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University of Agriculture, Faisalabad

Pre-award assessment report

February 2014



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Glossary of terms

ABG	Animal Breeding & Genetics	DPIC	Directorate of Procurement & Inventory Control
ADP	Annual Development Program	DPL	Daily Paid Labor
AGP	Auditor General of Pakistan	DPU	Data Processing Unit
AGPR	Accountant General of Pakistan Revenue	DWMRC	Directorate of Water Management & Research Centre
AMC	Agricultural Metrology Cell	ECD	Engineering and Construction Department
ASP-RSPN	Assessment and Strengthening Program – RSPN	ECR	Establishment Check Register
BCR	Budget Control Officer	ESF	Endowment Fund Secretariat
BPS	Basic Pay Scale	F&P	Finance & Planning
CABB	Centre for Agricultural Bio Chemistry & Bio Technology	FMP	Farm Machinery & Power
CAS	Center for Advance Studies	FRMWL	Forestry, Range Management and Wild Life
CB	Chemistry & Bio Chemistry	FTN	Free Tax Number
CE	Continuing Education	GoPb	Government of Punjab
CGA	Controller General of Accounts	HEC	Higher Education Commission
CMS	Clinical Medicine & Surgery	HR	Human Resource
CP	Crop Physiology	IAERD	Institute of Agricultural Extension & Rural Development
CS	Computer Sciences	IANFT	Institute of Animal Nutrition & Feed Technology
DAC	Departmental Account Committee	IARE	Institute of Agricultural & Resource Economics
DDO	Drawing Disbursement Officer	IBMS	Institute of Business Management Sciences
DFAUA	Directorate of Financial Assistance & University Advancement	ID	Irrigation & Drainage
DGA	Director General Audit	IHS	Institute of Agriculture Science
DGAP	Director General Audit Punjab	IM	Institute of Micro Biology
DGS	Directorate of Graduate Studies	IRHE	Institute of Rural Home Economics

Glossary of terms

ISES	Institute of Soil & Environmental Science	PSDP	Public Sector Development Programme
JD	Job Description	PSF	Pakistan Science Federation
KPI	Key Performance Indicators	QEC	Quality Enhancement Cell
LM	Livestock Management	QEC	Quality Enhancement Cell
M&E	Monitoring and Evaluation	QEC	Quality Enhancement Cell
MCB	Muslim Commercial Bank	RCV	Repaid Cell Vehicle
NIFST	National Institute of Food Science & Technology	RS	Rural Sociology
ORIC	Office of Research Innovation & Commercialization	SEE	Structures and Environmental Engineering
ORIC	Office of Research Innovation & Commercialization	SoA	Statement of Account
ORIC	Office of Research Innovation and Commercialization	SPAC	Special Departmental Account Committee
P&D	Planning & Development	TOR	Term of Reference
PAC	Public Account Committee	TTS	Tenure Track System
PBG	Plant Breeding & genetics	UAF	University of Agriculture, Faisalabad
PC	Planning Commission	UF	University Farms
PD	Project Director	UF	University Farms
PEC	Pakistan Engineering Council	VC	Vice Chancellor
PhP	Physiology & Pharmacology	ZF	Zoology & Fisheries
PI	Principle Investigator		
POE	Principle Officer State		
POITRDB	Principle Officer IT Resource Centre & Data Bank		
PP	Plant Pathology		
PS	Poultry Science		

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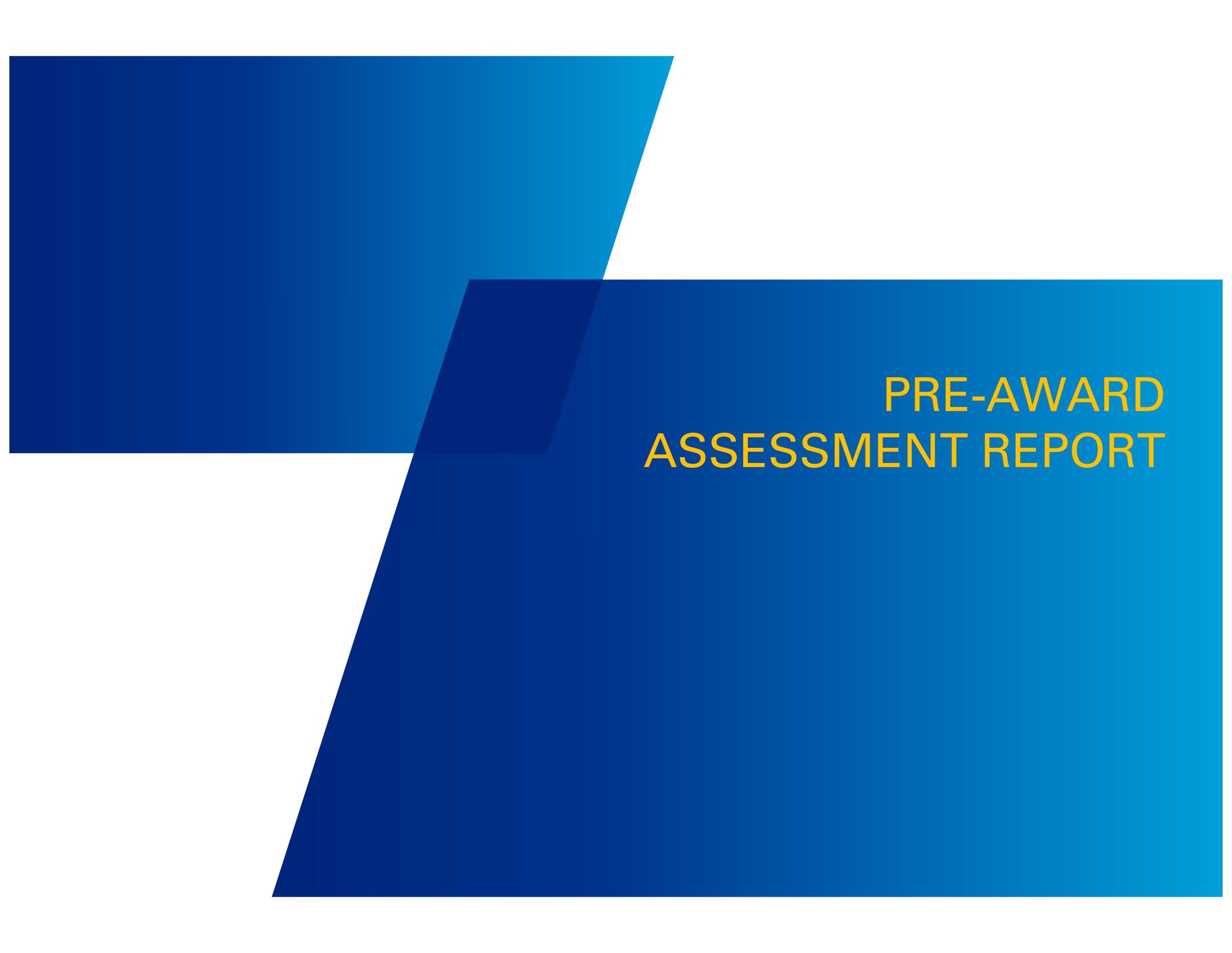
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PRE-AWARD ASSESSMENT REPORT

Pre-award Assessment Report



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Assessment and Strengthening Program – Rural Support Programmes Network
Sector F-10
Islamabad

For the attention of: Mr. Ejaz Rahim
Chief of Party
Assessment and Strengthening Program – Rural Support Programmes Network

11 February 2014

Pre-award assessment report on University of Agriculture, Faisalabad (“the University”)

We have made a review and evaluation of the managerial capacity and internal control systems of the University using those criteria established by USAID/ Pakistan. Our review included tests of compliance with the organization’s stated procedures to the extent that such testing was deemed necessary and feasible. Our review is not an audit of any financial statement(s) prepared by the University.

The management of the University is responsible for establishing and maintaining systems of internal controls and financial management. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly in accordance with generally accepted accounting principles. We understand that the objective of those financial management and internal control procedures comprehended in USAID’s criteria is to provide similar assurance.

Based on this knowledge and the review and evaluation conducted by our firm, we believe that the University’s current policies and procedures are sufficient for USAID/ Pakistan’s purposes, assuming satisfactory compliance, except for the conditions described in Summary of Recommendations section of the Report which we believe would be material weaknesses. The level of risk identified as a result of our assessment is considered to be Moderate to High. In addition to these weaknesses, other conditions that we believe would not be in conformity with the criteria referred to above are described in Core Functions analysis section of the report.

Further, nothing came to our attention that would cause us to believe that the University does not have the managerial, administrative and financial capabilities to carry out the proposed USAID funded activities.

Abbas Naqvi
Partner



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EXECUTIVE SUMMARY

2A. Background of the Entity**2.1 Introduction**

- University of Agriculture Faisalabad (“the University”/ “UAF”) was established in 1961 by upgrading the Punjab Agricultural College and Research Institute, Lyallpur which was founded in 1906. UAF comprises six faculties, nine institutes and three centers. Due to regional demand, UAF has also established sub-campuses at Dera Ghazi Khan, Toba Tek Singh and Burewala. Recently, UAF has established a Community College to reinstate its dormant FSc Pre-Agriculture program.
- UAF is headed by Chancellor, Governor of the Punjab, assisted by Pro-Chancellor, Minister for Agriculture Punjab. The Vice Chancellor is the principal executive and academic officer of UAF, who is responsible for overall conduct of UAF in accordance with applicable rules and regulations.
- Its faculty currently comprises 77 professors, 58 associate professors, 231 assistant professors, 226 lectures, 2 senior research officers and 31 research officers.
- UAF is accredited with Pakistan Veterinary Medical Council and maintains following further registrations and accreditations:
 - a. Pakistan Engineering Council as Professional Engineering Body for CPD activities;
 - b. National Agriculture Education Accreditation Council for accreditation of agriculture degree programs;
 - c. Higher Education Commission for accreditation as university and degree awarding institution.
- To date, UAF has produced more than 1,037 PhDs, 1,531 M.Phil/MS, 25,262 MSc/MSc Hons and 25,139 BSc (DVM) students.

2.2 Incorporation

- UAF was reconstituted at Faisalabad in accordance with the provisions of the University of Agriculture Faisalabad Act, 1973 (Punjab Act No. XII of 1973 Act) (“the Act”).

- UAF was established as an Agriculture University on 1-11-1961 at Lyallpur (now Faisalabad) in accordance with the provision of The West Pakistan Agricultural University Ordinance, 1961 (West Pakistan Ordinance No. XXVI of 1961).

2.3 Vision and Mission

- **Vision:** To lead a change process in agriculture/livestock sector to ensure food security, entrepreneurship in business and industry, and economic growth for development of rural communities, that makes it an international ranked Centre of Excellence.
- **Mission:** To provide for instruction in Agricultural, Social and Natural Sciences, Humanities, and such other branches of learning as deem fit, and to make provisions for research and for the advancement and dissemination of knowledge in such manner as UAF may determine.

2.4 Goals and objectives

- The University has following goals and objectives:
 - a. Educate/ train quality human resource by diversifying curriculum and pedagogic process including a modern blend of traditional and virtual classrooms and intensive practical training;
 - b. Build institutional capacity (HR and infrastructure) to accommodate 30,000 students by 2030 with special emphasis on gender mainstreaming;
 - c. Sustain and improve research ranking by ensuring competitive edge, international linkages and applications of research for solution of local problems; and
 - d. Establish effective outreach mechanisms for technology transfer, community service and policy interventions.

2.5 Tax status

- The University is registered with Federal Board of Revenue as AOP bearing free tax number (FTN) 9020506 under Income Tax Ordinance, 2001.

2B. Methodology and introduction to engagement

2.6 Introduction to assignment

- KPMG was engaged by ASP-RSPN to carry out pre-award assessment of the University. KPMG was mandated to carry out the pre-award assessment in accordance with the Contract number ASP-CPO/A&C/Pre Award – UA – F/14-2013 dated 30 December 2013.
- The objective of this pre-award assessment was to provide reasonable assurance to USAID/Pakistan and to determine as to whether the University has an acceptable organizational and management structure, accounting, financial management systems and other systems of internal controls, quality assurance capabilities, as well as acceptable policies, procedures, practices. The specific objectives of the pre-award assessment were to:
 - a) Determine whether the University is capable to meet project goals and objectives;
 - b) Determine whether the University is able to adequately safeguard, monitor and efficiently utilize resources;
 - c) Determine whether the University is able to obtain, maintain, and fairly disclose reliable data and information;
 - d) Determine whether the University has the institutional framework for sustainability and can comply with applicable laws and regulations; and
 - e) Determine whether the University has the capability to comply with applicable laws and regulations.

2.7 KPMG assessment methodology

- The pre-award assessment was carried out in accordance with the scope of work assigned by the Task Order. A field review of the University was carried out in accordance with KPMG's Assessment Methodology.
- KPMG assessment methodology was based on the premise that in order to successfully assume financial and programmatic accountability for an award, the potential awardee needs certain minimum capacities and systems identified from USAID rules.

- KPMG methodology for pre-award assessment evaluated minimum capacity requirements for the potential awardee and assessment procedures were designed to meet the specific requirements set out in the Task Order. Our key assessment procedures included:
 - a) Obtaining detailed understanding of the University's policies and procedures, its organizational and legal structure;
 - b) Evaluating compliance with stated policies and procedures;
 - c) Obtaining detailed understanding of entity's operations;
 - d) Evaluating the University's capacity for receiving the future higher assistance based on a comprehensive absorptive capacity analysis;
 - e) Assessing the organizational capacity to manage USAID advance funding mechanism per USAID regulations;
 - f) Performing walkthroughs and tests on sample basis to evaluate governance, financial management, human resource, project management and procurement systems; and
 - g) Reviewing assessment reports issued by or on behalf of donor and other government/ non-government organizations.
- Based on KPMG's assessment procedures, a risk rating was assigned to each core function. The rating signifies our understanding on the likely risk for future funding of a project by USAID.
- Review of the proposed activity and its cost estimates was not included in our scope of work. Accordingly, the report only provides a brief overview of the proposed activity, in the absorptive capacity analysis section of the report. Specific procedures were not performed to assess the proposed activity and its costs.

2.8 Structure of the report

- The report consists of an executive summary, mapping exercise and core functions analysis of the organization.
- Executive summary section comprise of introduction to the entity, introduction to the engagement, conclusions on assessment objectives and recommendations.

2.8 Structure of the report – contd.

- Mapping exercise provides summary of management initiatives against special conditions, if any.
- Core functions analysis section of the report covers the assessment of the core functions of the University assessed on the basis of pre-defined benchmarks.
- The core functions being subject to assessment included:
 - a) Governance and legal structure;
 - b) Project performance management function;
 - c) Financial management and internal controls system;
 - d) Procurement system;
 - e) Human resource system; and
 - f) Absorptive capacity analysis.
- The core functions have been assigned risk rating on the basis of benchmarks defined in the NUPAS Checklist.

Conclusions on assessment objectives

Core function	Key Observations	Rating	Page Ref.
Governance and legal structure	Strengths <ul style="list-style-type: none"> Adequate governance and legal structures. One of the largest agriculture sector institution in the region and performance ranking by international institutes. 	Moderate to High	21 – 45
	Weaknesses <ul style="list-style-type: none"> Absence of an independent monitoring and evaluation department. Pending issue with tax authorities on exemption status of the University. Absence of an independent internal audit department. Absence of conflict of interest policy. 		
Project performance management system	Strengths <ul style="list-style-type: none"> Significant number of development and research projects undertaken by the University. Adequate staff strength. 	Moderate to High	46 – 58
	Weaknesses <ul style="list-style-type: none"> Absence of documented policies and procedures manual. Vacant key position in P&D Directorate. Significant delays in completion of development and research projects. Absence of project level reviews by key governance forum. Limited involvement of ORIC in the implementation of research projects. Absence of mechanism for validation of progress reporting by Project Investigators. Lack of controls over assets procured under research projects. 		
Financial management and internal controls system	Strengths <ul style="list-style-type: none"> Dedicated department with appropriate structure and staff strength for financial management activities. Implementation of project wise accounting of development and research projects. 	High	59 – 78
	Weaknesses <ul style="list-style-type: none"> Limited staff with adequate qualifications in relevant disciplines. Absence of documented policies and procedural manual including Internal Audit policies and procedures. Manual recording of expenditure on development and research projects with absence of a Chart of Accounts. Lack of budget monitoring by key governance forums. Lack of segregation of duties in bank signatories and bank reconciliation process. Absence of coding of assets. Absence of cash flow planning and management function. Significant external audit observations on financial management activities. 		

Executive summary

Conclusions on assessment objectives – contd.

Core function	Key Observations	Rating	Page Ref.
Procurement system	<p>Strengths</p> <ul style="list-style-type: none"> • Dedicated Procurement Directorate. • Documented rules for undertaking procurement activities. <p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of segregation of duties in procurement and inventory management activities. • Absence of procurement planning activities. • Absence of policies and procedures over inventory management. • Significant external audit observations on procurement activities. 	Moderate to High	79 – 86
Human resource system	<p>Strengths</p> <ul style="list-style-type: none"> • Adequate system of laws and regulations, driven by Government regulations. <p>Weaknesses</p> <ul style="list-style-type: none"> • Dedicated Human resource department not yet operational. • Absence of formal policies and procedures manual. • Absence of approved job descriptions. • Out of total 3,975 sanctioned position 930 positions are vacant, including certain key management positions. • Absence of staff need assessment and recruitment planning process. • Absence of staff capacity building and training mechanism. • Significant external audit observations on HR system. • Absence of mechanism for the preparation of time sheets. 	Moderate to High	87 – 101
Absorptive capacity Analysis	<ul style="list-style-type: none"> • Development projects: Since its inception, the University has undertaken 30 development projects at a total cost of PKR 1,405 million. Average size of completed development projects amounts to PKR 47 million. • The University is currently implementing 04 development projects at a budgeted cost of PKR 1,993 million, at an average per project cost of PKR 498 million. In cost terms, the University’s largest development project amounted to PKR 3,124 million (US\$ 29.75 million). Against target completion of 2 years, the project was completed over a 3 years period. The value of smallest project, undertaken by the University, amounted to PKR 1.7 million (US\$ 16,190). • Research projects: The University has completed 255 projects at a total cost of PKR 694 million. Average size of completed Research projects amounts to PKR 2.72 million. • The University is currently implementing 266 projects at a budgeted cost of PKR 1,508 million, at an average per project cost of PKR 5.6 million. Largest on-going project, planned to be completed over a 4 year term, is estimated to cost PKR 96.6 million (US\$ 920,000), whereas, the value of smallest project amounts to PKR 100,000 (USD 952). • In order to meet the USAID funding requirements, the University would need strengthening of its project performance management, accounting and finance, procurement and HR functions, in line with recommendations provided in “Summary of Recommendations” and “Core Functions analysis” sections of this report. 	Moderate to High	102 - 106

Conclusions on assessment objectives – contd.

