl: Secys & Euivalent -- (900 calls)
- Dy:Secretaries, Heads of Attached Departments and Additional Commissioners, -- (700 calls)
- Regional & Divisional Heads of Department and Equivalent (500 Calls)
- All other Officers -- (300 calls)

Officer using the Official Telephone Auditor should check that the following rules observed

- Check that payment of 5% on residential telephone bills will continue to be recovered from the subscribers

<ul style="list-style-type: none"> <li>• Check that there are no overseas calls. Overseas calls have been banned and expenditures on this account will be recovered from the subscribers.</li> <li>• Check that if telephone disconnected due to excess bills will not restored on Govt. Expenses</li> <li>• Officers on Special Duty (OSD) are not allowed to retain official telephone connection unless they have been entrusted any specific duties to perform by the competent authority</li> </ul>	
<p><b>Irregular expenditure on repair of building</b></p> <ul style="list-style-type: none"> <li>• Check technical sanction and administrative approval to incur the expenditure.</li> <li>• Check stock entries in case of purchase of building material.</li> <li>• Check measurement book.</li> <li>• Check inspection certificate by head of office regarding satisfactory work.</li> <li>• Check vouched account and detail of expenditure issued in case of deposit works obtained from Public Works Department.</li> </ul>	B&R code and CWD Rules
<p><b>Stationery</b></p> <p>Check that expenditure incurred on purchase of Local Stationery according to delegation of power</p> <ul style="list-style-type: none"> <li>• Administrative department 80,000 at a time</li> <li>• Officer in Category-1 20,000 at a time</li> <li>• Officer in Category-2 5,000 at a time</li> <li>• Officer in Category-3 3,000 at a time</li> <li>• Officer in Category-4 2,000 at a time</li> <li>• Check that expenditure on Stationery has been incurred on subject to availability/release of funds</li> <li>• Check that proper procurement procedures followed</li> </ul>	Delegation of Power Govt of NWFP
<p><b>Addition to or repair of Office Equipments, instruments and furniture (excluding Agriculture and other Machinery)</b></p> <p>Check that expenditure on repair of office equipments, instruments and furniture incurred according to delegation of power</p> <ul style="list-style-type: none"> <li>• Administrative Secretary full power</li> <li>• Officer Category 1 20,000 in each case</li> <li>• Officer Category 11 10,000 in each case</li> <li>• Officer Category 111 5,000 in each case</li> <li>• Officer Category 1V 2,000 in each case</li> </ul>	Delegation of Power Govt of NWFP

<p><b>NEWS Paper and Periodical</b></p> <p>Check that News paper purchased by the Departments according to their ceiling</p> <ul style="list-style-type: none"> <li>• Administrative Secretary can purchased two news paper and periodicals/Magazine</li> <li>• Officer in category 1 other than Administrative Secretary can purchase one news paper and one magazine</li> <li>• Officers in category-11 can purchase one news paper</li> </ul>	<p>Delegation of Power Govt of NWFP</p>
<p><b>Fire Wood Allowance</b></p> <ul style="list-style-type: none"> <li>• Check that Fire wood allowance are admissible at the rate of Rs.4.5 per head per day of Chitral District and Rs.2 Per head per day for Dir Upper/Lower District for the period commencing from 1/11/2008 to 15/4/2009</li> </ul>	<p>Govt of NWFP Finance Deptt. FD(SOSR.11)8-3/99 dated 06/01/2009</p>
<p><b>Over Time Allowance</b></p> <ul style="list-style-type: none"> <li>• Check that Overtime allowance is given only to Staff Car Driver and Dispatch Rider at the rate of Rs. 15 per hour subject to maximum of limit of Rs.90 per</li> </ul>	<p>Government of Pakistan Finance Division Letter No. 4(1)REG.5/2007 date june 26/2006</p>

*G – EPI – Project – Payment Cycle*

<b>AUDIT PROGRAM</b>	<b>G</b>
Project EPI – Payment Cycle	Process id :Health/DG Health Services/Project EPI / Payment Cycle/Recording & Payment-01

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- There are controls over the operating expense process
- There is adequate separation of duties
- Demand letter is present
- The stock register is updated

	<b>Audit Procedure</b>	<b>Done By<sup>35</sup>:</b>	<b>WP Ref<sup>36</sup>.</b>
	<p><b>Test on Controls:</b></p> <p><b>AT DG HEALTH SERVICES (PROJECT EPI)</b></p> <p>Select a sample of operating expense (during the current period) and ensure the following;</p> <ul style="list-style-type: none"> <li>▪ Demand letter is present and duly signed by the relevant section who ordered and Deputy Director (DG Health office Project EPI)</li> <li>▪ The demand letter is also signed by the person who received items</li> <li>▪ Invoice/bill is present against purchases and signed by the Director Health (DG Health)</li> <li>▪ The stock register is updated after receiving the items</li> <li>▪ The signature of the employee/person is available in the stock register who receives items</li> <li>▪ Requisition is approved and duly signed by the Deputy Director EPI and Director Health (DG Health)</li> <li>▪ Quotations are available from different suppliers and signed individually with respect to their</li> </ul>		

<sup>35</sup> The name/initials of the auditor who undertook the work

<sup>36</sup> Cross referenced to the working papers that contain the supporting details.

	<p>business name</p> <ul style="list-style-type: none"> <li>▪ Comparative statement is prepared and signed by the Deputy Director (EPI) and Director Health.</li> <li>▪ The lowest rate is ordered</li> <li>▪ Purchase order is signed by the Deputy Director (EPI) and Director Health (DG Health)</li> <li>▪ The signatures have been taken in stock register by the ones who received items from caretaker</li> <li>▪ Ensure the following: <ul style="list-style-type: none"> <li>5. A monthly reconciliation of cheques sent to AG office and cheques received is prepared.</li> <li>6. Aging report of all outstanding cheques is prepared on monthly basis. The report is reviewed and signed by Deputy Director (EPI)</li> </ul> </li> <li>▪ Obtain a copy of reconciliation between AG office and department for a few months including for the month of June and December</li> <li>▪ Verify that the reconciliation is signed and stamped by the responsible officers of the both departments.</li> </ul>		
	<p><b>TIMELINESS</b></p> <ul style="list-style-type: none"> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li> </ul>		

*H – Medical Coordination Cell*

<b>AUDIT PROGRAM</b>	<b>H</b>
<b>Procurement Process – Selection of Suppliers – Medical Coordination Cell (MCC)</b>	<b>Process id: Health/DG Health Services/MCC/Selection of Suppliers</b>

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- There is adequate separation of duties
- Contract for goods and services justified and properly authorised

	<b>Audit Procedure</b>	<b>Done By<sup>37</sup>:</b>	<b>WP Ref<sup>38</sup>.</b>
	<p><b>Test on Controls:</b></p> <ul style="list-style-type: none"> <li>▪ Please check that appropriate requisition is available for the invitation of bids.</li> <li>▪ Please check that appropriate requisition is available for the invitation of bids and invitation for bids is duly sign by DG health services.</li> <li>▪ Please check that the advertisement is send to Information section and duly approved by DG health.</li> <li>▪ Please check the advertisement should be published in local news paper and at least three news papers.</li> <li>▪ Please check the incoming bids had given proper dairry number.</li> <li>▪ Please check all the members of technical and financial committee have signed the minutes of the meeting.</li> </ul>		

<sup>37</sup> The name/initials of the auditor who undertook the work

<sup>38</sup> Cross referenced to the working papers that contain the supporting details.