Core function	Key Observations	Rating	Page Ref.
Overall assessment	<ul style="list-style-type: none"> While the University has demonstrated experience of carrying out substantial research and development projects since its inception, funded by both government and International donors, however, overall control environment needs to be strengthened on immediate basis by adopting capacity building recommendations, provided in the “Summary of Recommendations” and “Core Functions analysis” sections of this report in order to ensure that the University has sufficient managerial, administrative and financial management capacity to manage USAID funds in accordance with U.S. Government and USAID requirements. In the event that the capacity building recommendations, provided in the “Summary of Recommendations” and “Core Functions analysis” sections of this report, are not immediately implemented, the University shall be considered as a High Risk entity for any future USAID funding. It is further highlighted that an independent and continuous financial monitoring would be required to ensure that any USAID funds are spent in line with U.S. Government and USAID regulations. 	<p>Moderate to High</p>	

Please refer Introduction to the Engagement section for description of benchmarks used for assigning risk rating to core functions.

Pre-obligation conditions

- No pre-obligation conditions were identified.

Post-obligation/ post-disbursement conditions

Following post-obligation/ post disbursement conditions were identified :

Strengthening of governance and legal structure

- Set-up an independent monitoring and evaluation department.
- Set-up an independent internal audit function.
- Settle pending issue with tax authorities.
- Enhance quality of progress reporting to key governance forums.
- Develop and implement conflict of interest policy.

Strengthening of project performance function

- Develop policies and procedures manual for project performance management activities.
- Hire appropriate staff to head the P&D Directorate.
- Develop and implement strategies to ensure completion of projects within target timelines.
- Strengthen the role of ORIC in the implementation of research projects.
- Develop and implement mechanism for validation of progress reporting by Project Investigators.
- Strengthen controls over assets procured under research projects.

Capacity building of Treasury (finance) department

- Employ and train appropriate staff in USAID specific and general financial practices.
- Develop policies and procedures manual for financial management activities including Internal Audit.
- Employ an ERP for financial management of development and research projects. Develop Chart of Accounts for development and research projects.
- Re-design processes to ensure segregation of duties in authorization of cheques and preparation of bank reconciliation statements.
- Perform physical verification and coding of assets.
- Develop and implement process for cash flow planning and management.
- Settle pending external audit observations.

Post-obligation/ post-disbursement conditions

Strengthen procurement management function

- Re-design procurement and inventory management processes to ensure segregation of duties.
- Establish and integrate procurement planning activities into the overall procurement lifecycle.
- Develop and implement policies and procedures over inventory management.
- Settle pending audit observations pertaining to procurement function.
- Arrange trainings and capacity building of Procurement staff to effectively management of procurements as per USAID procurement regulations.

Strengthen human resource function

- Operationalize the dedicated Human resource department.
- Develop policies and procedures manual in accordance with applicable HR laws and regulations.
- Approve job descriptions.
- Ensure hiring of staff at vacant positions.
- Develop and implement need assessment and recruitment planning process.
- Develop and implement an entity-wide staff capacity building and training mechanism.
- Settle pending audit observations pertaining to HR activities.
- Develop and implement mechanism for the preparation and review of time sheets of individual staff.

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MAPPING EXERCISE

Mapping exercise

Summary of mapping exercise

Recommendation	Management initiative
<p>Strengthening of governance and legal structure</p> <ul style="list-style-type: none"> • Set-up an independent monitoring and evaluation department. • Set-up an independent internal audit function. • Settle pending issue with tax authorities. • Enhance quality of progress reporting to key governance forums. • Develop and implement conflict of interest policy. 	<ul style="list-style-type: none"> • None. • None • In-progress • None. • None.
<p>Strengthening of project performance function</p> <ul style="list-style-type: none"> • Develop policies and procedures manual for project performance management activities. • Hire appropriate staff to head the P&D Directorate. • Develop and implement strategies to ensure completion of projects within target timelines. • Strengthen the role of ORIC in the implementation of research projects. • Develop and implement mechanism for validation of progress reporting by Project Investigators. • Strengthen controls over assets procured under research projects. 	<ul style="list-style-type: none"> • None. • None. • None. • None. • None. • In-progress.
<p>Capacity building of Treasury (finance) department</p> <ul style="list-style-type: none"> • Employ and train appropriate staff in USAID specific and general financial practices. • Develop policies and procedures manual for financial management activities including Internal Audit. • Employ an ERP for financial management of development and research projects. Develop Chart of Accounts for development and research projects. • Re-design processes to ensure segregation of duties in authorization of cheques and preparation of bank reconciliation statements. • Perform physical verification and coding of assets. • Develop and implement process for cash flow planning and management. • Settle pending external audit observations. 	<ul style="list-style-type: none"> • None. • None. • None. • None. • In-progress. • None. • None.

Mapping exercise

Summary of mapping exercise – contd.

Recommendation	Management initiative
<p>Strengthen procurement management function</p> <ul style="list-style-type: none"> ● Re-design procurement and inventory management processes to ensure segregation of duties. ● Establish and integrate procurement planning activities into the overall procurement lifecycle. ● Develop and implement policies and procedures over inventory management. ● Settle pending audit observations pertaining to procurement function. ● Arrange trainings and capacity building of Procurement staff to effectively management of procurements as per USAID procurement regulations. 	<ul style="list-style-type: none"> ● None. ● None. ● None. ● In-progress. ● None.
<p>Strengthen human resource function</p> <ul style="list-style-type: none"> ● Operationalize the dedicated Human resource department. ● Develop policies and procedures manual in accordance with applicable HR laws and regulations. ● Approve job descriptions. ● Ensure hiring of staff at vacant positions. ● Develop and implement need assessment and recruitment planning process. ● Develop and implement an entity-wide staff capacity building and training mechanism. ● Settle pending audit observations pertaining to HR activities. ● Develop and implement mechanism for the preparation and review of time sheets of individual staff. 	<ul style="list-style-type: none"> ● In-progress. ● None. ● In-progress. ● In-progress. ● None. ● None. ● In-progress. ● None.



CORE FUNCTIONS ANALYSIS

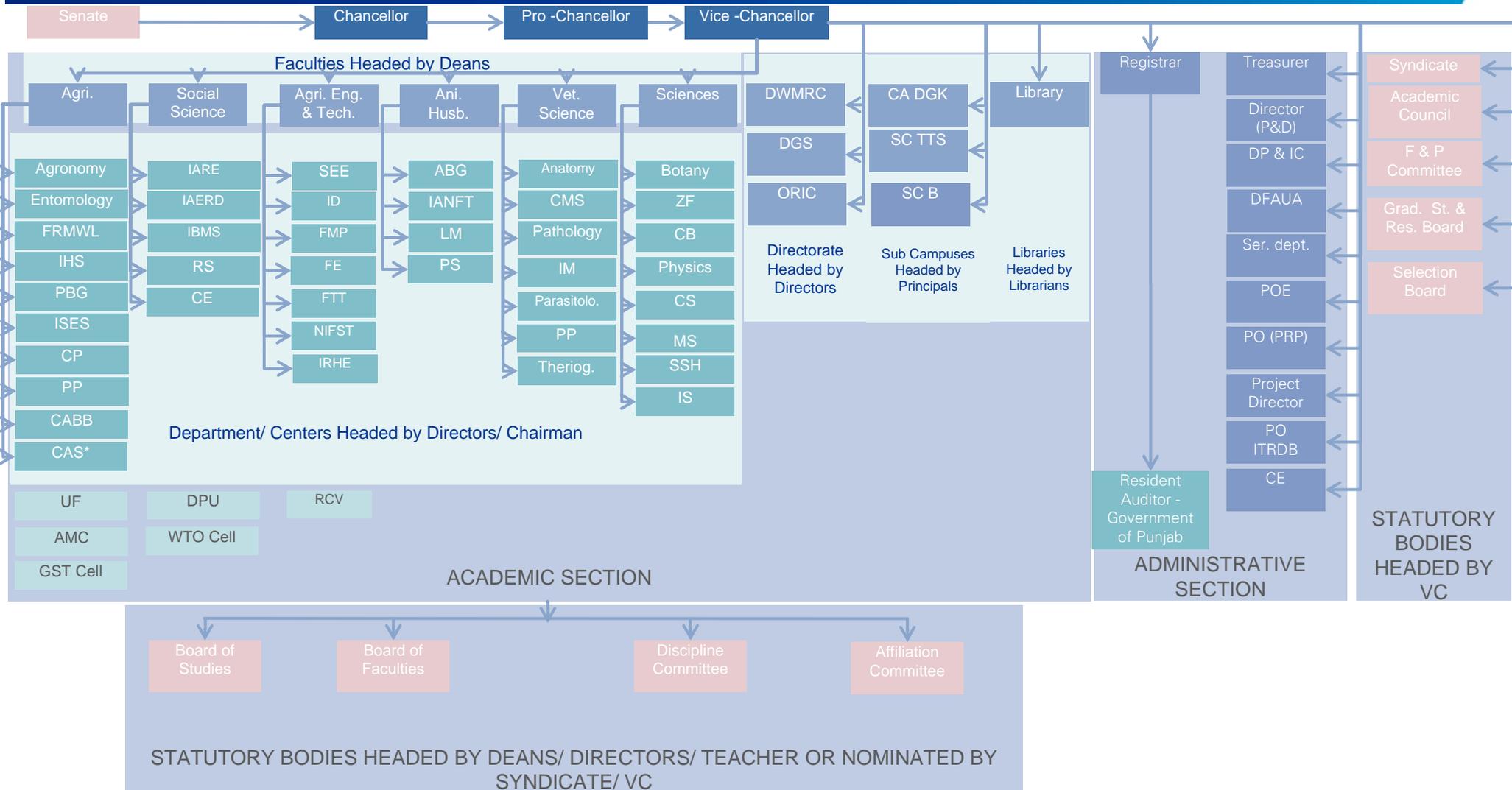
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CORE FUNCTIONS ANALYSIS

*Governance and legal
structure*

Core functions analysis

Governance and legal structure



Core functions analysis

Governance and legal structure – contd.

4A. Governance and control environment

- UAF is governed as per the provisions of University of Agriculture Faisalabad Act, 1973 (“the Act”). It is headed by Chancellor, Governor of Punjab, assisted by Pro-chancellor, Minister for Agriculture and Vice Chancellor, principal executive and academic officer. The Vice Chancellor is responsible for day to day operations of the University and is responsible to ensure that the provisions of this Act, the Statutes, the Regulations and the Rules are complied in order to promote teaching research, administration and the general efficiency and good order of the University. The Act confers powers necessary for this purpose including administrative control over all officers, teachers and other employees of the University.
- University is regulated through following statutory bodies:
 - i. the Senate;
 - ii. the Syndicate;
 - iii. the Academic Council;
 - iv. the Boards of Faculties;
 - v. the Boards of Studies;
 - vi. the Selection Board;
 - vii. the Advanced Studies and Research Board;
 - viii. the Finance and Planning Committee;
 - ix. the Affiliation Committee; and
 - x. the Discipline Committee.
- Please refer Annexure B for details in respect of formation and terms of references of the statutory bodies.

4.1 Governance

- The Vice Chancellor is appointed by Governor on the recommendation provided by search committee. Search Committee is constituted by the Punjab Government. Vice Chancellor is reportable to both Chancellor and Pro-Chancellor.
- Overall governance, at the University level, is performed by various governance forums and statutory bodies.
- Senate is the highest statutory body of the university headed by Chancellor.

- The Senate is mainly responsible for managing policy matters of the University, review and approval of annual report, annual Statement of Accounts (SOA) and approval of revised budget estimates.
- Syndicate is the second tier highest statutory body of the University which is headed by Vice Chancellor. The Syndicate is executive body of UAF and is responsible for taking measures to manage the teaching standards, research and publication and other academic pursuits and exercises general supervision over the affairs and management of the property of UAF.
- Academic council is the academic body of the UAF and is responsible to lay down standards of instruction, research, publications, and examinations and regulates the academic cycle of UAF and its colleges.

4.2 Operational and support activities

- The University comprises six faculties which are headed by respective Deans. Dean of each faculty is appointed by the Chancellor amongst the three most senior professors in the respective faculty. Each faculty has various departments/ centers headed by Directors/ Chairmen. Directors/ Chairmen are appointed by syndicate (statutory body) based on the recommendation provided by Vice Chancellor for the tenure of three years.
- Key operations of the faculties are regulated through respective Board of Faculties (BoF). The BoF is responsible for:
 - a) Coordinating the teaching, publication and research work in the subjects assigned to the Faculty,
 - b) Scrutinizing the recommendations of the Boards of Studies established within the Faculty with regards to the appointment of paper setters and examiners, except for research examinations, and
 - c) Proposing the panels of suitable paper setters and examiners for each examination to the Vice Chancellor.
- A brief discussion on the key functions including financial management, procurement, audit and accountability, etc., is summarized in the following paragraphs:

Core functions analysis

Governance and legal structure – contd.

a. Budget Preparation and monitoring

- Annual budget is prepared by the treasurer office in collaboration with the relevant departments/ faculties. Budget preparation and monitoring is governed through Finance and Planning Committee. Finance and Planning Committee is comprised of nine members headed by the Vice Chancellor. Finance and planning committee is responsible to review the annual budget, revised budget estimates for the preceding year and Annual SOA. Once the review is finalized, finance and planning committee is responsible to submit its recommendations to Syndicate. Budget is then reviewed by the Syndicate prior to its submission to the Senate for approval.

b. Expenditure Processing

- The Treasurer manages the centralized expenditure processing function of the University. Faculties/ departments submit expenditure vouchers along with supporting documents to the Treasurer office which is reviewed and processed for payment. Expenses are pre-audited at two levels i.e. a) Pre-audit section, operating under the supervision of the Office of Treasurer; and b) resident auditor of the Government of Punjab (GoPb) prior to processing the payments.

c. Bank Account Management

- Being autonomous body, the University is allowed to open bank accounts. Bank accounts of the University are controlled by the Office of Treasurer. With the exception of certain bank accounts sponsored by donors, all bank accounts are maintained by single signatories.
- Responsibility for preparing the bank reconciliation statements rests with the Office of Treasurer.

d. Revenue Receipts

- UAF's revenues comprise of HEC grants, ADP grants, income from own sources including fee income, hostel income etc. and donor funds received from various organizations. Funds are received in the designated bank account maintained at the various commercial banks and National Bank of Pakistan.

- HEC provides grants for both recurring budget as well as development budget. Grant in respect of recurring budget is provided on monthly basis however grant in respect of development budget is provided on quarterly or otherwise agreed in the approved cash plan.

- Revenue receipts are recorded by the relevant section of the treasurer section in the relevant cash book.

- In case of HEC, quarterly utilization Report specifying grant received and expended in different heads is submitted to HEC, these reports are then compiled in annual report submitted to HEC.

e. Budget Monitoring and Accounting

- Finance and planning committee is responsible review the annual statement of accounts and submits it to the Syndicate for review and onward submission to Senate for review and approval.

- In case of HEC, quarterly and annual utilization reports specifying grant received and expended in different heads is prepared by Treasurer office and submitted to HEC.

- Treasurer office provides a centralized budget monitoring and accounting function to the UAF.

- All the expenditure are pre audited by pre audit section of the Treasurer office and pre audit by the resident auditor of the government of Punjab. At the time of pre-audit of the expenditure, auditor checks budget availability in the budget control register to ensure that the expenditure is incurred against approved available budget.

- Accounts maintenance section in the Treasurer officer is responsible accounting of expenditures.

f. Procurement

- Directorate of Procurement and internal control is responsible for the procurement of goods and equipment however, engineering and construction department is responsible for the procurement of contractors and consultants.

- UAF is audited annually by Director General Audit Punjab (DGAP). DGAP is responsible to check and monitor compliance of procurement laws.

g. Human Resource

- Registrar office is responsible to manage the human resource affairs of the UAF. Recruitment process in respect of 1-16 grade staff is performed by registrar officer and the approval for the appointment is obtained from Vice Chancellor however, in case of 17 to 19 grade staff recruitment process is performed by selection board. Selection board provides the recommendation to Syndicate for review and approval.
- The vice chancellor and deans are appointed by Governor on the recommendation provided by relevant committee.

h. Litigations and claims

- Registrar office is responsible for handling litigation and claims.

i. Taxation

- Withholding tax payable on salaries and suppliers is deducted and deposited by the Treasurer office .

j. Operational Set-up

- The organizational structure of the University is approved through the Act.

Core functions analysis Governance and legal structure – contd.

OVERALL LEGAL STRUCTURE		Overall Risk Rating	LOW		
Criteria	Condition/ Cause	Effect	Recommendation	Management Response	KPMG Conclusion
Overall Legal structure					
<ul style="list-style-type: none"> The organization should be organized under the laws of Pakistan. The organization should have its principal place of business in Pakistan. The organization should be majority owned by individuals who are citizens or lawful permanent residents of the recipient country or be managed by a governing body, the majority of whom are citizens or lawful permanent residents of Pakistan. The organization should not be controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of Pakistan. 	<ul style="list-style-type: none"> University of Agriculture Faisalabad (UAF) was established in 1961 by upgrading the Punjab Agricultural College and Research Institute, Lyallpur, founded in 1906. The University was reconstituted under the University of Agriculture Faisalabad Act, 1973 ("the Act"). The Act was passed by the Punjab Assembly on 25th April 1973, which was assented to by the Governor of the Punjab on 23rd May 1973. As per Section 3 of the Act, the University is reconstituted at Faisalabad, Pakistan. The Act designates the University as a body corporate having perpetual succession and a common seal. Section 5 of the Act provides jurisdictional limits for the University. The University is headed by Chancellor, Governor of Punjab, assisted by Pro-chancellor, Minister for Agriculture and Vice Chancellor, principal executive and academic officer. The governance structure of UAF comprises of statutory bodies and statutory positions which are mandated to carry out overall review of the compliances with applicable rules and regulations. 	<ul style="list-style-type: none"> The University is organized under the laws of Pakistan, with its principal place of business in Pakistan. The University operates under its own Act and charter, which provides the authorities, responsibilities, governance and operational structure and mandate of the University. The University is not controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of Pakistan. 	<ul style="list-style-type: none"> None. None. None. 	<ul style="list-style-type: none"> None. None. None. 	<ul style="list-style-type: none"> Not applicable. Not applicable. Not applicable.

Core functions analysis Governance and legal structure – contd.

LEGAL REQUIREMENTS		Overall Risk Rating	HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>Legal Requirements</p> <ul style="list-style-type: none"> The University should be a legally registered entity in order to ensure that it has legal authority to carry out its business in Pakistan and enter into enforceable agreements. An entity should obtain registration with relevant governing authorities, as required in relevant laws and regulations, to carry out its operations within the authorized jurisdictions. Adequate controls and mechanisms should be in place to ensure that the entity is in compliance with the provisions of applicable laws pertaining to (i.e., taxes, labor, occupational health, safety, environment or other material laws and regulations). 	<ul style="list-style-type: none"> As per Section 3 of the Act, the University is reconstituted at Faisalabad, Pakistan. The Act designates the University as a body corporate having perpetual succession and a common seal. UAF has following accreditations: <ol style="list-style-type: none"> Pakistan Veterinary Medical Council; Professional Engineering Body for CPD activities with Pakistan Engineering Council; Agriculture degree programs accredited with National Agriculture Education Accreditation Council; and HEC recognized university and degree awarding institute. UAF is registered with Federal Board of Revenue as AOP bearing free tax number (FTN) 9020506 under Income Tax Ordinance, 2001. According to the provision of the Act, the University is allowed to carry out its operations within the authorized jurisdictions, specified in the Act. Section 21 of the Act provides constitution of various governance and executive authorities and committees. Please refer Annexure B for ToRs of the governance forums. 	<ul style="list-style-type: none"> The University operates under its own Act and charter, which provides the authorities, responsibilities, governance and operational structure and mandate of the University. The University maintains various accreditations and registrations in pursuance of its mandate. The University is registered with tax authorities as an AoP. 	<ul style="list-style-type: none"> The University should ensure compliance with the requirements specified by the Act with regards holding meetings of governance and executive forums. 	<ul style="list-style-type: none"> No response provided by management. 	<ul style="list-style-type: none"> Observation is retained in the report as response was not provided by the management.

Core functions analysis
Governance and legal structure – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Legal Requirements – contd..	<ul style="list-style-type: none"> The Office of Directorate General Audit, Punjab, in its reports for the period covering FY 2011 to FY 2013, has identified various issues pertaining to non-compliance with laws and regulations pertaining to human resource, procurement and financial administration. Please refer Annexure C for detailed description of audit observations and their current settlement status. 	<ul style="list-style-type: none"> Since a substantial component of audit observations are not yet settled, we believe that the University might not be in complete compliance with applicable laws and regulations. 	<ul style="list-style-type: none"> The University should ensure settlement of pending audit observations on an urgent basis. Further, the University should perform a review of its internal controls in order to bridge the gaps in its control environment with a view of ensuring compliance with applicable laws and regulations. 	<ul style="list-style-type: none"> No response provided by management. 	<ul style="list-style-type: none"> Observation is retained in the report as response was not provided.

Core functions analysis Governance and legal structure – contd.

ORGANIZATIONAL STRUCTURE		Overall Risk Rating	MODERATE TO HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Organizational Structure					
<ul style="list-style-type: none"> The organization's articles of incorporation, or charter or by-laws should support its mission. The governance forums shall effectively participate in the internal control matters of the entity. A mechanism should be in place to report status of compliance with internal controls to the higher management and statutory bodies. 	<ul style="list-style-type: none"> Section 4 of the Act provides powers and mandate of the University. A review of the effectiveness of review performed by various governance and management forums was performed. Minutes of the meetings held during last three years were reviewed in order to check the participation of key governance and management level staff in meetings of key governance forums. Further, the activities covered by the meetings were also assessed. Following is the summary of key findings noted during the review of relevant forums: Senate: <ul style="list-style-type: none"> Senate is the highest governance forum which comprise of the Chancellor, Pro-Chancellor, Vice-Chancellor, members of the Syndicate, Deans, Directors and other key officials of the University. Please refer Annexure B for detailed description of the composition and mandate assigned to the Senate as per Section 22 and 23 of the Act. The meetings are regularly attended by the members of designated quorum. 	<ul style="list-style-type: none"> Operations of the University are supported by the governing laws and regulations. The roles and responsibilities of key governance forums have been adequately specified. The meetings of governance forums are regularly attended by the designated members. 	<ul style="list-style-type: none"> None. None. 	<ul style="list-style-type: none"> None. None. 	<ul style="list-style-type: none"> Not applicable. Not applicable.

Core functions analysis
Governance and legal structure – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Organizational Structure – contd..	<ul style="list-style-type: none"> As per Section 22(4) of the Act, the Senate is required to meet at least twice in every year on dates to be fixed by the Vice-Chancellor with the consent of the Chancellor. However, the meetings of Senate are held only once in a year. The issue was discussed during the 38th meeting of the Senate, wherein it was resolved to ensure compliance with the requirements of holding two meetings each year. 	<ul style="list-style-type: none"> Due to low frequency of meetings of Senate, the strategic level evaluation and oversight of the University's operations might not be regularly performed. Due to non-compliance with the requirements for holding meetings of Senate, the governance function might not be effectively performed over the University's operations. 	<ul style="list-style-type: none"> The University should increase the annual frequency of Senate meetings. 	<ul style="list-style-type: none"> The affairs of University of Agriculture, Faisalabad are run under UAF Act, 1973. The Senate is supreme authority and its meetings as provided under Section 22(1) of UAF Act, 1973 are chaired by the worthy Governor/Chancellor under Section 22(1)(3) of Act ibid. The Senate shall meet at least twice in every year on the dates to be fixed by the Vice Chancellor with the consent of the Chancellor. The last year two, i.e. 37th and 38th meetings of the Senate were held on 11.3.2013 & 11.10.2013 vide notices at Appendix- IV & V respectively. 	<ul style="list-style-type: none"> The management response covers period comprising of two different financial years. Accordingly, the observation has been retained in the report.

Core functions analysis Governance and legal structure – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Organizational Structure – contd.	<p>Senate – contd.</p> <ul style="list-style-type: none"> The forum reviews implementation status of decisions made in previous meetings is performed. However, the minutes do not provide evidence with regards the level of review performed during the meetings. Review and authorization of statutes and regulations is performed. Criteria and qualification requirements for various positions in respective faculties and other departments are decided. The forum also reviews and authorizes annual Statement of Accounts, revised budget estimates and budgets for next financial year, financial results pertaining to non-development, research projects and development budget. Clarifications are provided on the queries raised by the forum during the meeting regarding operational and administrative areas. However, the minutes do not evidence review of audit observations raised by the external auditors on the status of University’s compliance with applicable laws and regulations. Further, the minutes do not provide evidence with regards project wise operational performance of development and research projects undertaken by the University. Further, the financial performance analysis is limited to review of comparison between budgets and actual expenditure. A review of the periodic financial targets and their linkage with the status of operational performance is not performed. 	<ul style="list-style-type: none"> The financial progress is reviewed on an annual basis by the Senate. Review of the audit observations might not be performed. The forum might not be able to effectively evaluate the financial and operational results. 	<ul style="list-style-type: none"> The minutes should cover the specific discussion carried out by Senate members to review the status of implementation of decisions taken during earlier meetings. The forum should review the status of audit findings. The forum should also evaluate the reasons for the audit findings and suggest suitable measures to address the gaps identified during audit process. The forum should be provided with extensive project wise analysis of financial and operational targets and actual results. 	<ul style="list-style-type: none"> The Business of meeting of the Senate is conducted in accordance with Conduct of Business Rules of the Senate 1976 (Appendix-VI). The status of implementation of decisions taken during earlier meeting is invariably reported under item No. 2 of the Agenda (Appendix-VII & VIII). The specific discussion made by the members senate according to Rule 5 & 6 of the Conduct of Business Rules of the Senate is also recorded along with decisions. 	<ul style="list-style-type: none"> The management response does not address the issue noted in the draft report, regarding the level of details reviewed in the meetings. Accordingly, the observation has been retained in the report.

Core functions analysis
Governance and legal structure – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Organizational Structure – contd.	<p>Syndicate</p> <ul style="list-style-type: none"> Syndicate comprise of Pro-Chancellor, Vice-Chancellor, one member of the Provincial Assembly (nominated by Speaker), Chief Justice of Lahore High Court or his nominee, Secretary – Agriculture department, GoPb and other key officials of the University. Please refer Annexure B for detailed description of the composition and mandate assigned to the Syndicate as per Section 24 and 25 of the Act. A minimum of four meetings of Syndicate are held each year, however, the Act or Business Rules do not provide a specific requirement with regards the frequency of meetings in each year. 	<ul style="list-style-type: none"> In the absence of specific requirement for holding meetings of Syndicate, the frequency of review by the forum might not be appropriately complied. 	<ul style="list-style-type: none"> The frequency of meetings of Syndicate should be notified for future compliance. 	<ul style="list-style-type: none"> As per prevailing practice four meeting of the Syndicate in a year are being held. The meetings of the Syndicate are need based and conducted in accordance with Conduct of Business Rules of the Syndicate 1976. 	<ul style="list-style-type: none"> As per the management response, the meetings are held on need basis. However, in order to ensure a structured approach towards managing the conduct of Syndicate, a minimum frequency of meetings shall be notified. Accordingly, the observations has been retained in the report.

Core functions analysis Governance and legal structure – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Organizational Structure – contd.	<p>Syndicate - contd..</p> <ul style="list-style-type: none"> ● The meetings are regularly attended by the members of designated quorum. ● Following key activities are ordinarily covered during the meetings: <ol style="list-style-type: none"> a. Review and approval of the Universities policies; b. Review and approval of the recommendations made by the Finance and Planning Committee; c. Performance review of the faculty members/ professors; d. Appointments of various departmental heads and approval of their mandates; e. Approval of financial rewards of experts; f. Review of HR issues and their approval; g. Make decisions on reports submitted by the Inquiry Committee into various matters concerning University staff; h. Make decisions on disciplinary issues in accordance with Punjab Employees Efficiency, Discipline and Accountability Act, 2012 (PEEDA Act); i. Review and authorization of staff recruitment and severance, salary rewards and increments; j. Review and authorization of contracts; etc. 	<ul style="list-style-type: none"> ● The meetings are regularly attended by the designated members. ● Roles and responsibilities have been specified through the applicable legislation. 	<ul style="list-style-type: none"> ● None. ● None. 	<ul style="list-style-type: none"> ● None. ● None. 	<ul style="list-style-type: none"> ● Not applicable. ● Not applicable.

Core functions analysis
Governance and legal structure – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Organizational Structure – contd.	<p>Finance and planning committee</p> <ul style="list-style-type: none"> The Finance and planning committee comprise of Vice-Chancellor, one nominee of the Senate; one nominee of Syndicate, two nominees of the Academic Council, two nominees of the Chancellor, the treasurer and the registrar. Please refer Annexure B for detailed description of the composition and mandate assigned to the Finance and Planning Committee as per Section 8 and 9 of the First Statute to the Act. As per Section 8(2) of the First Statute to the Act, the quorum for the meeting of Finance and Planning Committee shall be three members. The quorum requirements do not ensure adequate representation of members independent of the financial and overall operational responsibilities of the University. 	<ul style="list-style-type: none"> The finance and planning committee is appropriately structured. The quorum requirements might not ensure adequate representation of members independent of the financial and operational responsibilities. 	<ul style="list-style-type: none"> None. The requirements for quorum of meetings of Finance and Planning Committee should be revised to ensure adequate representation of members at a minimum level. 	<ul style="list-style-type: none"> None. No response provided by management. 	<ul style="list-style-type: none"> Not applicable. The observation has been retained as no response was provided.

Core functions analysis
Governance and legal structure – contd.

GOVERNANCE		Overall Risk Rating	HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>Governance</p> <ul style="list-style-type: none"> • Governance structure should be designed to in a manner that ensures effective monitoring of entity’s operations to achieve long term strategic goals, satisfying requirements of stakeholders. • An effective coordination mechanism should be integrated within the administrative and functional structure of the entity in order to ensure effective target setting and monitoring of progress. • The UAF governance framework should recognize the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between UAF and stakeholders in decision making of all governing boards. • The UAF governance framework should promote integrity, ethical behavior and transparency , be consistent with the rule of law and clearly articulate the division of responsibilities among different statutory and enforcement authorities. 	<p>Governance and organizational structure</p> <ul style="list-style-type: none"> • The University is headed by Chancellor. The Vice-Chancellor serves as the administrative and functional head of the institutions. University is regulated through following governance forums: <ol style="list-style-type: none"> the Senate; the Syndicate; the Academic Council; the Boards of Faculties; the Boards of Studies; the Selection Board; the Advanced Studies and Research Board; the Finance and Planning Committee; the Affiliation Committee; and the Discipline Committee. • The roles and responsibilities of the governance forums have been specified in the Act. Please refer Annexure B for detailed explanation of the ToRs assigned to governance and executive forums. • The University comprise of 06 faculties, 28 departments, 09 institutes, 03 centers, 02 constituent colleges, and three sub-campuses. Please refer background of entity section for the detailed description of University’s organizational structure. 	<ul style="list-style-type: none"> • Adequate governance forums have been established. • The roles and responsibilities of governance forums have been formally notified through applicable legislations. 	<ul style="list-style-type: none"> • None. 	<ul style="list-style-type: none"> • None. 	<ul style="list-style-type: none"> • Not applicable

Core functions analysis
Governance and legal structure – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Governance – contd..	<p>Target setting and monitoring</p> <ul style="list-style-type: none"> The University has developed a five years strategic plan for the period from 2013 to 2017 in respect of its research projects. The strategic plan was submitted to the HEC on 26 December 2012. The strategic plan aims towards enhancing the infrastructural and human resource capacity of the University with an aim of expanding its educational pursuits. Business plan for development projects has not been developed. 	<ul style="list-style-type: none"> The strategic plan might not ensure integration of all units of the University relevant to the implementation of strategic plan. 	<ul style="list-style-type: none"> The strategic plan should be updated to ensure coverage of development projects, including Center for Advanced Studies (CAS) project. 	<ul style="list-style-type: none"> No response provided by the management. 	<ul style="list-style-type: none"> The observation has been retained as no response was provided by the management.

Core functions analysis Governance and legal structure – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>Governance – contd.</p> <ul style="list-style-type: none"> Roles and responsibilities should be documented and communicated to respective members of governing boards to ensure a mechanism for accountability. 	<ul style="list-style-type: none"> Although overall operations are reviewed at various forums, specified above, a control mechanism has not been established to ensure regular review and evaluation of the progress towards achieving the objectives of five years strategic plan. Development projects are managed by the Planning and Development directorate. Development works, excluding civil works, are sub-contracted to independent consultants. Please refer Project Performance Management section for further details with regards the operations. The Civil works component is delegated to the Engineering Construction department. Please refer Procurement Management section for further details with regards the civil works operations. Research projects are managed by the Office of Research Innovation and Commercialization (ORIC). Please refer Project Performance Management section for further details with regards the operations. <p>Composition of boards and governance forums</p> <ul style="list-style-type: none"> Members of the statutory bodies are Pakistani nationals, with one female members in all forums. Age mix is 40 to 65 years. Please refer Annexure B for detailed description of the composition. 	<ul style="list-style-type: none"> The University might not be able to effectively evaluate the status of its progress towards meeting the targets specified in the strategic plan. Responsibilities for managing development and research projects are specifically identified. The composition of governance forums is pre-defined by the Act. 	<ul style="list-style-type: none"> A control mechanism should be developed and implemented to ensure that results against strategic objectives are periodically assessed, evaluated and reported to the key governance forums. None. Gender balance in the governance forums should be ensured. 	<ul style="list-style-type: none"> No response provided by management. None. None. 	<ul style="list-style-type: none"> Observation is retained in the report as response was not provided. Not applicable. Retained in the report.

Core functions analysis Governance and legal structure – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Governance – contd..	<p>Coordination amongst operating units</p> <ul style="list-style-type: none"> The University comprise of 06 faculties, 28 departments, 09 institutes, 03 centers, 02 constituent colleges, and three sub-campuses. Periodic meetings of key governance forums are attended by the top management personnel, however, a coordination mechanism between the operational units has not been developed. <p>Litigations</p> <ul style="list-style-type: none"> The University is into litigation with various serving and former staff. The position of Assistant Registrar – Legal is currently vacant, however, two external consultants have been hired to manage the legal cases. 	<ul style="list-style-type: none"> The University might not be able to effectively and efficiently perform the activities on a day-to-day basis. The University has employed adequate resources to manage its legal affairs. 	<ul style="list-style-type: none"> A formal coordination mechanism should be developed. The mechanism should specify the responsibilities along with their frequency and designated staff, that should be provided to the sister departments. Key areas to be included in the coordination mechanism may include, but not limited to: <ul style="list-style-type: none"> a. Roles and responsibilities for project conceptualization; b. Roles and responsibilities for preparation of project budget; c. Roles and responsibilities for providing assistance in project activities; d. Roles and responsibilities for progress reporting and monitoring and evaluation. None. 	<ul style="list-style-type: none"> The affairs of the UAF are run under UAF Act, 1973. Most of the degree programmes offered by UAF have inter disciplinary approach. There is also a formal coordination mechanism providing responsibility of each authority/statutory body by UAF Act, 1973 and the Rules of Business of concerned authority. Each discipline of UAF has its own expertise which are provided to other sister departments where needed. The recommendations of each Board of Studies and Faculty Board are discussed by the Academic Council where apart from Deans, Directors, Professors, Department Chairmen and Associate Professors of all the University are members which form the inter-university coordination forum to discuss all academic matters. Same is the case with the Senate where apart from Deans/Directors and Chairmen, the Professors from each Department are the members of the Senate. None. 	<ul style="list-style-type: none"> The observation focused at absence of coordination mechanism between operational units. The management response provides explanation with regards governance forums, which was already reflected in the draft report. Accordingly, the observation has been retained in the report. Not applicable.

Core functions analysis
Governance and legal structure – contd.

CONTROL ENVIRONMENT		Overall Risk Rating	HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>Control Environment</p> <ul style="list-style-type: none"> Functional level roles and responsibilities should be documented and communicated to respective departmental heads and key management personnel to ensure a mechanism for accountability at departmental level. Members and officers of the Governance forums should be appointed and removed in accordance with laid down policies and procedures. Adequate segregation of roles and responsibilities should be introduced within the governance structure to ensure a mechanism for regular checks and balances. 	<p>Functional level roles and responsibilities</p> <ul style="list-style-type: none"> Job descriptions for key management positions are in draft form. A notification for their implementation has not been issued. The BPS staff is evaluated through government systems. Target setting for key BPS staff is not being performed. Accordingly, a systematic performance evaluation and mechanism of accountability is not implemented. 	<ul style="list-style-type: none"> Employees might not be held accountable for respective roles and responsibilities. Absence of specific target setting for BPS staff might affect the quality of performance evaluation. 	<ul style="list-style-type: none"> The job descriptions should be notified on an urgent basis. Individual targets should be set for BPS staff. 	<ul style="list-style-type: none"> The Job descriptions of all the categories of University of Agriculture employees have been prepared and are being submitted to the Syndicate for final approval. The teachers even serving under BPS set targets of a semester regarding coverage of Sallybi, practical exams and extension work etc. The Syndicate at its meeting held on 08.09.2012 and 30.6.2013 constituted committees to frame and examine/revise criteria for evaluation of Professors on probation. The notifications Nos. PS-1(4)18316 dated 13.10.2012 & PS-1(1)11947-53 dated 30.07.2013 along with criteria devised for evaluation of Professors is at the Appendix-IX, X & XI respectively. 	<ul style="list-style-type: none"> The observation is retained as the initiative is in progress. The management response covers details pertaining to academic staff only. However, the observation was directed at the entire BPS staff of the University including HR, finance, Program management, etc. Accordingly, the observation has been retained in the report.

Core functions analysis
Governance and legal structure – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Control Environment – contd..	<ul style="list-style-type: none"> Performance of staff under Tenure Track System (TTS) is carried out as per the format specified by HEC. Government regulations for HR administration are followed for employee code of conduct and other related matters. The disciplinary matters are reported to the Syndicate, which evaluates the cases for decision making. Structure and mandate of the Planning and Development department of the University has not been approved by the relevant authority. The designation of Director – P&D was notified, however, the position is currently vacant. <p>Appointment and removal of members of governance forums</p> <ul style="list-style-type: none"> Tenure of members of governance forums has been specified in the Act. Compliance tests were performed to check the status of University's compliance with the tenure requirements specified by the Act. 	<ul style="list-style-type: none"> Performance evaluation of TTS staff is effectively performed. Issues concerning employee conduct are managed as per applicable government regulations. Absence of formal mandate and head of P&D department might affect the efficiency of the P&D directorate. Tenures of members of governance forums have been formally specified. The University was assessed as maintaining compliance with the applicable requirements for the tenures of members of governance forums. 	<ul style="list-style-type: none"> None. None. The mandate of P&D department should be notified. Appropriate staff should be hired/ deputed at the Position of Director – P&D. None. None. 	<ul style="list-style-type: none"> None. None. No response provided by management. None. None. 	<ul style="list-style-type: none"> Not applicable. Not applicable. Observation is retained in the report as response was not provided. Not applicable. Not applicable.