	<ul style="list-style-type: none"> <li>▪ Please check all the original bid of the vendors.</li> <li>▪ Please check the comparative statement with original bids.</li> <li>▪ Please check all the members of purchasing committee have signed the minutes of the meeting.</li> <li>▪ Please check the final and approved suppliers and it's duly signed by DG health services.</li> <li>▪ Please check all the members have attended the meeting.</li> <li>✓ Nine members for technical and financial committee</li> <li>✓ Eight members for purchasing committee.</li> <li>▪ Check for appropriate sanction from the competent authority as delegation of power rules</li> <li>▪ Please ensure that adequate budget was available for the purchase under appropriate head.</li> <li>▪ Please check the purchase agreement is duly received by DG office and properly signed and stamp by supplier and competent authority is cross signed the agreement</li> </ul> <p><b>TIMELINESS</b></p> <ul style="list-style-type: none"> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per "APPENDIX-III Para 7 (c)" Manual of Secretariat are followed</li> </ul>		
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*I - Litigation*

<b>AUDIT PROGRAM</b>	<b>I</b>
Litigation Process – Service cases	Process id: Health/DG Health Services/Litigation/Service - 01

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- There are controls over the litigation process.
- There is adequate separation of duties.
- Appeal against Services Tribunal (ST) decision is made on time

	<b>Audit Procedure</b>	<b>Done By<sup>39</sup>:</b>	<b>WP Ref<sup>40</sup>.</b>
	<p><b>Test on Controls:</b></p> <p>Select a sample of service cases (during the current period) and ensure the following;</p> <ul style="list-style-type: none"> <li>▪ The petitioner’s form is present in the case file.</li> <li>▪ The following are present in the case file: <ul style="list-style-type: none"> <li>✓ Service appeal number</li> <li>✓ Background of case</li> <li>✓ Appeal</li> <li>✓ Grounds</li> <li>✓ Signature of the advocate</li> </ul> </li> <li>▪ Intimation letter is signed by the Registrar, Services Tribunal.</li> <li>▪ Reply by Assistant Director Litigation fulfils the following heads: <ul style="list-style-type: none"> <li>✓ Preliminary objections</li> <li>✓ Facts</li> <li>✓ On Grounds</li> <li>✓ Signature of the DG Health</li> <li>✓ Stamped by government pleader (vetted)</li> </ul> </li> </ul>		

<sup>39</sup> The name/initials of the auditor who undertook the work

<sup>40</sup> Cross referenced to the working papers that contain the supporting details.

- Letter to Law Department is signed by the section officer litigation
- Ensure the following in the committee's minutes of the meeting:
  - ✓ Signature of all the members i.e.
    1. Secretary Law (Chairman)
    2. Advocate General KPK (Member)
    3. DG Health (Member)
  - ✓ Stamp of the Law Department.
- Review the minutes of the meeting of committee for its timeliness and review the justification of the decision whether to go for appeal or not.
- Ensure timely and clear instruction to office concerned has been issued for implement on of judgment, in case the committee decide not go for an appeal.
- Ensure that appeal in the relevant forum is made within the time. The time for appeal in the Supreme Court of Pakistan is 90 days.
- Kindly check some of cases for the period under review and ensure that no case has been decided on grounds of non attendance by the department. If there is case what action has been done and the subsequent result thereof.

### **TIMELINESS**

Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per "APPENDIX-III Para 7 (c)" Manual of Secretariat are followed

<b>AUDIT PROGRAM</b>	<b>I</b>
Litigation Process – Civil Cases	Process id: Health/DG Health Services/Litigation/Civil Cases-01

**Audit Period:**

**Date(s) Conducted:**

**Audit Objectives:**

**To ensure that:**

- There are controls over the litigation process.
- There is adequate separation of duties.
- The appeal in the higher court is made on time.

	<b>Audit Procedure</b>	<b>Done By<sup>41</sup>:</b>	<b>WP Ref<sup>42</sup>.</b>
	<p><b>Test on Controls:</b></p> <p>Select a sample of civil cases (during the current period) and ensure the following;</p> <ul style="list-style-type: none"> <li>▪ The petitioner’s form is present in the case file.</li> <li>▪ The following in the case file: <ul style="list-style-type: none"> <li>✓ Legal Case appeal number</li> <li>✓ Background of case</li> <li>✓ Prayer</li> <li>✓ Grounds</li> <li>✓ Signature of the advocate</li> </ul> </li> <li>▪ Intimation letter is signed by the Registrar, of the relevant Court.</li> <li>▪ Reply by litigation section fulfils the following heads: <ul style="list-style-type: none"> <li>✓ Preliminary objections</li> <li>✓ Facts</li> <li>✓ Grounds</li> <li>✓ Signature of the Secretary Health</li> <li>✓ Stamped by government pleader (vetted)</li> </ul> </li> <li>▪ Letter to Law Department is signed by the section officer litigation.</li> </ul>		

<sup>41</sup> The name/initials of the auditor who undertook the work

<sup>42</sup> Cross referenced to the working papers that contain the supporting details.

	<ul style="list-style-type: none"> <li>▪ Ensure the following in the committee’s minutes of the meeting: <ul style="list-style-type: none"> <li>✓ Signature of all the members i.e. <ol style="list-style-type: none"> <li>1. Secretary Law (Chair Man)</li> <li>2. Advocate General KPK (Member)</li> <li>3. DG Health (Member)</li> </ol> </li> <li>✓ Stamp of the Law Department.</li> </ul> </li> <li>▪ Review the minutes of the meeting of committee for its timeliness and review the justification of the decision whether to go for appeal or not.</li> <li>▪ Ensure timely and clear instruction to office concerned has been issued for implement on of judgment, in case the committee decide not go for appeal.</li> <li>▪ Ensure that Appeal in the relevant forum is made within the time. The time for appeal for different forums are: <ul style="list-style-type: none"> <li>• Civil to District court 60 days</li> <li>• Civil/District court to High court 90 days</li> <li>• High court to Supreme Court 90 days</li> </ul> </li> <li>▪ Kindly check some of cases for the period under review and ensure that no case has been decided on grounds of non attendance by the department. If there is case what action has been done and the subsequent result thereof.</li> </ul> <p><b>TIMELINESS</b></p> <ul style="list-style-type: none"> <li>▪ Demand for the reconciliation between Diary in and Diary out of different officials involved in the process for the documents/files relating to the process. If such reconciliation is not made please make a note. If possible perform a reconciliation between the diary in and diary out and see whether the requirements of the time service standards as per “APPENDIX-III Para 7 (c)” Manual of Secretariat are followed</li> </ul>		
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\* The litigation process does not have any major financial implication in Cash Basis of Accounting.



**Section IV**

**Audit Report**



*Audit Report Standardised Format*

## Audit Report Template

**Please read the following instructions very carefully.**

1. The template that follows these instructions shows instructions in red ink. When actually writing the report, you will delete the red ink sentences and phrases and fill the blank spaces by selecting the appropriate phrases as applicable, where there is a choice.
2. The observation numbers in the template are only for purpose of illustration. In actual practice, this will change according to each audit report.
3. The observation numbers are sequential and not related to any heading a sub-heading.
4. One audit observation can have more than one recommendation.
5. The functional areas identified in the Table of Contents (e.g. Financial Management Issues) are just for understanding purpose. These may be deleted or other new areas included where required.
6. All paragraphs will have a justified format.
7. Except for headings and sub-headings, the normal text should use Times New Roman/Garamond Font size 12 with line spacing 1.15.