Core functions analysis Governance and legal structure – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>Control Environment – contd.</p> <ul style="list-style-type: none"> Regular review of entity's operations should be carried out by the governance forums to ensure that operations, quality of services and staff progress is regularly reviewed. The governance structure should be supported by an independent and effective Monitoring and Evaluation function. The Monitoring and Evaluation function should regularly review the projects and provide feedback to an appropriate level of authority within the functional and administrative structure of the entity. 	<p>Segregation of duties</p> <ul style="list-style-type: none"> The organizational structure of the University is primarily categorized into the governance and executive levels. The executive level structure is headed by the Vice-Chancellor. The Vice-Chancellor heads the boards and committees. The structure is further divided into the academic and administrative divisions. The directorates, departments and other establishments of the University are headed by respective directors/ chairmen. However, following gaps were noted in the organizational and functional structure with regards segregation of duties: The research material, procured for conducting research activities, is issued to the relevant Project Investigator (PI). The PI is entrusted with overall responsibility for management and utilization of research material. However, no mechanism has been developed for reporting the utilization and status of research material. Further, the current system does not include performance of periodic physical verification of research material by an independent forum. Deputy Treasurer – Development projects also heads the Directorate of Procurement. Suppliers are shortlisted by the Directorate of Procurement. However, the directorate is not involved in the order placement. Currently, the orders are directly placed by relevant PIs. Please refer to financial management section for detailed observations in respect of segregation of duties related to finance. 	<ul style="list-style-type: none"> The organizational structure is adequately defined. Lack of segregation might affect controls over management of resources employed for research projects. Lack of segregation may result in conflict of interest issues. 	<ul style="list-style-type: none"> UAF should follow the required frequency of meetings to ensure compliance with the Conduct of Business Rules of the Senate, 1976. Necessary modifications should be introduced in the flow of identified activities to ensure adequate segregation of duties. 	<ul style="list-style-type: none"> No response provided by management. No response provided by management. 	<ul style="list-style-type: none"> Observation is retained in the report as response was not provided. Observation is retained in the report as response was not provided.

Core functions analysis Governance and legal structure – contd.

INTERNAL AUDIT		Overall Risk Rating	HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>Internal audit</p> <ul style="list-style-type: none"> An independent and effective internal audit mechanism should be inbuilt into the operating cycle. An internal audit team with adequately qualified and skilled staff should be employed to carry out effective and efficient internal audit of entity's operations. Scope of an internal audit function should cover all cross sections of an entity's operations. Formal policies and procedures should be developed for internal audit. Further, the internal audit function should have sufficient human and infrastructural resources to discharge its responsibilities in accordance with the assigned scope of work. 	<ul style="list-style-type: none"> The Treasurer manages the centralized expenditure processing function of the University. Faculties/ departments submit expenditure vouchers along with supporting documents to the Treasurer office which is reviewed and processed for payment. Expenses are pre-audited at two levels i.e. a) Pre-audit section, operating under the supervision of the Office of Treasurer; and b) resident auditor of the Government of Punjab (GoPb) prior to processing the payments. Although a pre-audit mechanism is integrated into the financial transactions, an independent internal audit function has not been developed. 	<ul style="list-style-type: none"> The University might not be able to implement an effective internal control mechanism that systematically performs the entity wide risk assessment, evaluation of design and operating effectiveness of internal controls and enable strengthening of internal controls. 	<ul style="list-style-type: none"> An independent internal audit function should be established. Charter and mandate of the internal audit function should be developed. The internal audit function should employ adequate infrastructural and human resources to effectively perform its mandate. 	<ul style="list-style-type: none"> No response provided by management. No response provided by management. No response provided by management. 	<ul style="list-style-type: none"> Observation is retained in the report as response was not provided. Observation is retained in the report as response was not provided. Observation is retained in the report as response was not provided.

Core functions analysis Governance and legal structure – contd.

EXTERNAL AUDIT AND ACCOUNTABILITY ARRANGEMENTS		Overall Risk Rating	MODERATE TO HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>External audit and accountability arrangements</p> <ul style="list-style-type: none"> The UAF should have adequate arrangements for independent audit of its financial statements and control environment. The UAF should comply with the applicable statutory requirements in respect of arranging an independent audit Auditing entities should be independent in fact and appearance and should independently carry out the responsibilities assigned to them. 	<ul style="list-style-type: none"> The University is subject to audit by the Office of Director General – Audit, Punjab. The external audits are performed on an annual basis. Government regulations are followed for the settlement of audit paras. Paras are categorized as (a) Draft Paras (b) Proposed Draft Paras (c) Advance Paras (d) Ordinary Paras. The Paras are discussed as per regulations of Auditor General of Pakistan (AGP) and Director General Audit (DGA). Paras are discussed and settled at (Public Accounts Committee (PAC), Special Departmental Accounts committee (SPAC) and departmental Accounts Committee (DAC) forums of the government. A review of the external audit paras for the period from 2011 to 2013 was performed. Key observations raised by the external auditor pertained to compliance with applicable laws and regulations, authorization of expenditure, payment of staff benefits as per applicable regulations, etc. Please refer Annexure C for detailed listing of audit observations. A review of the status of pendency of audit observations was performed. A significant number of audit observations are pending since long. Please refer Annexure E for the age analysis of pending audit observations. 	<ul style="list-style-type: none"> Adequate external accountability arrangements are in place. The University might not be in compliance with applicable laws and regulations. The management might not be able to efficiently address the gaps identified by the external auditor. 	<ul style="list-style-type: none"> None. The University should settle the outstanding audit observations on an immediate basis. 	<ul style="list-style-type: none"> None. No response provided by management. 	<ul style="list-style-type: none"> Not applicable. Observation is retained in the report as response was not provided.

Core functions analysis
Governance and legal structure – contd.

TAX STATUS		Overall Risk Rating	HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>Tax status</p> <ul style="list-style-type: none"> The UAF should have a valid registration under the Income Tax Ordinance, 2001, applicable in Pakistan and is in compliance with tax laws. 	<ul style="list-style-type: none"> The University is registered with Federal Board of Revenue as AOP bearing free tax number (FTN) 9020506 under Income Tax Ordinance, 2001. Under sub-section (1) of section 159 of the Income Tax Ordinance, 2001, UAF was exempt from the provisions of income tax and business receipt tax up to 30.06.2013 The tax exemptions to the University have been withdrawn by the tax authorities in pursuance of enactment made through Finance Act, 2013, clause (58A) in Second Schedule to the Income Tax Ordinance, 2001. The management has raised the issue with relevant tax authorities, however, the request has been denied by the tax authorities. The University is liable to pay Sales Tax as per the provisions of the relevant laws. 	<ul style="list-style-type: none"> The University's income and other activities are liable to taxation which might affect the donor requirements for tax exemptions. 	<ul style="list-style-type: none"> The University should obtain services of legal/ tax experts in order to settle the issue with relevant tax authorities. 	<ul style="list-style-type: none"> No response provided by management. 	<ul style="list-style-type: none"> Observation is retained in the report as response was not provided.

Core functions analysis Governance and legal structure – contd.

MONITORING AND EVALUATION		Overall Risk Rating	HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<ul style="list-style-type: none"> The UAF should have a proper Monitoring and Evaluation department to ensure accountability and transparency during the implementation of project/ program activities, ensuring adequate and timely reporting of project activities, etc. 	<ul style="list-style-type: none"> Governance structure includes various forums to regulate the operations, however, an independent Monitoring and Evaluation department has not been established to independently evaluate and monitor the efficiency and effectiveness of the development and research projects. 	<ul style="list-style-type: none"> Independent monitoring and evaluation of the project activities might not be performed. 	<ul style="list-style-type: none"> An independent Monitoring and Evaluation department should be established. Adequate controls should be in place to ensure that project timelines are followed. Rigorous review of progress should be carried out to ensure that expected delays are timely identified, appropriate measures are taken to ensure that delays are optimally minimized and appropriate updates are provided to project donors. Regular progress reviews should be carried out to ensure that progress is regularly reviewed, potential issues are timely identified and communicated to stakeholders, and appropriate resolution is attained. Tools and guidelines should be developed to provide guidance in respect of monitoring and evaluation of project and other operation of the Statutory boards. The tools and guidelines should be updated on the basis of updated monitoring and evaluation requirements of the entity. A regular review of compliance with monitoring and evaluation tools and guidelines should be carried out and reported to appropriate level of management. Monitoring and evaluation function should be independent in fact and appearance and should be an independent overseeing authority, tasked with ensuring continuous checks on compliance with stated policies and procedures. Personnel assigned with the monitoring and evaluation responsibilities should possess adequate qualification, skills and expertise to carry out monitoring and evaluation of project and company's operations. 	<ul style="list-style-type: none"> No response provided by management. 	<ul style="list-style-type: none"> Observation is retained in the report as response was not provided.

The background features several overlapping geometric shapes in two shades of blue: a dark blue and a lighter blue. On the left, a dark blue rectangle is partially obscured by a lighter blue trapezoidal shape that extends towards the center. On the right, a large dark blue trapezoidal shape is overlaid on a lighter blue rectangular area. The text is positioned on the right side of the slide, primarily within the lighter blue area.

CORE FUNCTIONS ANALYSIS

*Project Performance
Management*

Core functions analysis

Project performance management

4B. Overview

- The University's Project performance management function consists of two directorates including Planning and Development Directorate (P&D) and Office of Research Innovation and Commercialization (ORIC). These directorates are responsible for the performance management of development and research projects of the university.
- P&D is responsible for the implementation and contract administration of development projects of the University including infrastructure projects, lab equipments, furniture and fixtures and transportation projects.
- ORIC is responsible for contract administration and supervision of research projects carried out by the University under funding from different national and international donor agencies.

4.1 Directorate of planning and development

- Director – Directorate of Financial Assistance and University Advancement has been assigned additional charge of Director – P&D. The director is assisted by 7 support staff which includes 1 admin officer, 1 assistant, 1 Stenographer, 1 Senior Clerk, 1 Assistant Resident Investigator and 2 Qasids.
- P&D directorate has a mandate to formulate project proposals/ PC-1 to obtain funding from national and international donor agencies. The directorate is mandated to carry out financial and economic analysis of development projects by using various appraising tools. Development projects of sub-campuses also fall under the purview of the P&D directorate.
- The P&D directorate is also responsible for preparation and submission of project progress reports to donor agencies. Further, coordination with various federal and provincial government departments is also mandated to the P&D directorate.
- No documented policies and procedures for the P&D directorate have been prepared. The P&D directorate has adopted guidelines of the Planning Commission of Pakistan as its policy.

4.2 Project lifecycle

- Details of the required infrastructure including lab equipments and other items is taken from the concerned teaching departments through dean of the concerned faculty. On the basis of information submitted, PC-1 is prepared on the prescribed proforma of the Planning Commission of Pakistan and is submitted to the funding agency after obtaining requisite internal approvals.
- The funding agency issues the administrative approval of the PC-1 and the Planning Commission or P&D department of the Government of Punjab announces the PSDP/ADP for each project annually. According to the allocation of funds in the PSDP/ADP, cash plan and work plan for each project is prepared and submitted to the funding agency.
- Planning commission /P&D department approves the cash and work plan and release of funds is made on quarterly basis.
- The Project Director prepares utilization reports on a prescribed format at monthly and quarterly intervals for each project which are submitted to the funding agency through P&D directorate.

4.3 Analysis of projects

- As per the list of projects provided by management of the University, the directorate of P&D has carried out 30 development projects since its inception. While the number of on-going projects is 4. The projects that have been completed by the directorate include construction projects, repair and maintenance projects, IT infrastructure projects, agricultural production projects, up-gradation of labs and hi-tech equipment installation projects. Below table summarizes the total and average size of completed and on-going projects:

Directorate of Planning & Development - Projects Data	
Value of total projects (PKR in Millions)	3,398.04
Number of completed projects	30
Value of completed projects (PKR in Millions)	1,405.44
Number of ongoing projects	4
Value of ongoing projects (PKR in Millions)	1,992.61
Average value per project (PKR in Millions)	99.94

Source: Management information

Core functions analysis Project performance management – contd.

4.3 Analysis of projects – contd..

- A contract value benchmarking of the projects completed by the directorate has been carried out by defining the value brackets and identifying the number of projects and total contracts value under each bracket, is as follows:

Contract value bracket	Total contracts value	No. of projects
Less than PKR 1 million	-	-
Greater than PKR 1 million & less than PKR 20 million	119.20	11
Greater than PKR 20 million & less than PKR 40 million	369.42	11
Greater than PKR 40 million & less than PKR 60 million	91.97	2
Greater than PKR 60 million & less than PKR 80 million	-	-
Greater than PKR 80 million & less than PKR 100 million	99.70	1
Greater than PKR 100 million	725.15	5
	1,405.44	30

Source: Management information

4.4 Office of Research Innovation and Commercialization (ORIC)

- As proposed by HEC, the Syndicate of the University, at its meeting held on 24 Sep 2010, approved to change the name of "Directorate of Research" to "Office of Research". Structure of the office of research was designed as per the requirements of HEC and designations of the existing staff were accordingly amended to suit the new structure. Later on upon recommendation of the Academic Council of the University, the Syndicate, at its meeting held on 30 May 2011, changed the name of "Office of Research" to "office of Research Innovation and Commercialization (ORIC)".
- As per the total staff strength provided to us by the management, existing total sanctioned staff strength of ORIC is 38 out of which 13 positions are lying vacant. However, according to the approved hierarchical structure of the directorate, total staff of the directorate is 14. The directorate is headed by a director who is assisted by two associate professors, 1 assistant professor, two lecturers, 1 research officer and 15 support staff.



4.4.1 Project lifecycle

- Call for preliminary research proposals are announced from the national and international funding agencies. Sources of receipt of these calls include newspaper/web advertisements, through existing or ex-professionals of the University or through direct approach from the funding agency. The announcement for preliminary proposals is circulated through email among the faculty members of UAF by ORIC.
- Preliminary proposals are submitted to ORIC by the faculty members on the prescribed format of the funding agency. Preliminary proposals are submitted to the funding agency with the approval of the Vice Chancellor through ORIC. After reviewing process of the funding agency, the funding agency demands for detailed project proposal from Principal Investigator through a letter. As faculty members submit their detailed project proposals on the prescribed format to ORIC through proper channel(Chairman, Dean/Director) , a note portion is prepared to take permission of submitting the proposal to the funding agency from Vice chancellor. Signatures of the Vice Chancellor is required on the prescribed format of the funding agency which is obtained on the same note portion.
- Singed research project proposals are sent to the funding agency through a covering letter from Director, ORIC. Copy of this letter is also sent to Faculty member/Project Investigator for information.
- After evaluation, if there are some minor observations, a letter for revision of the project is sent to Project Investigator to improve it. The revised project proposal sent to the funding agency with the approval and signatures of the Vice Chancellor through ORIC.
- As project is approved, an approval letter is issued from ALP containing project title, duration and budget approved along with the copy of agreement which has to be signed by the Project Investigator and Vice chancellor
- After signatures of the Principal Investigator and Vice Chancellor, the agreement is sent to the funding agency through ORIC.
- A bank account is opened through Treasurer Office and informed to the funding agency and Principal Investigator. First installment is released from the funding agency and cheque is received in Treasurer Office. Cheque is submitted in bank account by the Treasurer Office and Project Investigator and ORIC are informed through a letter. Same procedure is followed for all installments.
- A mid-year progress and Financial reports after the completion of 1st six months of the project duration is submitted to the funding agency on the prescribed format through ORIC in the mid of each year of project duration.
- After completing the first year of project execution 1st annual progress report is submitted to the funding agency through ORIC. Request for 1st year honorarium by Project Investigator is forwarded to the funding agency through ORIC. As 2nd year completes second annual technical progress report is received by the Project Investigator and it is forwarded to the funding agency.
- If there is any delay in project completion due to any reason, a request for extension in project life is sent to the funding agency by Project Investigator through ORIC. Funding agency extends the project life without any financial liability and informs through a letter to the Project Investigator.
- The final technical report is submitted to the funding agency after completion of the project duration through ORIC. Unspent balance, if any, is returned back to the funding agency.
- Equipment is transferred to the Department from funding agency on a prescribed proforma which is signed by both the Principal Investigator and the funding agency.
- A letter of appreciation is issued by the funding agency to the Project Investigator for successful completion of the project and it is informed that the project has financially settled and there is no financial liability on the part of the funding agency or the University.

Core functions analysis Project performance management – contd.

4.4.2 Analysis of projects

- As per the list of completed projects provided by management of the University, in the last three years a total of 41 research projects have been completed by the University with a total project value of PKR119,6 million.
- As per the list of on-going projects provided by management of the University, a total number of 266 projects are on-going representing a total project value of PKR 1,508 million. Out of these 266 projects, 46 projects relate to the period prior to the last three years i.e. before 2011.
- During the last three years, major donors of the University include EFS and various international funding agencies. Funding from EFS represents 60% of the total funding received during the last three years and international funding represent 31% of the total funding received during the last three years.
- In terms of faculty wise analysis of total value of research projects completed during the last three years, 37% of the total value of projects were carried out by the faculty of Agri Engineering & Technology while 18% of the total value of projects were carried out by the faculty of Sciences.

Office of Research Innovation and Commercialization - Completed Projects Data

Value of total projects (PKR in Millions)	2201.43
Number of completed projects	255
Value of completed projects (PKR in Millions)	693.85
Number of ongoing projects	266
Value of ongoing projects (PKR in Millions)	1507.59
Average value per project (PKR in Millions)	4.52

Source: Management information

Contract value bracket	Total contracts value	No. of projects
Less than PKR 1 million	28.48	52
Greater than PKR 1 million & less than PKR 10 million	440.87	162
Greater than PKR 10 million & less than PKR 20 million	36.50	2
Greater than PKR 20 million & less than PKR 30 million	47.95	2
Greater than PKR 30 million & less than PKR 40 million	35.62	1
Greater than PKR 40 million & less than PKR 50 million	42.64	1
Greater than PKR 50 million	61.78	1
	693.85	221*

* Cost of 3 projects was not provided in the list of completed projects.

Core functions analysis Project performance management – contd.

ORGANIZATIONAL CAPACITY		Overall Risk Rating	MODERATE TO HIGH																
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion														
<p>Organizational capacity</p> <ul style="list-style-type: none"> The organization shall have adequate and effective project management system. Progress on current projects shall be frequently performed in order to ensure that issues are timely identified and settled. The progress monitoring reports shall be accurately generated at an appropriate frequency to support the progress monitoring and evaluation activities. The organization shall employ adequate and appropriately skilled staff and other resources to effectively undertake its projects. 	<p>Overview of the project management structure</p> <ul style="list-style-type: none"> The University's Project performance management function consists of two directorates including Planning and Development Directorate (P&D) and Office of Research Innovation and Commercialization (ORIC). These directorates are responsible for the performance management of development and research projects of the university. P&D is responsible for the implementation and contract administration of development projects of the University including infrastructure projects, lab equipments, furniture and fixtures and transportation projects. ORIC is responsible for contract administration and supervision of research projects carried out by the University under funding from different national and international donor agencies. <p>History of projects</p> <ul style="list-style-type: none"> Since its inception, the University has completed 30 development projects at a total cost of PKR 1.44 billion, whereas, 04 projects with a total cost of PKR 1.99 billion are currently in-progress. Below table summarizes the history of development projects: <table border="1"> <thead> <tr> <th colspan="2">Directorate of Planning & Development - Projects Data</th> </tr> </thead> <tbody> <tr> <td>Value of total projects (PKR in Millions)</td> <td>3,398.04</td> </tr> <tr> <td>Number of completed projects</td> <td>30</td> </tr> <tr> <td>Value of completed projects (PKR in Millions)</td> <td>1,405.44</td> </tr> <tr> <td>Number of ongoing projects</td> <td>4</td> </tr> <tr> <td>Value of ongoing projects (PKR in Millions)</td> <td>1,992.61</td> </tr> <tr> <td>Average value per project (PKR in Millions)</td> <td>99.94</td> </tr> </tbody> </table> <p><i>Source: Management information</i></p>	Directorate of Planning & Development - Projects Data		Value of total projects (PKR in Millions)	3,398.04	Number of completed projects	30	Value of completed projects (PKR in Millions)	1,405.44	Number of ongoing projects	4	Value of ongoing projects (PKR in Millions)	1,992.61	Average value per project (PKR in Millions)	99.94	<ul style="list-style-type: none"> Respective departments have been formally mandated to supervise the implementation of development and research projects. The University has demonstrated capacity to implement development and research projects. Please refer Absorptive Capacity Analysis section for further review of the University's capacity to effectively manage development projects of varying size and nature. 	<ul style="list-style-type: none"> None. None. 	<ul style="list-style-type: none"> None. None 	<ul style="list-style-type: none"> Not applicable. Not applicable.
Directorate of Planning & Development - Projects Data																			
Value of total projects (PKR in Millions)	3,398.04																		
Number of completed projects	30																		
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Core functions analysis Project performance management – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion														
Organizational capacity – contd.	<ul style="list-style-type: none"> Below table summarizes the history of completed research projects: <table border="1"> <thead> <tr> <th colspan="2">Office of Research Innovation and Commercialization - Completed Projects Data</th> </tr> </thead> <tbody> <tr> <td>Value of total projects (PKR in Millions)</td> <td>2201.43</td> </tr> <tr> <td>Number of completed projects</td> <td>255</td> </tr> <tr> <td>Value of completed projects (PKR in Millions)</td> <td>693.85</td> </tr> <tr> <td>Number of ongoing projects</td> <td>266</td> </tr> <tr> <td>Value of ongoing projects (PKR in Millions)</td> <td>1507.59</td> </tr> <tr> <td>Average value per project (PKR in Millions)</td> <td>4.52</td> </tr> </tbody> </table> <p><i>Source: Management information</i></p> <p>Policies and procedures for project management</p> <ul style="list-style-type: none"> The University has adopted guidelines of the Planning Commission for preparation and reporting of development projects. Research projects are developed on the formats prescribed by the donor. However, policies and procedures for development and research projects have not been documented. Further, a mechanism for identification of opportunities for funding of research projects has not been developed. <p>Implementation of projects</p> <ul style="list-style-type: none"> Development projects are implemented through external contractors. Research projects are executed through internal resources and other educational institutions. <p>Supervision of projects</p> <ul style="list-style-type: none"> An independent monitoring and evaluation department has not been established. Supervision of civil work activities of development projects is performed by the Engineering, Construction Department (ECD) through designated sub-engineer for each project. The sub-engineer records daily progress on a work register maintained at the project site. However, controls have not been established to ensure that the progress is accurately noted by the sub-engineer. Further, controls have not been established to ensure that the PC-III reports are accurately prepared on the basis of work register. 	Office of Research Innovation and Commercialization - Completed Projects Data		Value of total projects (PKR in Millions)	2201.43	Number of completed projects	255	Value of completed projects (PKR in Millions)	693.85	Number of ongoing projects	266	Value of ongoing projects (PKR in Millions)	1507.59	Average value per project (PKR in Millions)	4.52	<ul style="list-style-type: none"> Project implementation activities might not be implemented on prescribed standards in the absence of procedure level guidance and responsibilities. The University might not be able to effectively identify and approach the funding opportunities for its research projects. Internal and external resources are employed for the implementation of development and research projects. Progress against development projects might not be accurately captured and reported, thus affecting the overall performance evaluation mechanism over development projects. 	<ul style="list-style-type: none"> A mechanism for identification of grant opportunities should be developed and implemented. A mechanism should be developed for the monitoring of all on-going research projects by ORIC. None. Please refer recommendation for establishment of an independent M&E department, included in the Governance and Control Environment section. 	<ul style="list-style-type: none"> No response provided by management . None. 	<ul style="list-style-type: none"> The observation has been retained as no response was provided. Not applicable.
Office of Research Innovation and Commercialization - Completed Projects Data																			
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Core functions analysis Project performance management – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Organizational capacity – contd.	<p>Supervision of projects – contd..</p> <ul style="list-style-type: none"> The project progress is reviewed in the meetings of Senate and Syndicate. However, the progress review primarily covers the overall results of all projects, financial comparison of budgeted costs with actual results. A project-wise analysis is not being performed. The University has entered into contract with National Engineering Services Pakistan (Pvt.) Limited (NESPAK) for the supervision of development projects. However, the mandate of NESPAK is limited to only One out of Four on-going projects, covering approximately 24% of the total on-going project cost. Further, performance evaluation of the consultant organizations is not being performed. In addition, a mechanism for periodic evaluation of available suppliers for supervision services is not being performed. A Progress Review Committee (PRC) meeting is called by the Vice Chancellor of the University on need basis to evaluate the progress on development projects. This committee has not been formally constituted and accordingly no mandate of the committee has been approved. Following are the members of the committee: <ul style="list-style-type: none"> Vice Chancellor – Chairman Head of Project Directorate Project Directors (PDs) of all on-going projects The University is currently managing 679 research projects with a total budget of approximately PKR 2 billion. However, controls and mechanisms have not been established to perform periodic monitoring and evaluation of research projects. 	<ul style="list-style-type: none"> The key governance forums might not be able to identify and assess the project level issues and suggest appropriate measures for managing the progress. Independent supervision of the physical progress of all projects might not be ensured through existing practice. The University might not be able to evaluate the quality of support provided by the consultant organization in project supervision. In the absence of formal mandate and other administrative authorizations, the PRC might not serve as a useful tool in performing periodic progress reviews. 	<ul style="list-style-type: none"> Mandate of NESPAK should cover all on-going projects. Periodic performance evaluation of NESPAK should be performed. Frequency and mandate of the Progress Review Committee should be notified. Further, compliance with the recommendations of the PRC should be ensured through regular monitoring. 	<p>KPMG observation regarding ORIC, I accept the their proposal (observations) for:</p> <p>a) Internal monitoring of the project and would start immediately after approval of monitoring committees; and</p> <p>b) We are using MS Access for project management and would work with Treasurer's Office to purchase and employ ERP.</p>	<ul style="list-style-type: none"> Management has agreed with the observations relevant to internal monitoring and has agreed for future compliance with our recommendations . Accordingly the observation has been retained.

Core functions analysis Project performance management – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Organizational capacity – contd.	<p>Reporting of project progress</p> <ul style="list-style-type: none"> At the operational level, the University uses PC-III format for reporting the financial progress of development projects. However, the format does not covers the physical progress of the development projects. The PC-III reports are submitted to Vice-Chancellor on a monthly and quarterly basis for authorization. However, verification of the PC-III reports is not being performed prior to their authorization by the Vice-Chancellor. Progress reports on research projects are prepared as per the donor requirements. The reports are prepared by the PI and submitted to the donor through ORIC. However, mechanism for validating the progress reports has not been established. <p>Staff capacity for project management</p> <ul style="list-style-type: none"> Director – Directorate of Financial Assistance and University Advancement has been assigned additional charge of Director – P&D. The director is assisted by 7 support staff which includes 1 admin officer, 1 assistant, 1 Stenographer, 1 Senior Clerk, 1 Assistant Resident Investigator and 2 Qasids. The support staff of P&D directorate does not possess adequate qualifications for carrying out the assigned roles and responsibilities. ORIC is headed by the director who is assisted by a team of 37 staff members. The existing teaching staff of the University has been assigned to ORIC. Please refer Annexure F for the profiles of key management staff. 	<ul style="list-style-type: none"> The progress reports might not provide status of activities at activity levels. In the absence of validated results, the University might not be able to effectively conduct the progress evaluation activities. Dedicated head for the P&D directorate has not been appointed which might affect the quality of supervision at a higher level. Lack of relevant staff qualifications might affect the operations of development projects. The ORIC team is adequately staff, however, its effectiveness is limited due to low involvement of ORIC in the implementation of research projects. 	<ul style="list-style-type: none"> The progress reporting format should be modified to include comprehensive coverage of physical progress of the project. A mechanism should be developed for the validation of all on-going research projects by the ORIC. A full-time Director of P&D should be appointed. The University should provide formal trainings to its staff over project management. 	<ul style="list-style-type: none"> Please refer to management comment section of supervision of projects for management comment. No response provided by the management 	<ul style="list-style-type: none"> Management has agreed with the observations relevant to internal monitoring and has agreed for future compliance with our recommendations. Accordingly the observation has been retained. The observation has been retained as no response was provided.

Core functions analysis
Project performance management – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Organizational capacity – contd.	<p>Compliance with existing practices</p> <ul style="list-style-type: none"> A review of compliance with existing practices over project management and reporting was performed. Certain instances of non-compliance were noted with regards account opening, progress reporting, negotiations between PI and funding agencies. Please refer Annexure G for detail of instances. It was observed that majority of records and documentation shared by the PI with funding agencies is not provided to ORIC. 	<ul style="list-style-type: none"> Adequate controls might not be in place to ensure that the University is compliant with the existing practices over project management and reporting. ORIC might not be able to effectively manage and supervise the research projects. 	<ul style="list-style-type: none"> Identified instances should be evaluated to assess the gaps in existing controls. Complete records should be maintained by ORIC. 	<ul style="list-style-type: none"> No response provided by management 	<ul style="list-style-type: none"> The observation has been retained as no response was provided.

Core functions analysis Project performance management – contd.

FINANCIAL AND ASSET MANAGEMENT		Overall Risk Rating	HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>Financial and asset management</p> <ul style="list-style-type: none"> The organization's financial and operational management systems should ensure that projects are timely implemented, within the approved cost estimates. 	<p>Project delays and variations</p> <ul style="list-style-type: none"> A comparison between target and actual completion dates and costs was performed. In case of development projects, 29 out of 30 projects could not meet the target timelines. Variation from target completion date ranged between 0.5 years to 6 years. Please refer Annexure H for detailed comparison. A sample of research projects was evaluated to assess the cost and time efficiencies. Variation from target completion date ranges between 0.3 years to 4 years. Please refer Annexure H for detailed comparison. The Senate in its 38th meeting held on 11 October 2013 discussed the issue of delays in project implementation. The forum noted that project delays are primarily attributable to delays in release of funds from the federal and provincial governments. The forum decided to approach the respective governments for settlement of issues. We were informed that project activities are scaled down due to non-availability of funds or variation from budget estimates due to price escalations. The relevant PC-1 is not revised. However, we were not provided with the basis used by the University for modifying the activities. Further, we were not provided the detail of such variations in project activities. 	<ul style="list-style-type: none"> Due to delays in project completion, the University might not be able to effectively meet its strategic and operational targets. 	<ul style="list-style-type: none"> The University should perform a comprehensive review of the underlying causes, in addition to delays in release of funds by the Government authorities, in order to ensure that internal inefficiencies are appropriately identified and removed from the existing system of project implementation. 	<ul style="list-style-type: none"> No response provided by management. 	<ul style="list-style-type: none"> The observation has been retained as no response was provided.

Core functions analysis Project performance management – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Financial and asset management	<p>Asset management</p> <ul style="list-style-type: none"> Assets procured during the research projects are donated to the University. Asset records are individually maintained by relevant departmental heads. The University has launched a project to maintain a centralized database of assets. However, coding of assets has not been performed. The available assets are not taken into account for budgeting purposes due to non-availability of asset records at ORIC. Being a government entity, insurance of assets is not maintained. The external auditor has identified various key issues with regards missing assets, maintenance of adequate asset register, idle equipment, etc. Please refer Annexure C for detailed description of audit observations. <p>Financial management</p> <ul style="list-style-type: none"> Please refer core function analysis on Finance function for details and relevant issues. 	<ul style="list-style-type: none"> The University might not be able to ensure implementation of effective controls over safeguarding of its assets. Due to lack of information with regards available resources, the University might not be able to accurately determine its resource requirements for project implementation. The University's assets are not insured against loss due to theft or other loss. The University might not be able to implement effective controls over asset management. 	<ul style="list-style-type: none"> The University should perform coding of all its administrative and project related assets. Existing systems should be modified with adequate sharing of asset details by the relevant PIs to ORIC. The budgeting exercise should take into account the available resources. 	<ul style="list-style-type: none"> We have already started taking stock entry into our record for shifting the equipment of the completed projects to Depts. 	<ul style="list-style-type: none"> Management has provided a status update in response to our observation, however, details in respect of controls in place over assets procured and utilized under research projects have not been provided in the management response. Accordingly the observation has been retained.

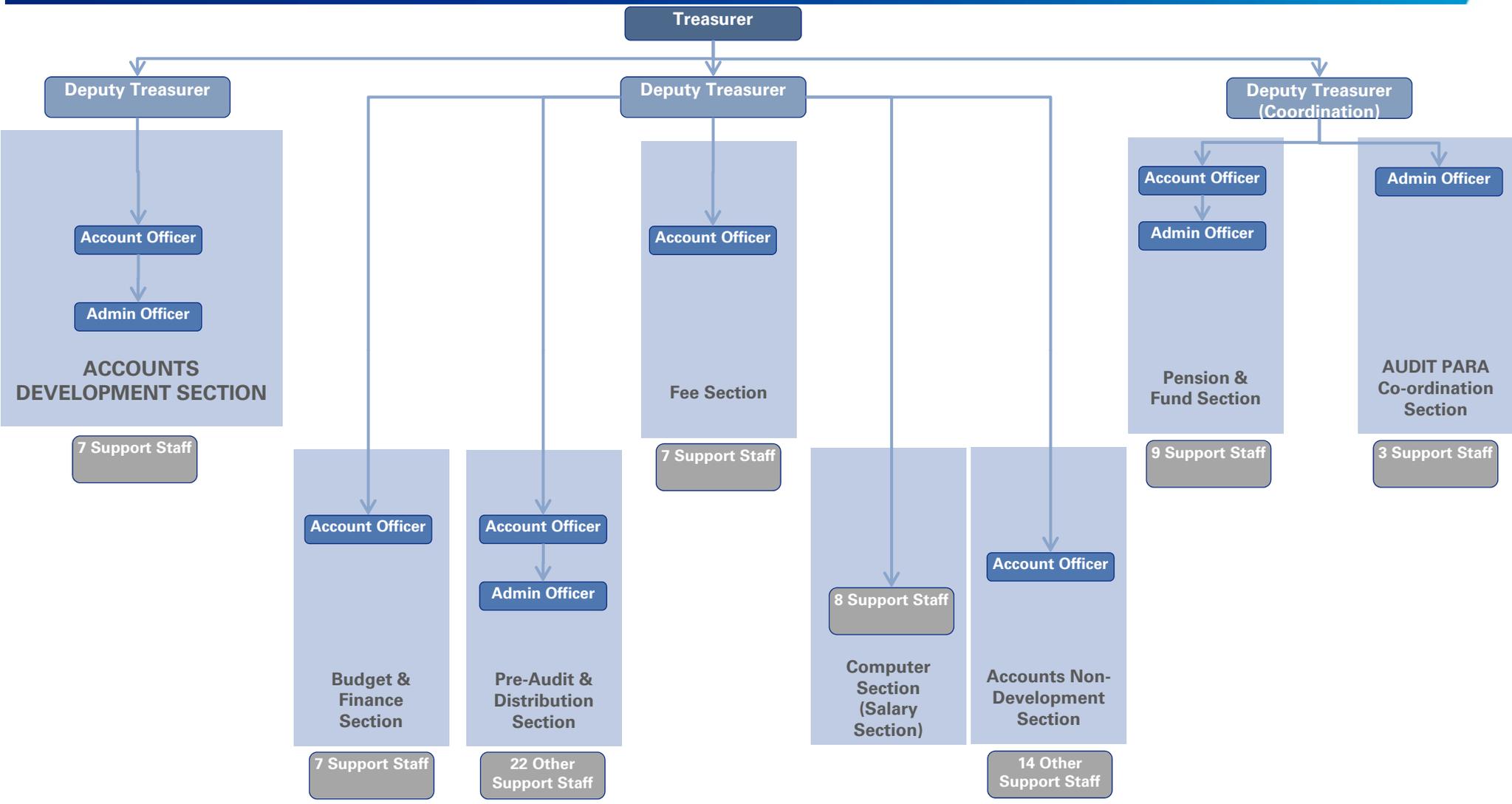
Core functions analysis
Project performance management – contd.

OUTREACH		Overall Risk Rating	MODERATE TO HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Outreach					
<ul style="list-style-type: none"> The UAF should have an appropriate community led development department for providing technical assistance and supervision to the programs in order to ensure that programs are able to achieve their intended targets. The organization should have an effective outreach program to identify and assess the problems of communities so that project activities are effectively streamlined. 	<ul style="list-style-type: none"> Community led development department has not been established for providing technical assistance and supervision to the programs in order to ensure that programs are able to achieve their intended targets. Various tools are used to reach the communities. Semi-annual seminars are conducted to introduce University's products, provide education to farmers on Agri-sector. 	<ul style="list-style-type: none"> The University might not be able to effectively perform its outreach activities. 	<ul style="list-style-type: none"> Formal strategy should be developed including strategy to commercialize the successful research projects and strategy to increase the outreach of the university. 	<ul style="list-style-type: none"> No response provided by management. 	<ul style="list-style-type: none"> The observation has been retained as no response was provided.