**Internal Audit Report**  
**(INSERT THE NAME OF AUDITED ENTITY)**  
**For the year ended 30<sup>th</sup> June (Year)**

**INTERNAL AUDIT CELL, HEALTH DEPARTMENT**  
**GOVERNMENT OF KPK**

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9.3 ***Others (If any)***

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Annexure 1 -

Annexure 2 -

# 1. Executive summary

[From here onward: Font Times New Roman/Garamond, Size 12, Normal text]

Executive summary is supposed to give an immediate glimpse of the total activity of the audited organization. Executive summary is for general consumption by the reader and is very useful for a quick idea of the state of the affairs of the audited organization. In fact this is the summarized version of the entire report. Executive summary should provide essential information about the auditors, the audited, the year of accounts and the nature of the audit undertaken as succinctly as possible. The main objective is to present all essential information contained in the report in the same sequence as it appears in the audit report. Effort should be made to provide the reader with all necessary information and a definite sense of the nature of audit efforts and the results achieved. Major issues pointed out in the report may be reflected in this section.

Following Executive Summary is for illustrative purpose only

### **(Illustration-1)**

#### **INTRODUCTION**

Taking a lead in the reform measures, Government of Khyber Pakhtunkhawa (GoKPK) has decided to introduce internal audit in all the provincial government departments. This decision was taken by the government at the highest level i.e. Provincial Cabinet. This demonstrates strong political will in the province to introduce reforms in order to achieve accountability and transparency by bringing in a very important internal control mechanism in the system. The Finance Department of KP has shown immense commitment and has already started internal audit function as a pilot from pension and salaries in the Finance Department using their own resources. The commitment of the provincial government could also be gauged from the fact that the Finance Department formally approached ASP-RSPN for assistance in implementation of their reform agenda. GoKPK requested ASP-RSPN to provide assistance in the establishment of internal audit at the Finance Department, on pilot basis, which will be later replicated horizontally and vertically at all the departments. Internal audit of the Lady Reading Hospital is also part of the overall strategy of understanding different financial management issues which effect transparency and governance in the health sector.

## **SCOPE**

Internal audit of the Lady Reading Hospital was carried out for the financial year 2011-2012. The audit was carried out at Lady Reading Hospital situated on Khyber bazaar road, Peshawar.

During the audit different areas of financial management were scrutinized including; Treasury, Procurement (Purchases & Payables), Inventory, Human Resource Management, Fixed Asset Management, IT (Online Hospital Management System), Financial reporting.

The audit adopted a multi-facet approach and was focused on different aspects such as financial, operational, compliance and performance.

## **METHODOLOGY**

The audit was carried out using risk based approach. The approach entails that more attention must be focused on the areas of high risk. For detail of risk categorisations of different functions, being audited, kindly refer to the risk matrix in Annexure 1 of the report. Following was the detailed approach adopted;

- Understanding of the entity and its operations
- Assessment of overall control environment and related risks (inherent, control and detection risks)
- Review of processes and controls
- Test of controls
- Detailed testing of major expenditure
- Analytical procedures
- Checked compliance with laws and regulations

## **KEY AUDIT FINDINGS OF THE REPORT**

### ***Internal Control Weaknesses;***

- 1) Fixed asset register was not maintained by the hospital
- 2) Year end physical verification of fixed assets was not carried out
- 3) Fixed assets capitalisation and disposal policies were not available
- 4) Due to non availability of fixed asset register the amount of rent receivable from shops was not properly accounted for.
- 5) There was a lack of segregation of duties in cash receipt, recording and deposit
- 6) Carrying of cash for deposit by a single person poses security threat
- 7) Receipt vouchers with same numbers puts the integrity of the system into question
- 8) Cash received was not deposited into bank account on a daily basis
- 9) Human resources policy was not available
- 10) HR record being not maintained properly
- 11) Unlicensed software were installed on different workstations
- 12) Non implementation of certain IT controls may result in data loss
- 13) Data and equipment were prone to damage due to lack of disaster recovery planning
- 14) Physical access to sensitive equipment and data was not restricted to specific personnel
- 15) Purchase requisitions were not available in the files
- 16) Inventory management controls were not available
- 17) Year end physical stock take and coding of the stock and equipment was not carried out
- 18) Controls around Inventory issue from the linen stores were not effective.

### ***Irregularities and Non Compliance;***

- 1) Log books were not available for different vehicles used by the hospital
- 2) There was no seniority list of staff available in the HR department

### ***Performance;***

- 1) We observed significant variation between budgeted and actual receipts
- 2) Retired staff were still using the hospital's provided accommodation
- 3) Key Posts remained vacant in IT and other departments through out the year
- 4) There has been no proper human resources department being setup
- 5) OHMS failed to meet its objectives of providing a complete MIS support to the hospital
- 6) Risk related to loss of patient data due to disconnection from the network
- 7) Bed occupancy ratio higher than 100% will effect the service delivery
- 8) Patients' medical cost per day, on average, was higher as compared to other hospitals
- 9) Non availability of specialized Ultrasound in 2<sup>nd</sup> shift will effect service delivery
- 10) Non availability of waste management plan will have an impact on cleanliness
- 11) Installation of X-RAY machines in normal rooms will have hazardous effect on health
- 12) Non availability of necessary equipment will effect service delivery
- 13) Delay in payments to supplier may discourage quality vendors from doing business with the hospital

## RECOMMENDATIONS

Following are our recommendations;

- 1) The management should maintain fixed asset register and develop policy for physical verification, capitalisation and disposal of fixed assets.
- 2) Segregation of duties among collection, recording and depositing should be implemented in cash receipt section. Moreover, any cash received should be deposited promptly in the bank account.
- 3) An HR policy should be developed and proper HR documentation be maintained
- 4) All controls relating to IT should be implemented and a disaster recovery plan devised.
- 5) Controls in procurement and stores be strengthened including controls over purchase requisitions, inventory management, inventory count and coding.
- 6) Log books should be maintained for all the vehicles used in the hospital
- 7) A staff seniority list should be maintained in accordance with the instructions of the fiancé department
- 8) Revenue estimates should be prepared meticulously
- 9) Key vacant posts should be filled with qualified and professional staff so that the organisation's operations are carried on smoothly
- 10) The management should give serious thought to different issues affecting service delivery including bed occupancy, patient cost, non availability of equipment etc and find ways and means to overcome these issues.

## 2. Introduction and Financial Highlights of **Client Name**

DRAFT

Following is for illustrative purpose only

## INTRODUCTION

Lady Reading Hospital Peshawar was built in 1928. Initially it provided services to the Armed Personnel of the British Army and limited services to the Government servants as well. Later on it spread gradually and with the establishment of Khyber Medical College, its status was raised to a Teaching Hospital and was attached to Khyber Medical College.

In 1984, Post Medical institute was established in LRH and it gave academic services to the Post Graduate Students from all over the province and from Foreign as well.

This hospital was initially built on a small unit at the western Bank of the city and with the passage of time when the city was spread; its position came to the point as it is situated in the centre of the radius of the city. Now it is covered with the city encircled by roads from the sides of the city and also the main highways passing through Peshawar city are link with it. The patients are referred to it from all over the province.

In October, 1999 NWFP (Now as Khyber Pakhtunkhawa) Medical and Health Institutions Reforms Bill was passed By the provincial Assembly on 24<sup>th</sup> September 1999 and assented to by the Governor of NWFP on 7<sup>th</sup> October 1999 and was published as an Act of the Provincial Legislature of by NWFP by giving them an autonomous character in order to provide quality health care for the people of the province.

## AREA COVERED

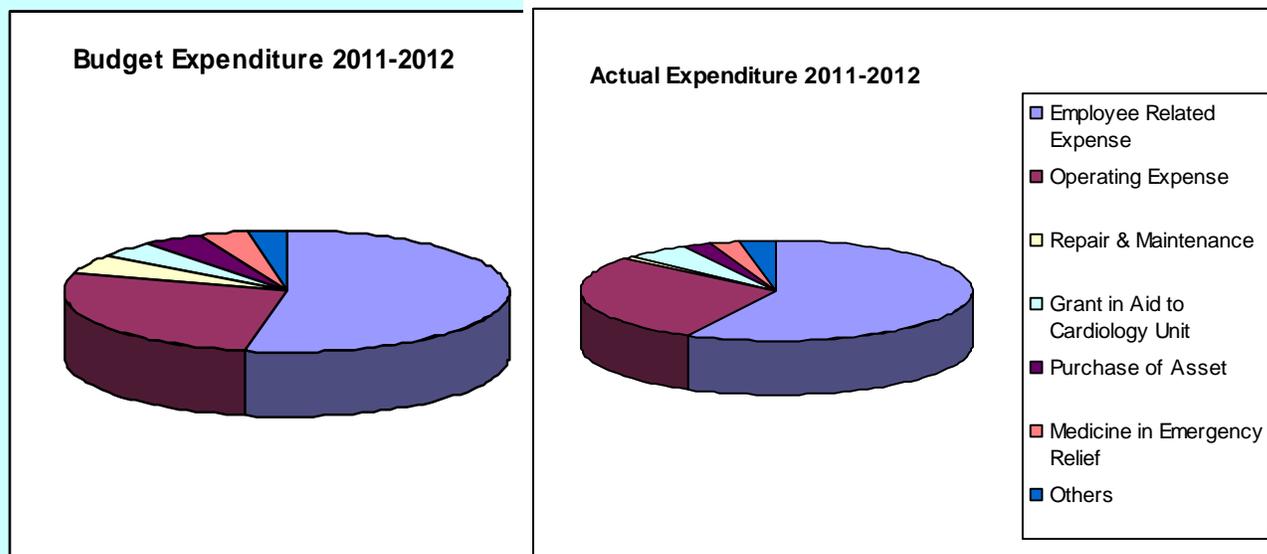
1	Total Area.	1,219,680 SFT (224 Kanal)
2	Area Covered by Building	175,000 SFT
3	Area covered by Road	110,000 SFT
4	Area covered by Lawn	125,000 SFT
5	Open Area	809,680 SFT

## FINANCIAL HIGHLIGHTS

During the financial year 2011-2012 the receipts of the hospital amounted to Rs. 2431.28 million. The budgeted expenditure for the financial year 2011-2012 amounted to Rs. 1388.41 million whereas actual expenditure amounted to Rs. 1222.76. million. A comparison of budget and actual expenditure has been given on the next page.

Rs in million

Particulars	Budget Expenditure 2011-2012	Actual Expenditure 2011-2012
Employee Related Expense	735.66	701.74
Operating Expense	372.56	346.16
Repair & Maintenance	70.81	10.59
Grant in Aid to Cardiology Unit	60	68.55
Purchase of Asset	59.88	28.64
Medicine in Emergency Relief	52	29.37
Others	37.5	37.71
<b>Total</b>	<b>1388.41</b>	<b>1222.76</b>



### **3. Part I –Financial Management Issues**

### ***3.1 Non Production of Record***

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<b>Observation 3.1.1 (Sequential numbering from Table of Contents)</b>			
<b>Risk Ranking</b>	<b>HIGH/MEDIUM/LOW (which ever applicable)</b>		
<b>Criteria/Importance</b>			
<i>(with reference to relevant rules) or why a particular practice considered important</i>			
<b>Condition</b>			
<i>Description of the event (Quantify if possible)</i>			
<i>(Reference to copies of supporting documents or written description of evidence supporting the observation)</i>			
<b>Implication</b>			
<i>This is the effect of the condition</i>			
<b>Recommendation</b>			
<i>Include Auditor's recommendation and suggested action</i>			
<b>Management Response</b>			
<i>Written replies by management included here</i>			
<b>Further Audit Comments</b>			
<i>Whether audit agrees with the management or suggests some other course of action.</i>			
<b>Action Plan</b>			
<b>Role Responsible</b>	<b>Director Finance</b>	<b>Estimated Completion Date</b>	<b>TBA</b>

Following is for illustrative purpose only

<b>Observation 3.1.1 - Investments and Income related</b>			
<b>Risk Ranking</b>	<b>HIGH</b>		
<b>Criteria/Importance</b>			
According to the approved internal audit charter “the internal audit wing shall be authorised to have unrestricted access to the department’s books, and records( including confidential records and information), functions, property, facilities and personnel”			
<b>Condition</b>			
During the course of our Audit the IA team observed that a significant amount was invested in different Banks in fixed deposits. The investment revenue amounted to Rs. 59.420 million during the current financial year. We, however, were not able to verify the amount of investment and the related revenue due to non-production of the record by the management.			
<b>Implication</b>			
Audit is not in a position to verify the amount of investment and related revenue.			
<b>Recommendation</b>			
All the record relating to the investments must be made available to the IA team for review.			
<b>Management Response</b>			
<b>Further Audit Comments</b>			
<b>Action Plan</b>			
<b>Role Responsible</b>	<b>Director Finance</b>	<b>Estimated Completion Date</b>	<b>TBA</b>

### ***3.2 Irregularities & Non compliance***

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<b>Observation 3.2.1 (Sequential numbering from Table of Contents)</b>			
<b>Risk Ranking</b>	<b>HIGH/MEDIUM/LOW (which ever applicable)</b>		
<b>Criteria/Importance</b>			
<i>Explain and refer the criteria/law against which irregularity was observed</i>			
<b>Condition</b>			
<i>Description of Irregularity or Non Compliance</i>			
<i>(Reference to copies of supporting documents or written description of evidence supporting the observation)</i>			
<b>Implication</b>			
<i>Potential impact of the deviation</i>			
<b>Recommendation</b>			
<i>Include Auditor's recommendation and suggested action</i>			
<b>Management Response</b>			
<i>Written replies by management included here</i>			
<b>Further Audit Comments</b>			
<i>Whether audit agrees with the management or suggests some other course of action.</i>			
<b>Action Plan</b>			
<b>Role Responsible</b>	<b>Secretary Finance</b>	<b>Estimated Completion Date</b>	<b>TBA</b>

**(Illustration)**

<b>Observation 3.2.1 - Non availability of log books</b>			
<b>Risk Ranking</b>	<b>HIGH</b>		
<b>Criteria/Importance</b>			
According to GFR “logbooks in respect of every govt. vehicle has been maintained and following duly entered in the same: <ul style="list-style-type: none"><li>• POL consumed,</li><li>• Purpose of journey</li><li>• Kilometers covered</li></ul>			
<b>Condition</b>			
There were eight ambulances operated by the hospital but log books were not maintained			
<b>Implication</b>			
It will not be possible to ascertain the POL consumed and the purpose for which the vehicles were used.			
<b>Recommendation</b>			
It is recommended log books for all the vehicles used in the hospital be maintained			
<b>Management Response</b>			
Management agreed and noted the issue for future compliance			
<b>Further Audit Comments</b>			
It is considered that the recommendations should be implemented as early as possible			
<b>Action Plan</b>			
<b>Role Responsible</b>	<b>Director Finance</b>	<b>Estimated Completion Date</b>	<b>TBA</b>