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CORE FUNCTIONS ANALYSIS

*FINANCIAL
MANAGEMENT AND
INTERNAL CONTROLS
SYSTEMS*



4C. Overview

- A dedicated department has been established for the overall financial management of the UAF with following responsibilities as outlined in the Act:
 - a. manage the property, the finances and the investments of the University;
 - b. prepare the annual and revised budget estimates of the University and present them to the Finance and Planning Committee, the Syndicate and the Senate;
 - c. ensure that the funds of the University are expended on the purposes for which they are provided; and
 - d. perform such other duties as may be prescribed.
- Treasurer department is divided in to eight sections, enlisted as follows:
 - Accounts Maintenance Section – Development;
 - Accounts Maintenance Section - Non Development Section;
 - Budget & Finance Section;
 - Pre-Audit & Distribution Section;
 - Fee Section;
 - Computer Section;
 - Pension & Fund Section; and
 - Audit Para Co-ordination Section
- Treasurer department has a dedicated team of 98 employees (56 permanent employees and 42 daily paid laborers) including 4 deputy treasurer, 6 accounts officers, 4 admin officers, 10 permanent assistants, 16 daily paid assistants and 57 other support staff.
- Please refer Annexure F for the profiles of key personnel of Treasurer office.
- Section 40 of the Act provides broad guidance over maintenance of accounts and eligibility of expenditure.
- The University follows finance policy included in the Act. Necessary guidance is obtained from Punjab Finance Rules on need basis.
- The Act also provides requirements for the submission of Statement of the Accounts (SoA) to the Government within six months of the closing of the financial year. Specific policies and procedure manual for financial management activities has not been developed.
- The University follows cash basis of accounting. Cash books are maintained for recording of receipt and expenditure.
- An in-house accounting software is used to record transactions relevant to recurring budget for the preparation of reports. The accounting software is used as a database for the preparation of different reports as the accounting software does not allow report generation.
- Following are the sources of funds:
 - HEC for recurring budget as well as for some development budget;
 - Government of Punjab (ADP) for development budget;
 - Own Sources for recurring budget; and
 - Other Donor agencies for development budget.
- Job descriptions of individual staff are in draft form, however, distribution of work statement for all sections of the treasurer office have been developed. Distribution of work statement include roles and responsibilities of individual staff working in the section.
- Brief discussion on each section of Treasurer department is provided below:
 - (a) Accounts Maintenance Section – Non Development budget**
 - This section is headed by account officer under the supervision of relevant deputy treasurer. Account officer is assisted by 14 support staff. Non – development section is responsible for financial management of recurring budget including receipts and expenditure.
 - (b) Accounts Maintenance Section –Development budget**
 - This section is headed by deputy treasurer who is assisted by a team of account officer, admin officer and 7 other support staff.

(b) Accounts Maintenance Section –Development budget – contd.

- Development section deals with research projects and development projects funded by funding agencies including HEC, International donor agencies, Government of Punjab including funding from Pakistan Science Foundation (PSF), Endowment Fund Secretariat (ESF), M/s Domestic Biogas Program and International Life Sciences Institute (ILSI) Research Foundation.
- Receipt and payments of development projects are routed through project specific bank accounts. Development section is responsible for coordination with monitoring teams of funding agencies, preparation and maintenance of cash book of projects. Please refer to Project Management section. Currently the University has 266 ongoing research projects with total funding PKR 1,508 million and 4 ongoing development project with total funding PKR 1,993 million.

(c) Budget and Finance Section

- Budget and finance section is headed by relevant Deputy Treasurer who is assisted by a team comprising of Accounts Officer and 6 support staff.
- The responsibilities of this section include preparation of budget notification, circulation of budget notification, collection of budget proposals from each department and preparation of budget estimates. Please refer to annexure I for detailed description of budget preparation mechanism.

(d) Pre – Audit & Distribution Section

- This section is headed by Account Officer under the supervision of relevant Deputy Treasurer. Account officer is assisted by admin officer and 22 other support staff.
- The section is responsible for Pre-Audit: As per the UAF act, 1973 all the expenditure is required to be pre-audited prior to processing of payment, submission of withholding tax return; preparation and distribution of cheques after final approval of bills, and recording of assets in asset data base.

(e) Fee Section

- Fee section is headed by Accounts Officer who is assisted by a team of 7 support staff. This section is responsible for collection of fees from students. Fee management system has been developed for the management of fee related affairs including calculation of fee and recording of fee receipts. Please refer to annexure I for detailed description of fee collection mechanism.

(f) Computer Section

- This section is headed by Deputy Treasurer and is responsible for recording of income and expenditure related to recurring budget in the financial management system.
- The financial management system comprise of 3 modules including payroll, receipt and expenditure. The financial management system is used as a data base to extract data for the preparation of different reports. Reports are generated using Crystal Reports software. Types of Reports generated by the accounting system are enlisted in Annexure J.

(g) Pension & Fund Section

- Pension and Fund section is headed by accounts officer who is assisted by an admin officer and 9 support staff. This section is responsible for the management of pension & funds which are of following three types: a) Pension fund; b) Voluntary Provident Fund; and c) Benevolent fund
- Monthly pension and fund report is prepared and submitted to treasurer office.

(h) Audit Para Co-ordination Section

- Section is headed by deputy treasurer who is assisted by admin officer and 3 support staff. This section is responsible for following key activities: coordination between auditor and relevant departments of UAF; Communicate audit paras to relevant departments for resolution; and Resolve audit para in consultation with relevant departments;

Core functions analysis Financial Management and Internal Controls System – contd.

(h) Audit Para Co-ordination Section

- Section is headed by deputy treasurer who is assisted by admin officer and 3 support staff. This section is responsible for following key activities:
 - coordination between auditor and relevant departments of UAF;
 - Communicate audit paras to relevant departments for resolution;
 - Resolve audit para in consultation with relevant departments;
- Paras are categorized as (a) Draft Paras (b) Proposed Draft Paras (c) Advance Paras (d) Ordinary Paras. These Paras are then discussed as per regulations of Auditor General of Pakistan (AGP) and Director General Audit (DGA). These paras are discussed and settled at (Public accounts committee (PAC), Special Departmental Accounts committee (SPAC) and departmental Accounts Committee (DAC) of government.

4.1. Financial performance analysis

- Total Grant/ Receipt increased by 11% from FY 2010-11 to 2011-12 and by 26% from 2011-12 to 2012-13. income from own sources has increased by 51% from 2010-11 to 2011-12 and by 24% from 2011-12 to 2012-13.

Income from Own Sources vs Total Grant			
	2012-13	2011-12	2010-11
	713,514,447	575,479,538	380,614,138
	2,007,052,510	1,590,855,790	1,431,860,898
	36%	36%	27%

Total Grant Vs Total Expenditure		Amount in Rupees		
		2012-13	2011-12	2010-11
Grant Total (A)		2,007,052,510	1,590,855,790	1,431,860,898
Total Expenditures (B)		2,005,892,495	1,589,798,306	1,431,661,527
Surplus/Deficit (A-B)		1,160,015	1,057,484	199,371

- Increase in number of students and degree programs offered has a major contribution in the increase in expenditure of UAF. Number of students have increased from 11,000 to 16,000 in the last three years. UAF has introduced 15 new degree programs in last four years.

Annual Statement of Income & Expenditure of the University of Agriculture Faisalabad			
	Amount in Rupees		
	2012-13	2011-12	2010-11
RECEIPTS			
Opening Balance	1,057,484	199,371	1,172,505
HEC Grants			
Recurring Grant	1,008,366,000	783,039,776	985,946,000
Additional Grant/Supplementary Grant	119,777,000	96,720,400	20,000,000
Grant for tenure track scheme	137,469,579	135,416,705	44,128,255
Own Resources	713,514,447	575,479,538	380,614,138
Loans	26,868,000	-	-
Grant Total (A)	2,007,052,510	1,590,855,790	1,431,860,898
EXPENDITURE			
General Administration	433,689,219	329,954,571	329,922,275
Common Services	535,316,790	433,091,454	390,186,735
Faculty of Agricultural Engineering and Technology	75,746,603	51,048,775	47,298,105
Division of Education and Extension	11,682,871	35,535,390	29,654,641
Faculty of Agriculture	212,185,326	165,256,136	141,298,643
Faculty of Animal Husbandry	39,004,526	32,599,550	31,961,707
Faculty of Veterinary Sciences	99,557,526	82,146,518	80,965,376
Faculty of R.Socio.& Economics	-	38,133,221	36,443,800
Faculty of Social Sciences	92,427,641	-	-
Faculty of Sciences	135,715,578	113,425,049	117,729,067
Dir.Adv.Studies & Research	-	25,817,004	21,699,108
Directorate of Graduate Studies	6,988,948	-	-
Directorate of Research, Innovation and Commercialization(ORIC)	10,118,883	-	-
Directorate(Central Hi Tech lab./QEC/External Linkage/Academics)	12,252,006	-	-
National Institutes of Food and Science Technology	39,268,552	30,508,319	23,032,815
Institutes of Soil and Environmental Sciences	44,199,103	34,712,456	30,561,027
Institutes of Horticultural Sciences	44,814,480	36,312,861	33,855,462
Institutes of Animal Nutrition and Feed Technology	21,043,814	17,530,498	16,304,406
Directorate of Farms	92,283,581	81,456,467	-
Institutes of Microbiology	11,936,281	11,091,872	56,989,681
Institutes of Business Management Sciences	3,093,055	16,885,095	-
University Community College	7,057,616	1,816,593	-
College of Agricultural, Dera Ghazi khan	63,431,553	48,711,427	39,333,332
Sub-Campus Toba Tek Singh	14,078,543	3,765,050	3,491,589
Depalpur	-	-	933,758
Total Expenditures (B)	2,005,892,495	1,589,798,306	1,431,661,527
Surplus/Deficit (A-B)	1,160,015	1,057,484	199,371

Core functions analysis Financial Management and Internal Controls System – contd.

ACCOUNTING AND BOOKKEEPING SYSTEM		Overall Risk Rating	HIGH		
Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
Accounting/ Bookkeeping System					
<ul style="list-style-type: none"> The organization shall maintain an adequate financial management structure. The financial management operations shall be governed by adequately documented policies and procedures. Organization should have an adequate accounting/bookkeeping system in place to ensure that financial transactions are entered into the system on a consistent basis in accordance with the applicable standards, policies and procedures. The accounting system of the organization should have the ability to identify, accumulate, record and segregate costs so that use of funds may be identified, tracked, and properly accounted-for in accordance with generally accepted accounting principles. Current job descriptions for financial management positions should be prepared. 	<p>Departmental structure</p> <ul style="list-style-type: none"> A dedicated department has been established for the overall financial management, with following responsibilities as outlined in the Act: <ul style="list-style-type: none"> manage the property, the finances and the investments of the University; prepare the annual and revised budget; estimates of the University and present them to the Finance and Planning Committee, the Syndicate and the Senate; ensure that the funds of the University are expended on the purposes for which they are provided; and perform such other duties as may be prescribed. Treasurer department is divided into eight sections including Accounts Maintenance Section – Development; Accounts Maintenance Section - Non Development Section; Budget & Finance Section; Pre-Audit & Distribution Section; Fee Section; Computer Section; Pension & Fund Section and Audit Para Co-ordination Section. Treasurer department has a dedicated team of 116 employees (85 permanent employees and 31 daily paid laborers) including 4 deputy treasurer, 6 accounts officers, 4 admin officers, 10 assistants and 92 support staff. 	<ul style="list-style-type: none"> Financial management function has been appropriately structured and staffed. Key areas related to financial management activities have been allocated to separate teams, ensuring segregation of duties on an overall basis. Separate sections have been established for accounting of development/ research projects and accounting for recurring expenditure. Job descriptions of staff employed within the Office of Treasurer are in draft form, however, work statements have been developed and communicated to relevant staff. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> Not applicable.

Core functions analysis

Financial Management and Internal Controls System – contd.

Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
Accounting/ Bookkeeping System – contd..	<ul style="list-style-type: none"> Treasurer department has a dedicated team of 116 employees (85 permanent employees and 31 daily paid laborers) including 4 deputy treasurer, 6 accounts officers, 4 admin officers, 10 assistants and 92 support staff. Job descriptions of individual staff are in draft form, however, distribution of work statement for all sections of the treasurer office have been developed. Distribution of work statement include roles and responsibilities of individual staff working in the section. <p>Policies and procedures</p> <ul style="list-style-type: none"> Section 40 of the Act provides broad guidance over maintenance of accounts and eligibility of expenditure. The Act also provides requirements for the submission of Statement of the Accounts (SoA) to the Government within six months of the closing of the financial year. However, policies and procedure manual for financial management activities has not been developed. <p>Basis of accounting and accounting software</p> <ul style="list-style-type: none"> The University follows cash basis of accounting. Cash books are maintained for recording of receipt and expenditure. Receipts and expenditures are recorded separately for each project. Accounting software has been employed for recording of recurring expenditure. The accounting software comprise of 3 modules including payroll, receipt and expenditure. The financial management system is used as a data base to extract data for the preparation of different reports. Reports are generated using Crystal Reports software. Types of Reports generated by the accounting system are enlisted in Annexure J. Accounting of development and research projects is manually performed. 	<ul style="list-style-type: none"> Please refer preceding page. The roles and responsibilities of accounting staff have been adequately documented and communicated to relevant staff. Although Government financial regulations are used as guidance, the University has not developed policies and procedures manual for financial management activities. Cash basis of accounting is followed. An in-house accounting software is used for recurring expenditure. The software provides modules for payroll, expenditure and receipt accounting. The existing modules are considered sufficient for University's objectives. Accounting of development and research projects is manually performed. 	<ul style="list-style-type: none"> None. None. Policies and procedures manual for financial and asset management activities should be developed. Relevant staff should be provided trainings on the manual. The internal audit department should ensure compliance with the policies and procedures manual. None. Accounting software should be employed for managing the accounting function of development and research projects. 	<ul style="list-style-type: none"> Agreed. None. No response provided by management. 	<ul style="list-style-type: none"> The management agrees with the observation. Not applicable. The management agrees with the observation.

Core functions analysis Financial Management and Internal Controls System – contd.

Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
<p>Accounting/ Bookkeeping System – contd..</p> <ul style="list-style-type: none"> Organization should have a chart of accounts and corresponding General Ledger that are used to prepare financial statements on a regular and consistent basis. Accounting system should have capacity to properly segregate costs. If the organization has a subsidiary ledger which accumulates costs by the grant, it can be reconciled to its control account in the general ledger. 	<p>Chart of accounts</p> <ul style="list-style-type: none"> The University utilizes Chart of Accounts specified by the Controller General of Accounts (CGA) for recording of recurring expenditure. No chart of accounts has been developed for development projects. Expenses are recorded against the budget lines approved in the PC-1. Expenditure against research projects is recorded against budget lines specified by the funding agency. 	<ul style="list-style-type: none"> Chart of Accounts for recurring expenditure is adequate for University's requirements. In the absence of a chart of accounts for development and research projects, the University might not be able to ensure implementation of adequate controls over accurate and consistent allocation of expenditure to appropriate account heads. 	<ul style="list-style-type: none"> None. Chart of Accounts for development and research projects should be developed. The Chart of Accounts should be updated on need basis. 	<ul style="list-style-type: none"> University follows the chart of accounts prepared by the Auditor General of Pakistan in respect of HEC recurring grant and Development grants allocated by the Govt. of the Punjab. However, the funding agencies provide funds under their own chart of accounts and require Expenditure Reports accordingly. Therefore, the University has to follow Chart of Accounts of the funding agency. It is ensured that the instructions/ chart of accounts for USAID funds will be followed with due diligence. 	<ul style="list-style-type: none"> The observation has been retained in view of the absence of an integrated ERP for financial management of projects handled by the University, funded by various funding agencies. Our recommendation of developing and implementing an integrated ERP would ensure accurate and appropriate cost allocation and sharing mechanism, on the basis of a standardized chart of accounts for development and research projects.

Core functions analysis Financial Management and Internal Controls System – contd.

FINANCIAL MANAGEMENT PERSONNEL		Overall Risk Rating	MODERATE TO HIGH		
Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
<p>Financial Management Personnel</p> <ul style="list-style-type: none"> Individuals responsible for discharging accounting and other financial management functions within the organization have the requisite accounting and other financial management qualifications and experience including ability to monitor operational and project budgets and understanding of management and financial accounting standards, principles and practices. Implementing entity's should have policies regarding segregation of duties and procedures for dealing with actual or apparent conflicts of interest. 	<ul style="list-style-type: none"> The Treasurer holds Masters degree in Business Administration (Finance). He carries more than 22 years' experience in accounting and auditing at various positions. Out of three Deputy treasurers, only one staff holds Masters degree in business administration (Finance). Out of remaining two employees, one employee holds Bachelors degree while the other staff holds Masters degree in Economics. Please refer Annexure F for detailed description of employee profiles. Policy for managing actual or apparent conflict of interest situations has not been developed. Please refer analysis provided against preceding benchmark for analysis on the adequacy of staff strength and job descriptions. 	<ul style="list-style-type: none"> Except for the Treasurer and 1 Deputy Treasurer, the remaining key staff do not possess adequate qualifications for performing financial management functions. The University might not be able to ensure a mechanism for timely reporting of actual or probable conflict of interest situations. 	<ul style="list-style-type: none"> The existing financial management staff should be provided adequate trainings and qualification enhancement opportunities in order to ensure that the financial management staff is adequately skilled and trained to perform designated roles and responsibilities. The University should develop and implement the Conflict of Interest policy. The policy should specify the situations and relationships which might raise conflict of interest issues. The University staff should be provided trainings on the proposed Conflict of Interest policy. 	<ul style="list-style-type: none"> No response provided by management . No response provided by management . 	<ul style="list-style-type: none"> Observation is retained in the report as response was not provided. Observation is retained in the report as response was not provided.

Core functions analysis Financial Management and Internal Controls System – contd.

Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
<p>Financial Management Personnel – contd..</p> <ul style="list-style-type: none"> Organization's accountants/bookkeepers should have an understanding of direct costs and indirect costs (including cost allocation principles). Further, the accountants/bookkeepers should understand the concept of “cost objectives” in relation to intermediate and final cost objectives. Organization should have experience in accumulating direct and indirect costs by project. 	<ul style="list-style-type: none"> The existing system requires maintenance of project wise accounting records. However, policies and procedures have not been established to provide adequate guidance to relevant staff for accurately identifying the direct and indirect costs. 	<ul style="list-style-type: none"> The finance staff might not be able to accurately identify direct and indirect costs. 	<ul style="list-style-type: none"> Comprehensive set of policies and procedural guidance should be developed. The relevant finance teams should be provided extensive trainings on the financial management policies and procedures. 	<ul style="list-style-type: none"> No response provided by management. 	<ul style="list-style-type: none"> Observation is retained in the report as response was not provided.

Core functions analysis Financial Management and Internal Controls System – contd.

BUDGET PREPARATION AND MONITORING		Overall Risk Rating	MODERATE TO HIGH		
Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
<p>Budget preparation and monitoring</p> <ul style="list-style-type: none"> Organization should have budget monitoring cell in place to ensure regular budget monitoring. Budget monitoring reports should be submitted to higher management on a regular basis to ensure compliance of budget. Financial management system of the organization should have the ability to produce comparison of actual outlays with budgeted amounts for each funding source. Organization should have adequate policies, procedures and practices in place to ensure regular variance analysis (budget to actual cost) of program and operating financial data. 	<p>Departmental structure</p> <ul style="list-style-type: none"> The Budget and Finance section is mandated for preparation of budget notification, circulation of budget notification, collection of budget proposals from each department and preparation of budget estimates. The department is headed by relevant Deputy Treasurer who is assisted by a team comprising of Accounts Officer and 6 support staff. <p>Policies and procedures for budget preparation</p> <ul style="list-style-type: none"> The University follows government regulations for the preparation of budgets. Budget estimates and revisions are authorized by the Senate. Please refer to annexure I for detailed description of budget preparation mechanism. <p>Budget monitoring</p> <ul style="list-style-type: none"> Budget monitoring is performed at various levels. Issues pertaining to budget monitoring at key governance levels have been provided in Governance and Control environment section of this report. As per the Act, the Finance and Planning committee is responsible for regular monitoring of financial position of the University. During last three years, three meetings of the committee were conducted. 	<ul style="list-style-type: none"> A dedicated unit has been established for development of budgets and reporting of outlays against budgets. None Please refer Governance and Control environment section. The frequency of budget reviews at key governance levels is not considered sufficient for ensuring regular review by higher forums. 	<ul style="list-style-type: none"> None. None Please refer Governance and Control environment section. 	<ul style="list-style-type: none"> None. While preparing budget of the University, the management reviews the existing structure and make policies according to its future requirements. No response provided by management. 	<ul style="list-style-type: none"> Not applicable. Observation has been removed. Observation is retained in the report as response was not provided.

Core functions analysis Financial Management and Internal Controls System – contd.

Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
<p>Variance Analysis (Budget to Actual Cost)</p> <ul style="list-style-type: none"> Organization should have budget monitoring cell in place to ensure regular budget monitoring. Budget monitoring reports should be submitted to higher management on a regular basis to ensure compliance of budget. Financial reports should be accompanied by budget data and variance analysis. 	<p>Capacity of the financial management system</p> <ul style="list-style-type: none"> Financial management system of the UAF has the ability to produce comparison of actual outlays with budgeted amounts for each funding source. However, no mechanism is in place for regular budget monitoring other than pre-audit including variance analysis of actual outlays with budgeted amounts. Budget versus actual reports are prepared and submitted to funding agency as per specified requirements. Different mechanisms are in place for financial management of development projects and recurring budget and expenditure. Please refer below pages for further details. 	<ul style="list-style-type: none"> The financial management system is capable of generating budget vs. actual reports. However, controls have not been established to perform comprehensive review of budget utilization at a consolidated level. Budget utilization reports for donors are prepared as per specified requirements. Please refer below pages for further details. 	<ul style="list-style-type: none"> The budget monitoring should be performed on a monthly basis by the executive management whereas the budget monitoring by higher forums should be performed on a quarterly basis to ensure independent and timely evaluation of utilization status. None. None. 	<ul style="list-style-type: none"> No response provided by management. None None. 	<ul style="list-style-type: none"> Observation is retained in the report as response was not provided. Not applicable. Not applicable.

Core functions analysis Financial Management and Internal Controls System – contd.

ALLOWABLE AND UNALLOWABLE COSTS		Overall Risk Rating	HIGH		
Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
<p>Allowable and Unallowable Cost</p> <ul style="list-style-type: none"> Organization should have adequate policies, procedures and practices in place to segregate allowable and unallowable costs and to otherwise satisfy donor requirements. Individuals authorized to approve payments should have a clear understanding of what costs are allowable, allocable and reasonable. Organization should have clear lines of communication between finance and program staff relative to allowable and unallowable costs (from a donor restriction perspective). 	<ul style="list-style-type: none"> Section 40 of the Act states that no expenditure shall be made from the funds of the University unless the expenditure is included in the approved budget; a bill for its payment has been audited by the resident auditor in accordance with relevant statutes. However, policies and procedures have not been developed to provide guidance to relevant staff to identify allowable and unallowable costs. <p>Payment authorization and recording process</p> <ul style="list-style-type: none"> Payment request authorized by the relevant department head along with supporting documentation is submitted by the relevant department. Budget availability is checked from Budget Check Register by the auditor to ensure that the requested amount is supported by the available budget. Once the payment request is approved by the university auditor, the payment request is presented to resident auditor for final approval. Resident auditor is responsible to ensure that the cost is allowable based on the review of budget and supporting documentation provided along with payment request. 	<ul style="list-style-type: none"> The Act provides broad guidance over the eligibility of expenditure and mechanism for authorization of payments. However, in view of the observations made by the external auditor and instances of non-compliances noted during our testing of relevant controls, we believe that the controls might not be appropriately designed and implemented to ensure that payment of un-authorized/ ineligible expenditure is detected/ prevented. 	<ul style="list-style-type: none"> Controls should be re-designed and strengthened in order to ensure that process for authorization of expenditure timely and accurately identifies errors and inconsistencies in payment requests. Comprehensive set of policies and procedural guidance should be developed. The relevant finance teams shall be provided extensive trainings on the financial management policies and procedures. 	<ul style="list-style-type: none"> Delegation of Financial and administrative powers are the controls that provide authorization of expenditure timely and accurately. Pre-audit staff and the Resident Auditor identify the errors and inconsistencies in payment requests. 	<ul style="list-style-type: none"> The observation pertained to provision of guidance through a system of formal policies and procedures, which is not responded in the management response. Accordingly, the observation has been retained in the report.

Core functions analysis Financial Management and Internal Controls System – contd.

Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
Allowable and Unallowable Cost – contd..	<p>Payment authorization and recording process – contd.</p> <ul style="list-style-type: none"> Cheque is prepared by distribution section and authorized by relevant staff in accordance with the delegation of powers for approval. Payment is recorded by respective account officer. Please refer Annexure I for detailed description of payment lifecycle. 	<ul style="list-style-type: none"> Please refer above. 	<ul style="list-style-type: none"> Please refer above. 	<ul style="list-style-type: none"> Please refer above. 	<ul style="list-style-type: none"> Please refer above.
	<p>Compliance with applicable requirements</p> <ul style="list-style-type: none"> The payment authorization and recording process was tested on sample basis. Certain instances were noted where: a) the expenditure was not supported; b) withholding tax was not deducted from payments. The external auditor has raised various observations with regards payment authorization process. Please refer to annexure C for detailed description of reported instances. 	<ul style="list-style-type: none"> Please refer above. 			

Core functions analysis Financial Management and Internal Controls System – contd.

INTERNAL CONTROLS: SEGREGATION OF DUTIES – PAYMENT/ ACCOUNTING LIFECYCLE

Overall Risk Rating

HIGH

Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
<p>Internal Controls : Payments/ Accounting Lifecycle - Segregation of Duties</p> <ul style="list-style-type: none"> Organization should have policies, procedures and practices in place regarding segregation of duties to ensure that funds above a certain threshold can only be disbursed with dual signatures and are supported by documentation. There should be documented policies, procedures and practices that safeguard the payment process. Person receiving “cash” shall NOT have the authority to sign checks, reconcile bank accounts and should have no access to accounting records other than cash receipts. Different employees should be responsible for purchases, receiving merchandise and services and approving vouchers. Different people should prepare checks, sign checks, reconcile bank accounts and record financial transactions. 	<ul style="list-style-type: none"> Delegation of financial powers has been notified for authorization of expenditure. However, lack of segregation of duties was noted in various functions/ activities. Please refer Governance and Control section for detailed description. In addition to above, lack of adequate segregation of duties was noted in following areas: <ul style="list-style-type: none"> a) Account officer – Pre audit is a signatory with delegated power of up to PKR 200,000, however, he is responsible for pre audit of all expenditures; and b) Account officer – development section is responsible for recording of expenditure and preparation of bank reconciliations. The bank accounts are maintained through signal signatory. However, dual signatories are maintained, if required by the funding agency. Policies regarding preparation of bank reconciliation statements, ensuring segregation of duties, have not been established. 	<ul style="list-style-type: none"> In the absence/ lack of segregation of duties, the University might not be able to ensure implementation of a checks and balances mechanism. Lack of segregation of duties. 	<ul style="list-style-type: none"> The flow of identified activities should be assessed and modified to ensure adequate segregation of duties. Please also refer Governance and Control environment section for related observations and recommendations. Dual bank signatories should be maintained for all bank accounts. 	<ul style="list-style-type: none"> Departmental structure (P. 55) clearly depicts that the Treasurer’s office has segregated assignments and separate sections for effective identified activities. Dual bank signatory is being maintained where-ever funding agency so requires. 	<ul style="list-style-type: none"> Although the departmental structure is segregated in terms of broad level of responsibilities (also noted in the draft report), the observation specifically identifies the gaps in authorization and recording of expenditure. Accordingly, the observation has been retained in the report.

Core functions analysis Financial Management and Internal Controls System – contd.

BANKING RELATIONSHIPS AND ACCOUNTS		Overall Risk Rating	HIGH		
Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
<p>Banking Relationship and Accounts</p> <ul style="list-style-type: none"> The organization should have banking relationships with registered commercial banks in the country, and have adequate policies, procedures and practices in place to ensure regular reconciliation of bank accounts with the accounting records. Bank reconciliation statements shall be prepared in respect of all bank accounts. Adequate segregation of duties shall be ensured in the process for preparation of bank reconciliation statements. 	<p>Overview</p> <ul style="list-style-type: none"> The University maintains 436 bank accounts with various banks including National Bank of Pakistan (NBP), Habib Bank Limited (HBL) and Muslim Commercial Bank (MCB). Except for accounts maintained for Pension and Benevolent Fund, all accounts are maintained in current accounts. Designated bank accounts are being maintained for recurring and non-recurring expenditure. Separate bank accounts are maintained for development and research projects. The Act does not provide any restriction on the opening and closing of bank accounts. The bank accounts are opened and closed upon approval of the Vice-Chancellor. <p>Policies and procedures</p> <ul style="list-style-type: none"> Policies and procedures over bank account management have not been documented. As per the draft job description provided to us, preparation of bank reconciliation is the responsibility of Deputy treasurer however, the bank reconciliations are prepared by relevant account officer. The external auditor in its report for the FY 2013 has identified an instance where expenditure of PKR 7,631,338 was not reported in the cash book. Adequate segregation of duties are not in place. Relevant account officers are responsible for recording of receipts and preparation of bank reconciliations. Further, bank reconciliation are not reviewed by the relevant management. 	<ul style="list-style-type: none"> Policies and procedure manual including guideline for bank reconciliation, follow up of reconciling items and initiation of entries to record such transactions as check returned for insufficient funds and bank charges has not been developed. Bank reconciliations are performed on cash book by relevant account officer however, mechanism for review of bank reconciliations has not been developed. 	<ul style="list-style-type: none"> Policies and procedure manual including bank reconciliation mechanism with clear segregation of duties for preparation and review among staff should be developed. 	<ul style="list-style-type: none"> No response provided by management. 	<ul style="list-style-type: none"> Observations are retained in the report as response was not provided.

Core functions analysis Financial Management and Internal Controls System – contd.

FINANCIAL RECORDS MANAGEMENT		Overall Risk Rating	MODERATE TO HIGH RISK		
Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
<p>Financial Records Management</p> <ul style="list-style-type: none"> Organization should have adequate policies, procedures and practices in place to ensure proper filing and management of financial records and their ease of access. Records management system should be effective and efficient. There should be a procedures in place for backup and recovery of important documents. Organization should have a contingency plan in place for financial and operational continuity (in case of “sabotage” or a natural disaster). 	<ul style="list-style-type: none"> Financial records are maintained in store room. However, formal policies and procedures manual indentifying filing requirement and management of financial records has not been developed. Back-ups of accounting records are obtained and placed at different locations i.e. record room, computer section and IT Resource Centre & Data Bank. However, data back-up policy and a contingency plan have not been developed. 	<ul style="list-style-type: none"> In the absence of formal policies and procedures, the University might not be able to implement and ensure accountability and responsibility for management of accounting records. In the absence of a formal policy, the University might not be able to implement standardized policies and procedures for data and records management. 	<ul style="list-style-type: none"> Policies and procedures should be developed for maintenance of accounting records. Policy for data back-up and contingency plan shall be developed. 	<ul style="list-style-type: none"> Regular back-ups of accounting records is obtained and placed at different locations i.e. record room, computer section and IT Resource Centre & Data Bank. 	<ul style="list-style-type: none"> The observation and related recommendation has been updated in view of management response.

Core functions analysis Financial Management and Internal Controls System – contd.

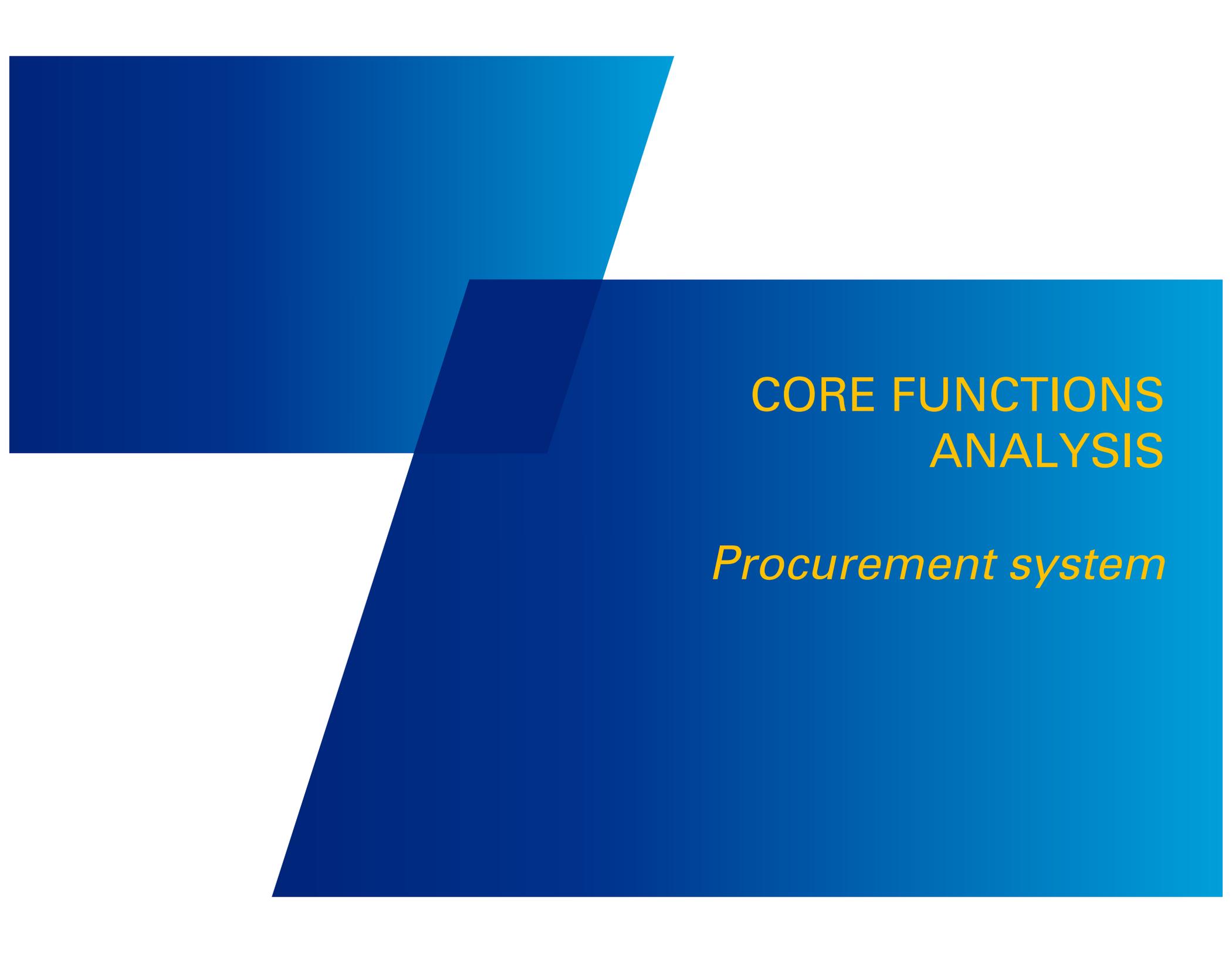
SUSTAINABILITY ANALYSIS		Overall Risk Rating		HIGH	
Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
<p>Sustainability analysis</p> <ul style="list-style-type: none"> Organization should have an independent business development section in place to track its sources of funding to ensure continuity of its operations and financial sustainability. The Organization should have sufficient sources of funding from other activities /programs and/or from other alternative potential sources of funding. Personnel should have the skills needed for job cost accounting and fund accounting. 	<ul style="list-style-type: none"> ORIC and P&D departments are responsible for research and development projects, respectively. The mandate of these departments does not include business development. Accordingly no mechanism is in place to identify projects and potential donors for the required funding. Currently University relies on donor funding for its research and development projects with part contribution from government funding and income from own sources for recurring costs. Research projects are identified by the donor agency and circulates request for proposals to universities. In case of development projects, the relevant department requests the Vice-Chancellor for the requirement of development project. The vice chancellor forwards the instructions to planning and development department for the preparation of PC1 and submit it to government/HEC for required funds. Staff training on job cost accounting and fund accounting has not been carried out for capacity building of relevant staff. Please refer financial management personnel section for skill set of personnel. 	<ul style="list-style-type: none"> Being a government entity, the University relies on donor and government funding for sustaining its operations. Although the University has been able to increase the contribution from own sources of income, the increase has been neutralized by proportionate increase in the expenditure. Reliance on donor funding results in project implementation delays due to lag in release of funds from respective entities. During FY 2013, income from own sources constituted approximately 36% of the total receipts of the University. Please also refer financial statements analysis. The University has avoided funding deficits primarily by curtailing its expenditure on recurring and development/ research projects. The prevailing practice is expected to affect the University's operations and its ability to achieve its strategic goals and objectives. In the absence of appropriate capacity building of relevant staff, the University might not be able to appropriately account for project wise costs. 	<ul style="list-style-type: none"> The University should identify and secure independent sources of funding in order to ensure sustainability and efficiency in funds flow. The relevant staff should be provided with adequate trainings and guidance on job cost accounting and fund accounting. 	<ul style="list-style-type: none"> The University secures its own sources by introducing new & revising the existing programmes and enhancing the farms produce. The University does not rely on donor funding as Research projects are identified by the donor agencies and circulates request for proposals to universities. No response provided by management. 	<ul style="list-style-type: none"> The position explained by the management is adequately covered in the report. However, the observation pertained to absence of mechanisms for ensuring the sustainability of University's scale and size of activities. Accordingly, the observation has been retained in the report. Observation is retained in the report as response was not provided.

Core functions analysis Financial Management and Internal Controls System – contd.

FINANCIAL REPORTING		Overall Risk Rating	HIGH		
Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
<p>Financial Reporting</p> <ul style="list-style-type: none"> Organization should have adequate written policies, procedures and practices in place to produce reliable monthly and year-to-date financial statements (income and expenditure report and balance sheet). Reports should be sufficiently informative to highlight abnormalities. 	<ul style="list-style-type: none"> Monthly Income and Expenditure statements are produced. UAF also submit quarterly utilization report to HEC. Under section 40 of UAF Act, 1973, Annual Statement of accounts (Income & Expenditure statement) of university are also prepared but there is no adequate written policies, procedures and practices in place. The Statement of Accounts is signed by the Treasurer and Resident auditor. 	<ul style="list-style-type: none"> Annual and periodic financial statements are prepared. However, the financial statements are not sufficiently detailed due to which a comprehensive evaluation of the financial progress and its linkage with the scale of activities might not be performed. 	<ul style="list-style-type: none"> The format for Statement of Accounts should be modified to include the following additional information: <ol style="list-style-type: none"> Notes to the Statements including head-wise composition of expenditure; Donor wise financial utilization of funds; Reconciliation of receipts with actual bank balances; etc. 	<ul style="list-style-type: none"> Statement of Accounts is prepared exclusively for the recurring grants on the format provided by HEC. Therefore, modification is not required. Head-wise composition of expenditure is shown in the budget book of the University. Such kind of reports are not required to be included in the Statement of Accounts of the University. 	<ul style="list-style-type: none"> The management contends that the recommendations for modification in template for SoA are not required. However, we believe that the proposed modifications would assist in better oversight of financial progress. Accordingly, the observation has been retained in the report.