### ***3.3 Performance***

<b>Observation 3.3.1 (Sequential numbering from Table of Contents)</b>			
<b>Risk Ranking</b>	<b>HIGH/MEDIUM/LOW (which ever applicable)</b>		
<b>Criteria/Importance</b>			
<i>(with reference to relevant rules or provisions of PC-1 )</i>			
<b>Condition</b>			
<i>Evaluation and observation on performance in terms of output/ outcome and impact through SMART indicators.</i>			
<i>(Reference to copies of supporting documents or written description of evidence supporting the observation)</i>			
<b>Implication</b>			
<i>Potential impact</i>			
<b>Recommendation</b>			
<i>Include Auditor's recommendation and suggested action</i>			
<b>Management Response</b>			
<i>Comments of the responsible entity official</i>			
<b>Further Audit Comments</b>			
<i>Whether audit agrees with the management or suggests some other course of action.</i>			
<b>Action Plan</b>			
<b>Role Responsible</b>	<b>Director Finance</b>	<b>Estimated Completion Date</b>	<b>TBA</b>

**(Illustration)**

<b>Observation 3.3.1 – High Bed occupancy rate</b>			
<b>Risk Ranking</b>	<b>HIGH</b>		
<b>Criteria/Importance</b>			
In order to provide the efficient and effective services to its customers the bed occupancy ratio should not exceed a certain threshold. It is normally considered that the bed occupancy ration should not exceed 85%.			
<b>Condition</b>			
Bed occupancy of the Hospital during the last two years was as follows:			
<b>Period</b>	<b>No. of Beds</b>	<b>BOR %</b>	
2010	1566	110	
2011	1800	105	
Further bed occupancy of LRH Peshawar was higher than FFH Peshawar and urban hospitals. A comparison of bed occupancy of LRH with FFH hospitals for two years is given below.			
<b>Period</b>	<b>LRH</b>	<b>FFH</b>	
2010	110 %	52 %	
2011	105 %	65 %	
We have informed by the management that this over occupancy is due to use of extra beds for patients in lounge.			
<b>Implication</b>			
This will affect the service delivery of the hospital.			
<b>Recommendation</b>			
Construction of new units on a need basis .			
<b>Management Response</b>			
<i>Comments of the responsible entity official</i>			
<b>Further Audit Comments</b>			
<i>Whether audit agrees with the management or suggests some other course of action.</i>			
<b>Action Plan</b>			
<b>Role Responsible</b>	<b>Director Finance</b>	<b>Estimated Completion Date</b>	<b>TBA</b>

<b>Observation 3.4.1 (Sequential numbering from Table of Contents)</b>			
<b>Risk Ranking</b>	<b>HIGH/MEDIUM/LOW (which ever applicable)</b>		
<b>Criteria/Importance</b>			
<i>Explain the importance of the control</i>			
<b>Condition</b>			
<i>Description &amp; basis of conclusion</i>			
<i>(Reference to copies of supporting documents or written description of evidence supporting the observation)</i>			
<b>Implication</b>			
<i>Potential impact</i>			
<b>Recommendation</b>			
<i>Include Auditor's recommendation and suggested action</i>			
<b>Management Response</b>			
<i>Comments of the responsible entity official</i>			
<b>Further Audit Comments</b>			
<i>Whether audit agrees with the management or suggests some other course of action.</i>			
<b>Action Plan</b>			
<b>Role Responsible</b>	<b>Director Finance</b>	<b>Estimated Completion Date</b>	<b>TBA</b>

**(Illustration)**

<b>Observation 3.4.1 Reconciliation with Bank &amp; Departments</b>			
<b>Risk Ranking</b>	<b>HIGH/MEDIUM/LOW (which ever applicable)</b>		
<b>Criteria/Importance</b>			
<p>Reconciliation is the primary requirement of the quality financial statements. It has been provided in the NAM that account office will ensure reconciliation on daily, monthly and annual basis with bank and departments.</p> <p>According to APPM (Accounting Policies and Procedure Manual) “Every DAO shall prepare a monthly reconciliation statement for expenditures and receipts, as set out in direction 6.3.5.1</p> <p>“The respective Accountant General shall prepare a consolidated monthly reconciliation statement for each government bank account, as set out in direction 6.3.5.2.”</p>			
<b>Condition</b>			
<p>During the course of the audit we observed that monthly and yearly reconciliation are carried out by the AG and DAOs and the daily procedure for reconciliation of bank accounts is not followed.</p>			
<b>Implication</b>			
<p>Timely reconciliation is an important control over fraud and irregularities. In the absence of reconciliation activities fraud and irregularities would be very difficult to detect, moreover timely closing of accounts would be seriously hampered and delayed if the balances do not reconcile.</p>			
<b>Recommendation</b>			
<p>We recommend that daily, monthly and annual basis reconciliation with bank and departments should be carried out, which is a requirement of NAM &amp; APPM.</p>			
<b>Management Response</b>			
<p>No response was received from the Management till the finalization of this report</p>			
<b>Further Audit Comments</b>			
<p><i>Whether audit agrees with the management or suggests some other course of action.</i></p>			
<b>Action Plan</b>			
<b>Role Responsible</b>	<b>Director Finance</b>	<b>Estimated Completion Date</b>	<b>TBA</b>

**ANNEXURES**

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*Report on Internal Controls Design Deficiencies*

S. No	Section Process Id	Process Step	Control Weakness	Implication	Recommendation	Implementation Responsibility
1	A-1 Process ID: Health/DG Health Services/BM/Consolidation/Dev-01	P1 – Issues a circular along with instructions and guidelines at start of each year in January to departments for new and already running schemes	Control over timely execution of important tasks missing	Operational efficiency of the department will be impaired	<p>1. An annual planning calendar should be maintained by each section which should include all the important dates and related tasks.</p> <p>2. This annual planning calendar should be approved by the head of the section at the beginning of the year</p> <p>3. At the end of each month this should be reviewed by the head of the section to ensure that no important task is missed or delayed.</p>	DG Health
2	A-1 Process ID:	P3 – Issues instructions to DDOs (DHOs) along	Information is not disseminated to all	A DDO may be missed out to intimate	A control sheet should be	DG Health

	Health/D G Health Services/B M/Consoli dation/De v-01	with guidelines to start compiling and collecting the relevant data.	the concerned		maintained which should include a complete list of DDOs. When letter/instructions are issued to a particular DDO it should be indicated on the control sheet along with the date of issuance.	
3	<b>A-1</b> Process ID: Health/D G Health Services/B M/Consoli dation/De v-01	P5- Compiles the DDOs data (done by senior clerk). After compilation it is reviewed by Director Procurement if he/she agrees it is forwarded for approval to DG Health. The data is then forwarded to Health Secretariat In case of disagreement it is returned to relevant DDO for correction.	Information is not received from all the concerned	A DDO is missed out	A control sheet should be maintained which should include a complete list of DDOs. When letter/instructions are issued to a particular DDO it should be indicated on the control sheet along with the date of issuance. When complete data received from the DDOs it should also be indicated on the sheet.	DG Health

	<b>A-1</b> Process ID: Health/D G Health Services/B M/Consoli dation/De v-01	P5- Compiles the DDOs data (done by senior clerk). After compilation it is reviewed by Director Procurement if he/she agrees it is forwarded for approval to DG Health. The data is then forwarded to Health Secretariat In case of disagreement it is returned to relevant DDO for correction.	Detailed review not available	A particular head may be missed out or P&D instructions may not be followed	The budget data received from each DDO should be thoroughly checked and analytical review of the data with the previous year should be carried out to discover any anomalies. The budget data received should also be checked with the P&D instructions for compliance.  Such review should be carried out at Director Procurement level and finally approved by DG Health	DG Health
3	<b>A-2</b> Process ID: Health/D G Health Services/B	P3 – Receives BCC and Ceiling budget from FD and forwards these to Director Administration	Control over timely execution of important tasks missing	Operational efficiency of the department will be impaired	1. An annual planning calendar should be maintained by each section which should include all	DG Health

	M/Preparation/Non Dev-01	(DDO).			<p>the important dates and related tasks.</p> <p>2. This annual planning calendar should be approved by the head of the section at the beginning of the year</p> <p>3. At the end of each month this should be reviewed by the head of the section to ensure that no important task is missed or delayed.</p>	
4	<b>A-3</b> Process ID: Health/DG Health Services/BM/Re-appropriation-01	P2-Receives the letter from Finance Department and forwards it to all DDOs including DDO (Director Administration)	Control over timely execution of important tasks missing	Operational efficiency of the department will be impaired	<p>1. An annual planning calendar should be maintained by each section which should include all the important dates and related tasks.</p> <p>2. This annual planning calendar should be approved by the</p>	DG Health

					<p>head of the section at the beginning of the year</p> <p>3. At the end of each month this should be reviewed by the head of the section to ensure that no important task is missed or delayed.</p>	
5	<p><b>A-3</b> Process ID: Health/DG Health Services/BM/Re-appropriation-01</p>	<p>P4 – Accountant prepares the statement of Re-appropriation /Surrenders of savings in 10<sup>th</sup> and 12<sup>th</sup> month of the FY and forwards it to DDO (Director Administration) for approval.</p>	<p>No review by second person</p>	<p>Clerical mistake may occur in the preparation of the statement</p>	<p>Accountant needs to prepare the statement senior accountant should check it while the DDO (Director Administration) should finally approve it.</p>	<p>DG Health</p>
6	<p><b>A-3</b> Process ID: Health/DG Health Services/BM/Re-appropriation-01</p>	<p>P4 – Accountant prepares the statement of Re-appropriation /Surrenders of savings in 10<sup>th</sup> and 12<sup>th</sup> month of the FY and forwards it to DDO (Director Administration)</p>	<p>The surrender of saving is done late in the financial year.</p>	<p>The savings are surrendered almost at the end of the FY and as a result are not put to good use.</p>	<p>Following the end of 1<sup>st</sup> month of FY the department should prepare a 12 month rolling budget forecast at the end of each month. Then a forecast variance</p>	<p>DG Health</p>

		for approval.			<p>report between actual and forecasted budget must be prepared at the end of each month.</p> <p>It will be possible for the department to ascertain the exact position of savings/excess early in the financial year.</p> <p>This report must be reviewed and signed by the DG Health</p>	
7	<b>B-2</b> Process id: Health/DG Health Services/HRM/Hiring Process -02	P1 – Forwards the file to Superintendent, Assistant Director, Deputy Director, Director Administration and finally to DG for the approval of post/position.	Work load assessment is not carried out	Extra staff may be hired and will be a burden on the National Exchequer	<p>1) Demand for the position from the section concerned should be available in the file. The requisition should be approved by the relevant section head.</p> <p>2) Workload assessment, of the section demanding the new post, should be carried out by the Deputy</p>	DG Health

					Director and comments be recorded on the file so that extra staff is not hired without any proper justification.	
8	<b>B-2</b> Process id: Health/ DG Health Services/H RM/Hiring Process -02	P8 – Receives applications from the candidates and enters into Diary register.	No Review by a second person	Some applications may be missed out.	The Assistant Director should ensure that all the applications received are entered in the Diary register. On a test basis a sample of application must be traced to the Diary register	DG Health
9	<b>B-2</b> Process id: Health/ DG Health Services/H RM/Hiring Process -02	P10 – Conducts test and interviews and prepares the final list of successful candidates.	Initial screening of the candidates not carried out	Ineligible candidate may be allowed to sit for test and interview and finally selected.	Initial screening of the applicants should be carried out at the time applications are submitted and only shortlisted candidates be allowed for test and interview.	DG Health
10	<b>B-2</b> Process id:	P16 – Prepares the file of the candidates, prepares	Control Sheet not maintained	Incomplete supporting documents	Document Control sheet listing all the	DG Health

	Health/ DG Health Services/H RM/Hiring Process -02	the source 1 form, attaches the relevant documents (Charge report, appointment letter, CNIC) and forwards it to the AG office to start the employee's payroll.		may be attached	documents required to be attached should be signed off by the preparer and reviewer both.	
11	<b>B-2</b> Process id: Health/ DG Health Services/H RM/Hiring Process -02	P16 – Prepares the file of the candidates, prepares the source 1 form, attaches the relevant documents (Charge report, appointment letter, CNIC) and forwards it to the AG office to start the employee's payroll.	Non availability of a reconciliation	Forms may not be forwarded to AG office at all	1. DDO office must maintain a list of approved bills/forms forwarded to Cashier  2. The DDO (Director Administration) office must compare the list with bill dispatched register on monthly basis.  The bill dispatch register containing the list of bills along with their approval dates must be maintained reviewed by the DDO (Director Administration)	DG Health

					before sending it to AG office.	
12	<b>B-6</b> Process ID: Health/DG Health Services/HR/Training & Development - 01	P3 – Forwards the letter along with instructions to DDOs for nomination	Information is not disseminated to all the concerned	A DDO may be missed out to intimate	A control sheet should be maintained which should include a complete list of DDOs. When letter/instructions are issued to a particular DDO it should be indicated on the control sheet along with the date of issuance.	DG Health
13	<b>B-6</b> Process ID: Health/DG Health Services/HR/Training & Development - 01	P6 - Receives nomination list and reviews it against instructions and criteria. If nomination fulfils the criteria then it is accepted and forwarded. If not it is rejected.	No Training Needs Assessment carried out	Important areas where capacity building is required may be ignored	The office should carry out Training Needs Assessment at each level on an annual basis. This will identify the areas of strength and weaknesses. The plan should then be discussed with the Central Department of Economic Affairs to develop a comprehensive	DG Health

					strategy for training	
14	<b>B-6</b> Process ID: Health/D G Health Services/H R/Training & Developme nt - 01	P6 - Receives nomination list and reviews it against instructions and criteria. If nomination fulfils the criteria then it is accepted and forwarded. If not it is rejected.	Non Availability of an HR database	Individual capacity building will not be possible	A complete HR database of all the employees should be maintained. This database should include all the relevant information about an employee including qualification, area of expertise, trainings done in the past etc. In the nominations for training the database should be consulted.	DG Health
15	<b>B-7</b> Process id: Health/D G Health Services/H RM/Retire ment Process-01	<b>P-7a</b> - Sends the documents to AG office and benevolent fund cell.	Monthly reconciliation not available	All the documents may not be sent to the relevant offices at all.	1. The DG office should maintain a list of approved pension cases. On a monthly basis this list should be forwarded to DDO (Director Administration)  2. The DDO (Director	DG Health

					Administration) office must compare and review the list with dispatched register on a monthly basis. Any outstanding cases should be followed up with the Director Personnel.	
16	<b>B-7</b> Process id: Health/DG Health Services/HRM/Retirement Process-01	<b>P-9:</b> Scrutinises and transfers amount to the applicant regarding commutation and final GP fund besides issuing PPO (Pension Payment Order) in favour of applicant. Copy is also sent to director personnel	Monthly reconciliation not performed	A case may be forwarded to AG Office but PPO is not received in time or not received at all.	The Director Personnel must maintain a list of all cases forwarded to AG Office. A monthly reconciliation of cases sent and PPO received must be prepared. A reconciliation report identifying outstanding cases must be generated and reviewed by Director Personnel.  2. A copy of this report must also be sent to the DG	DG Health

					Health for his review and signatures.	
17	<b>C-1</b> Process ID: Health/DG Health Services/Procurement/Tendering process-01	P1 – Sends the purchase requisition to the Section Officer General (Director Administration).	Utilization rate of items is not available	High utilization rate of an item will go unnoticed	A utilization rate should be determined for major items such as paper rims and toners and each demand should be checked against this rate by the DDO	DG Health
18	<b>C-2</b> Process ID: Health/DG Health Services/Procurement/Fixed Assets/Goods-01	P1 – Sends purchase requisition to DDO (Director Administration).	Utilization rate of items is not available	High utilization rate of an item will go unnoticed	A utilization rate should be determined for major items such as paper rims and toners and each demand should be checked against this rate by the DDO	DG Health
19	<b>C-2</b> Process ID: Health/DG Health Services/Procurement	P11 – Prepares bill on the basis of supplier quoted price, enters the amount in the memorandum register and then forwards the bill along with supporting documents to	Non availability of a reconciliation	Forms may not be forwarded to AG office at all	DDO office must maintain a list of approved bills/forms forwarded to cashier.	DG Health

	/Fixed Assets/Goods-01	A.G Office for payments authorization.			2. The DDO (Director Administration) office must compare the list with bill dispatched register on monthly basis.  The bill dispatch register containing the list of bills along with their approval dates must be maintained reviewed by the DDO (Director Administration) before sending it to AG office.	
20	<b>C-2</b> Process ID: Health/Secretariat/Procurement /Fixed Assets/Goods-01	P13- Receives the cheque, enters in cash book, forwards it to supplier and acknowledgement is received.(For large purchases)  ( The current practice is that the petty expenses are paid by the accounts officer from his own pocket and the cheque	Aging report not prepared	Payment will be delayed	The cashier must enter all the cheques received from AG office against each bill in the bill dispatched register.  2. A monthly reconciliation of bills sent and cheques received	DG Health

		from AG office is prepared in DDO's name and the amount will be paid to the accounts officer)			must be prepared. A reconciliation report identifying outstanding bills must be generated and reviewed by DDO (Director Administration).  3. An aging report of all outstanding bills must be prepared on monthly basis; any un paid bills for more than 30 days must be followed up with AG office. 4. Aging report must be sent to the DG Health for his review and signatures.	
21	<b>C-2</b> Process ID: Health/Sec retariat/Pr ocurement /Fixed Assets/Go	P14-Receives the payment/Cheque.	Reconciliation not carried out	Payment will be delayed	1. An intimation letter to the supplier must be issued within 3 days from the receipt of cheque from AG office.	DG Health

	ods-01				<p>2. A list of cheques received from AG Office, but not issued to the supplier for more than 15 days must be prepared from the cheques received register.</p> <p>3. The list shall be prepared on fortnightly basis.</p> <p>4. The list should then be forwarded to DG Health for his review and signatures.</p>	
22	<b>D</b> Process ID: Health/DG Health Services/FAM/Asset management-01	P4 – Records entry in the stock register upon delivery of the asset. The asset is directly delivered to user section. Stock register is signed by the DDO (Director Administration)/Purchase Committee and In charge of user department.	No physical verification of assets is being carried out	Asset may be lost, stolen or replaced	<p>1. A periodic physical verification of fixed assets should be carried out.</p> <p>2. When asset is received in premises caretaker needs to put an item code on it. The item code entry is then made</p>	DG Health

					in the fixed asset register.  3. Management of secretariat needs to maintain a fixed asset register	
23	<b>E</b> Process id: Health/ DG Health Services/St ores Managem ent/Stores Process-01	P9 – Records the items in the stock register and keeps the items in the stores	Not enough accommodation in the store.	Items may get damaged or become useless	The store room should have enough space to accommodate all the store items so that the fragile items are not piled on one another	DG Health
24	<b>F</b> Process id: Health/ DG Health Services/O perating Expense/R ecording and Payment Process-01	P6 – Sends the approved bill to the AG office for payment.	Non availability of a reconciliation	Bills may not be forwarded to AG office at all	1. DDO office must maintain a list of approved bills/forms forwarded to cashier  2. The DDO (Director Administration) office must compare the list with bill dispatched register on monthly basis.	DG Health

					The bill dispatch register containing the list of bills along with their approval dates must be maintained reviewed by the DDO (Director Administration) before sending it to AG office.	
25	F Process id: Health/ DG Health Services/O perating Expense/R ecording and Payment Process-01	P8 – Collects the cheque from AG office.	Aging report not prepared	Payment will be delayed	The cashier must enter all the cheques received from AG office against each bill in the bill dispatched register.  2. A monthly reconciliation of bills sent and cheques received must be prepared. A reconciliation report identifying outstanding bills must be generated and reviewed by DDO (Director Administration).	DG Health

						<p>3. An aging report of all outstanding bills must be prepared on monthly basis; any un paid bills for more than 30 days must be followed up with AG office.</p> <p>4. Aging report must be sent to the Additional Director for his review and signatures.</p>	
26	<p><b>F</b> Process id: Health/ DG Health Services/O perating Expense/R ecording and Payment Process-01</p>	<p>P9 – Receives the payment/Cheque</p>	<p>the Reconciliation carried out</p>	<p>not</p>	<p>Payment will be delayed</p>	<p>1. An intimation letter to the supplier must be issued within 3 days from the receipt of cheque from AG office.</p> <p>2. A list of cheques received from AG Office, but not issued to the supplier for more than 15 days must be prepared from the cheques</p>	<p>DG Health</p>

					<p>received register.</p> <p>3. The list shall be prepared on fortnightly basis.</p> <p>4. The list should then be forwarded to Director for review and signatures.</p>	
27	<p><b>G</b> Process id :Health/DG Health Services/Programme EPI / Payment Cycle/Recording &amp; Payment-01</p>	P3 - FM checks the budget availability	No review by second person	The budget may not be available but the FM prepares the bill	A second person in the section should review that the budget availability has been checked and accordingly sign the requisition.	DG Health
28	<p><b>G</b> Process id :Health/DG Health Services/Programme EPI / Payment</p>	P5 - FM prepares the bill and send to competent authority for approval	No review by second person	An incorrectly calculated bill may be forwarded.	A second person in the section should review the bill before forwarding to the competent authority. The review should be evidenced by the	DG Health

	Cycle/Recording & Payment-01				signature of the reviewer.	
29	<b>G</b> Process id :Health/DG Health Services/Programme EPI / Payment Cycle/Recording & Payment-01	P10 - FM sends the cheque to AG office along with schedule of expenses	No reconciliation prepared	A cheque may not be returned by the AG Office	<ol style="list-style-type: none"> <li>1. The Accountant must enter all the cheques sent to AG office in a register</li> <li>2. A monthly reconciliation of cheques sent and received must be prepared. A reconciliation report identifying outstanding cheques must be generated and reviewed by FM.</li> <li>3. An aging report of all outstanding Cheques must be prepared on monthly basis; any un received cheque for more than 30 days must be followed up with AG office.</li> </ol>	DG Health

					4. Aging report must be sent to the DD EPI for his review and signatures.	
30	<b>G</b> Process id :Health/D G Health Services/Pr ogramme EPI / Payment Cycle/Rec ording & Payment- 01	P12/a - Receives the payment (cheque)	Reconciliation not carried out	Payment will be delayed	<p>1. An intimation letter to the supplier must be issued within 3 days from the receipt of cheque from AG office.</p> <p>2. A list of cheques received from AG Office, but not issued to the supplier for more than 15 days must be prepared from the cheques received register.</p> <p>3. The list shall be prepared on fortnightly basis.</p> <p>4. The list should then be forwarded to DD EPI for his review and</p>	DG Health

					signatures.	
31	<b>H</b> Process id: Health/D G Health Services/M CC/Selecti on of Suppliers	P1- Drafts invitation to bids from the supplier and forwards it DG Health for approval	No review by second person	Mistake may be made while drafting the invitation to bid	The invitation to bid should be prepared by a one person and then approved by a higher authority in the section before being forwarded to DG Health	DG Health
32	<b>H</b> Process id: Health/D G Health Services/M CC/Selecti on of Suppliers	P1- Drafts invitation to bids from the supplier and forwards it DG Health for approval	Control over timely execution of important tasks missing	Operational efficiency of the department will be impaired	<ol style="list-style-type: none"> <li>1. An annual planning calendar should be maintained by each section which should include all the important dates and related tasks.</li> <li>2. This annual planning calendar should be approved by the head of the section at the beginning of the year</li> <li>3. At the end of each month this should be reviewed by the head of the</li> </ol>	DG Health

					section to ensure that no important task is missed or delayed.	
33	<b>H</b> Process id: Health/D G Health Services/M CC/Selecti on of Suppliers	P5- Forwards all the bids to the Technical Committee	No review by second person	A bid received may not be forwarded to the Technical Committee either deliberately or erroneously	1) A complete list of all the bids received should be prepared by a clerk in the MCC section 2) A second official in the MCC section should compare the list with the bids envelopes and the diary in register. 3) The control should be evidenced by a signature of the preparer and the reviewer on the list 4) The same list should be forwarded to the Technical Committee along with the bids envelopes.	DG Health
34	<b>I</b> Process id: Health/D	P9: Obtains the certified copy of the judgment and forwards it to Committee	No review by second person	Appeal may not be filed on a timely basis	A complete list of all the cases and their current status	DG Health

	G Health Services /Litigation /Service - 01	in Law Department (if the ST decision is against the department)			should be prepared by a clerk in the Litigation section on fortnightly basis. This list should be reviewed by AD(L) and finally by the Director and then DG.	
35	<b>I</b> Process id: Health/D G Health Services/Litigation/Civil Cases-01	<b>P15:</b> Decides the case against the Department. For appeal same process is followed as in P 11 B to 14 A).	No review by second person	Appeal may not be filed on a timely basis	A complete list of all the cases and their current status should be prepared by the clerk in the Litigation section on fortnightly basis. This list should be reviewed by AD(L) and finally by the Director and then DG.	DG Health
36	All processes		Outstanding items are not properly followed	Timeliness of the process may be impaired	1. Time service standards as per "APPENDIX-III Para 7 (c)" Manual of Secretariat should be followed.  2. To ensure adherence to above referred rules Diary in and Diary out	DG Health

					<p>must be reconciled on a monthly basis to identify cases outstanding for more than the prescribed time standards.</p> <p>3.The reconciliation report should then be forwarded to the next higher authority for his/her review &amp; signature.(where appropriate)</p>	
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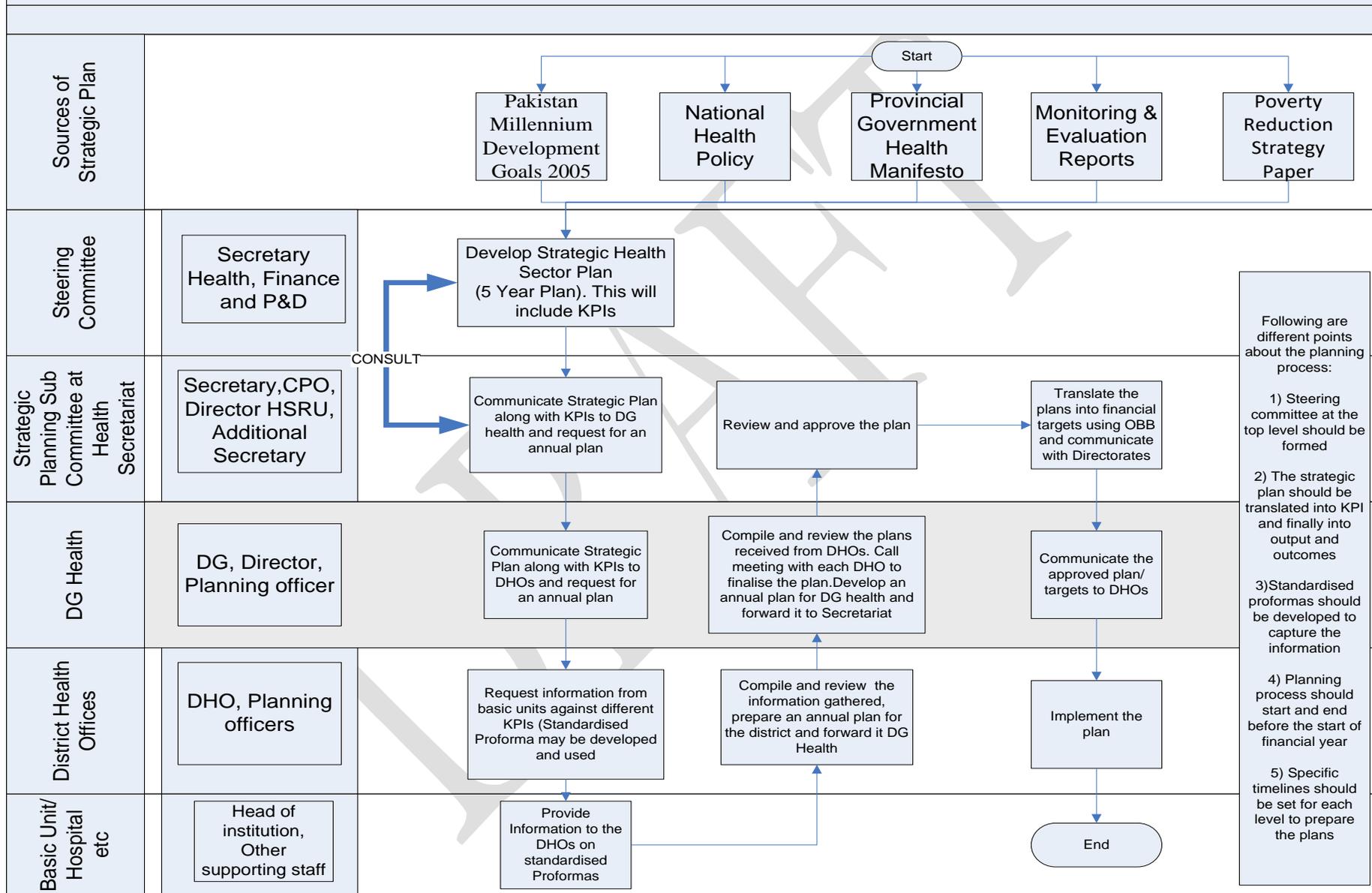


*Annexure*



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## Annual Planning Process (Proposed Process)



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