Core functions analysis
Financial Management and Internal Controls System – contd.

CASH FLOW MANAGEMENT		Overall Risk Rating		HIGH	
Criteria	Condition/ Cause	Effect	Recommendations	Management comments	KPMG Conclusion
<p>Cash flow management</p> <ul style="list-style-type: none"> Organization should have adequate mechanisms and controls to develop and analyze cash flow requirements on a periodic basis. Organization should demonstrate good discipline in developing, monitoring and using cash flow budgets effectively and in actually managing its cash and payables in a responsible manner. 	<ul style="list-style-type: none"> Project wise cash flow estimates are prepared at the time of development of PC-1. However, entity level cash flow projections are not being prepared. Please refer to Annexure C for detailed observations in management of cash and budget. 	<ul style="list-style-type: none"> In the absence of entity level cash flow projections, the University might not be able to estimate its funding requirements and potential instances of funding shortages. 	<ul style="list-style-type: none"> Consolidated (entity level) cash flow projections should be prepared, covering short to medium/ long term planning horizons. 	<ul style="list-style-type: none"> Cash flow projection is prepared with reference to the funds to be released by the donor agencies. 	<ul style="list-style-type: none"> In view of management response, the observation pertaining to preparation of cash flow projections has been appropriately modified.



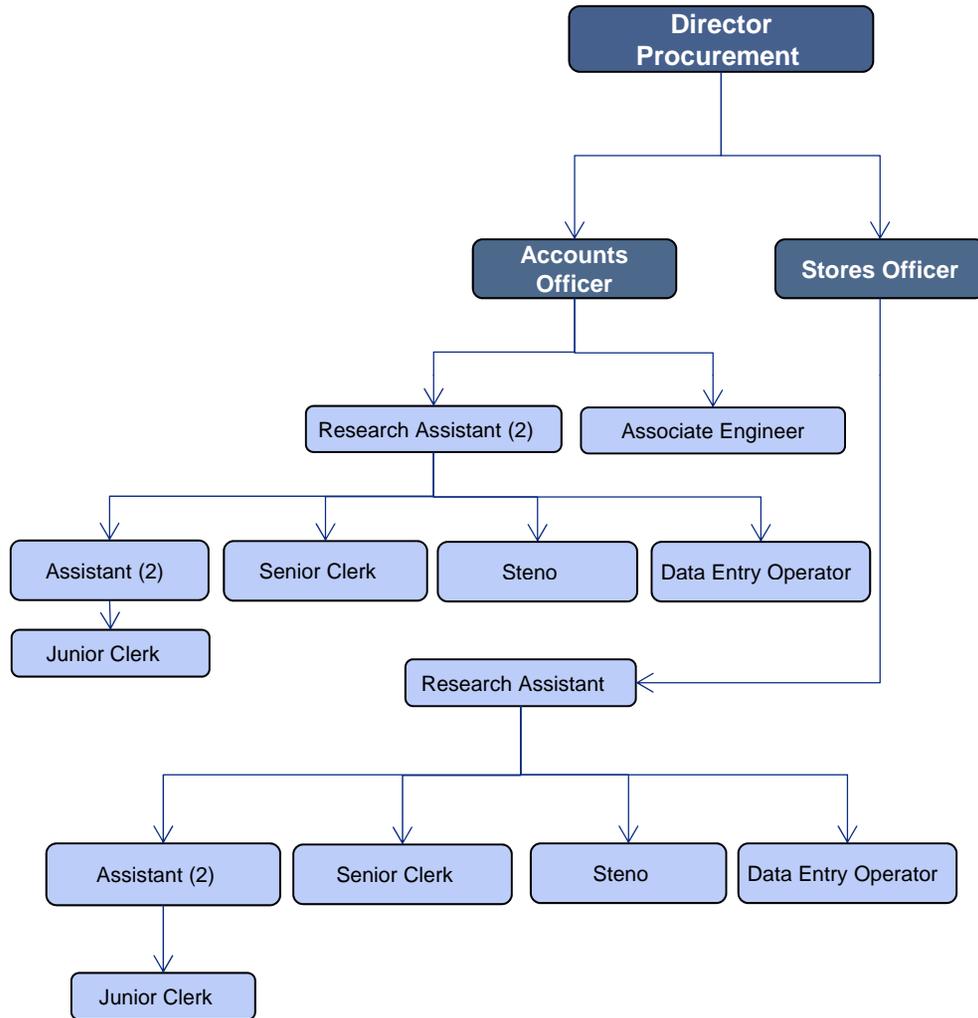
CORE FUNCTIONS ANALYSIS

Procurement system

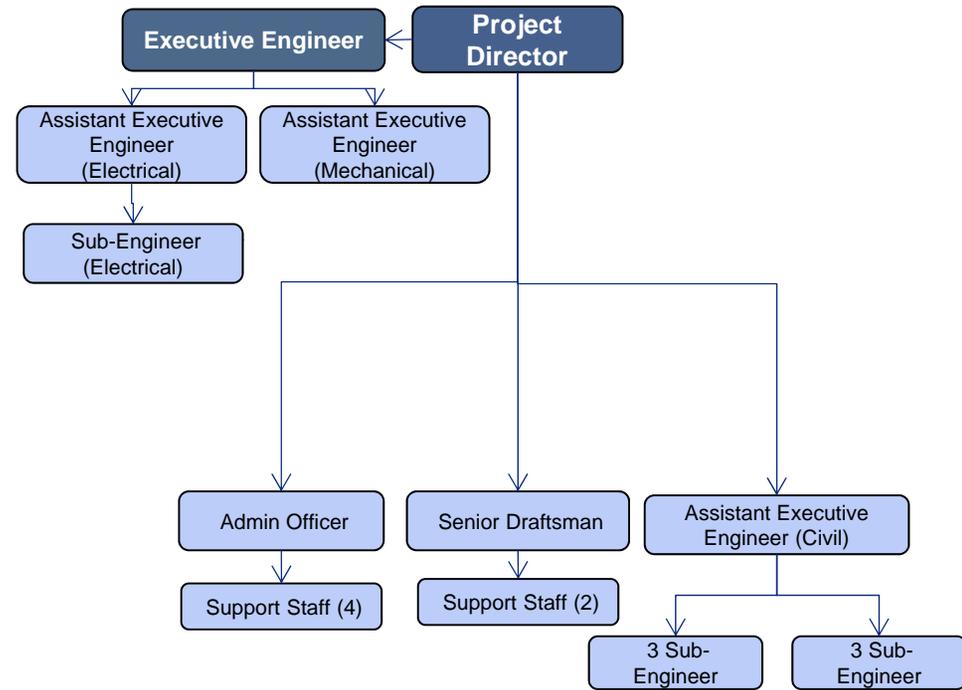
Core functions analysis

Procurement system – approved structure

Directorate of Procurement and Inventory Control



Engineering and Construction Department



4D. Overview

- A centralized procurement function has not been established. Procurements in respect of goods is dealt by Directorate of procurement and inventory control however, procurements in respect of consultants and contractors is managed by Engineering and construction department.

a) Directorate of procurement and inventory control

- Directorate of procurement and inventory control (DPIC) is headed by director procurement who is assisted by accounts officer, store officer, associate engineer, research assistant and 28 support staff. There are 33 sanctioned posts out of which 21 positions remained vacant which includes position of director.
- The overall responsibility of DPIC includes procurement planning, procurement of goods, contract administration and asset management.
- Comprehensive policies and procedure manual including job description of individual staff and aligned with the current structure of DPIC has not been developed however, UAF has prepared UAF procurement rules for all types of procurement made by the university. The procurement rules are approved by Syndicate in its meeting held on 15th of October 2012.
- UAF procurement rules covers the following areas:
 - a) Procurement planning;
 - b) Limitation on splitting or regrouping of proposed procurement;
 - c) Specification;
 - d) Approval mechanism;
 - e) Procurement advertisement;
 - f) Prequalification, qualification and disqualification of suppliers and contractors;
 - g) Methods of procurement;
 - h) Procurement of payments;
 - i) Procurement contract;

j) Maintenance of record and information; and

k) Redressal of grievances and settlement of disputes.

- Please refer to annexure K for detailed description of procurement rules.
- Policies and procedures in respect of asset management has not been developed.
- During last two years directorate of procurement and inventory control has managed average procurements of PKR 48.5 million.

b) Engineering Construction Department Structure

- Engineering construction department (ECD) is headed by project director who is assisted by executive engineer, 3 assistant executive engineer, 7 sub engineers and 8 support staff. There are 24 sanctioned posts out of which 1 positions remained vacant.
- The overall responsibility of ECD includes the following:
 - a) Procurement of contractors and consultants;
 - b) Supervision of civil work;
 - c) Contract administration;
 - d) Progress reporting; and
 - e) Verification of work done by the contractors.

Core functions analysis Procurement system – contd.

POLICIES AND PROCEDURES		Overall Risk Rating		MODERATE TO HIGH	
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<ul style="list-style-type: none"> Comprehensive policies and procedure manual identifying the roles and responsibilities of individual staff. The procurement laws and rules should adequately provide various procurement methods that may be employed in view of different types of procurement to be made in an open and transparent manner. The laws and rules should also cover following aspects of procurements: <ul style="list-style-type: none"> ➤ Procurement planning ➤ Safe guarding procurement related information ➤ Prequalification of bidders ➤ Competitive procurement ➤ Preparation, receipt and evaluation of RFPs, RFTPs or IFBS ➤ Negotiation and preparation of draft and final contracts ➤ Protests ➤ Contract administration ➤ Contracting procedures 	<ul style="list-style-type: none"> Comprehensive policies and procedure manual duly linked with the structure of department has not been established however, procurement rules have been developed which cover the following areas: <ol style="list-style-type: none"> Procurement planning; Limitation on splitting or regrouping of proposed procurement; Specification; Approval mechanism; Procurement advertisement; Prequalification, qualification and disqualification of suppliers and contractors; Methods of procurement; Procurement of payments; Procurement contract; Maintenance of record and information; Redressal of grievances and settlement of disputes. 	<ul style="list-style-type: none"> Procurement rules have been developed on the basis of Government of Punjab Procurement Rules, 2009 which cover key areas. <ul style="list-style-type: none"> Delegation of authorization and guidance over procurement methods has also been provided in the rules. The procurement activities might not be effectively performed in the absence of guidance over conflict of interest, post procurement reviews and procedures for negotiated tendering. 	<ul style="list-style-type: none"> The procurement rules should be updated to include adequate guidance over : <ol style="list-style-type: none"> Post procurement reviews; and Procedures to be followed in negotiated tendering including preparation of minutes of meetings held for negotiation. 	<ul style="list-style-type: none"> Separate permanent stock register & consumables are maintained to record procurements made. Moreover, data regarding all procurements is being maintained before payments. Besides this disposal of surplus & un-serviceable stores and annual stock verification are being carried out in accordance with the rules of the University. The University is agreed for compliance of centralized coding & assets management; The University rules do not allow negotiations for routine procurements. However, as and when exclusive or complex procurement is required, the University will follow the requisite procedure. 	<ul style="list-style-type: none"> In view of the existing gaps, as noted in the report, with regards negotiations, the observation has been retained in the report.

Core functions analysis Procurement system – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
	<ul style="list-style-type: none"> Following key gaps were noted in the procurement rules: <ol style="list-style-type: none"> Procurement rules do not cover matters related to sub award and conflict of interest; Post procurement reviews; and Procedures to be followed in negotiated tendering including preparation of minutes of meetings held for negotiation. 	<ul style="list-style-type: none"> Please refer above slide. 	<ul style="list-style-type: none"> Please refer above slide. 		

Sub-award/ Conflict of Interest Policies		Overall Risk Rating		HIGH	
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<ul style="list-style-type: none"> The organization should have adequate policies, procedures and practices in place for sub-awards and managing conflict of interest issues. 	<ul style="list-style-type: none"> Conflict of interest policy has not been developed. The procurement rules do not specify policies and procedures for sub-awards. 	<ul style="list-style-type: none"> The procurement activities might not be effectively performed in the absence of guidance over conflict of interest situations and sub-awards. 	<ul style="list-style-type: none"> The procurement rules should be updated to include adequate guidance over : <ol style="list-style-type: none"> sub awards; and conflict of interest. 	<ul style="list-style-type: none"> In accordance with rule 5 titled "International Commitments of the University" of the UAF Procurement Rules 2012, the University is bound to fulfill the obligations or commitments of the international treaty or an agreement, if there is any conflict prevails in the UAF Procurement Rules. Hence, the University shall follow the sub-award policy of the USAID. UAF Procurement Rules 2012 cover the corrupt and fraudulent practices by Integrity Pact between the University and the suppliers / contractors. Moreover, Employees Efficiency & Discipline Accountability Act applies to the UAF employees. 	<ul style="list-style-type: none"> The management response signifies that the USAID policy for sub-award would be followed. The management response provides explanation with regards coverage of fraudulent and corrupt practices in the UAF Procurement Rules, 2012. The response also covers explanation with regards restriction on negotiations and suggests possible compliance with USAID requirements as well as centralized coding and assets management.

Core functions analysis Procurement system – contd.

COMPLIANCE WITH PROCUREMENT LAWS AND REGULATIONS		Overall Risk Rating		MODERATE TO HIGH	
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<ul style="list-style-type: none"> Appropriate controls should be in place to ensure that all transactions are carried out in accordance with applicable laws and regulations. The control environment should ensure that non-compliances are prevented and/or timely detected and rectified. 	<ul style="list-style-type: none"> UAF Procurement rules requires preparation of annual procurement plan however, no procurement plan has been developed. Adequate controls are not in place to ensure compliance with applicable rules. Mechanism for post procurement reviews has not been developed. The external auditors have identified various instances of non-compliances with the procurement laws, issues pertaining to procurement planning, irregular procurements, purchase of supplies from non active and suspended contractors and un authorized award of work without technical sanction and incorrect preparation of rate analysis. (Please refer Annexure C for detailed description of observations). 	<ul style="list-style-type: none"> The University might not be able to timely initiate the procurement activities which might affect the efficiency and cost of its projects and other activities. The University might not be in compliance with applicable procurement regulations. 	<ul style="list-style-type: none"> Procurement plans should be developed as per specified requirements. The procurement plans should be linked with annual budgets and project activities. 	<ul style="list-style-type: none"> Each Principal Investigator (PI) of the project initiates procurement activities in accordance with the procurement plan of the project. The Directorate of Procurement & Inventory Control facilitates timely completion of the task. The University is agreed to develop Annual Procurement Plan in conformity with UAF Procurement Rules 2012. No response provided by management. 	<ul style="list-style-type: none"> The management contends that project level plans are prepared, however, it has agreed to develop annual procurement plan as per the requirements specified by the Act. The issue has been retained in the report as the response was not provided.

Core functions analysis
Procurement system – contd.

CAPACITY BUILDING OF PROCUREMENT STAFF		Overall Risk Rating	MODERATE TO HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<ul style="list-style-type: none"> Organization should conduct ethics training for its employees to provide them an understanding of situations relevant to conflict of interest. 	<ul style="list-style-type: none"> UAF does not conduct training sessions for employees on sub-awards, conflict of interest and procurement policies. 	<ul style="list-style-type: none"> The procurement staff might not be able to effectively carryout its designated responsibilities. 	<ul style="list-style-type: none"> The procurement staff should be provided regular trainings on emerging trends in procurement, government procurement regulations. 	<ul style="list-style-type: none"> Agreed for compliance. 	<ul style="list-style-type: none"> The management has agreed with the observation and recommendation.

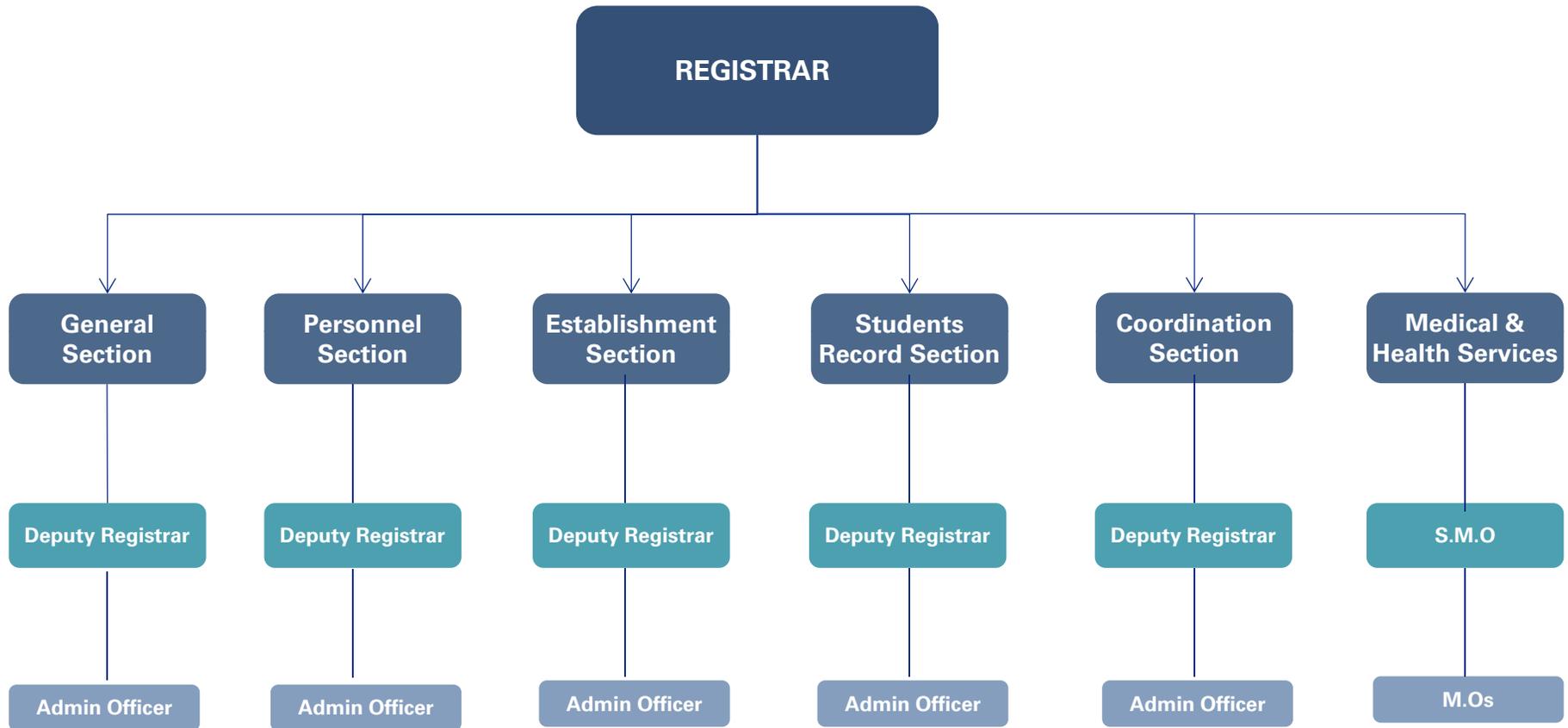
Core functions analysis Procurement system – contd.

PROPERTY MANAGEMENT		Overall Risk Rating		HIGH	
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<ul style="list-style-type: none"> • Policies and procedure for property management including inventory movement and disposal procedures should be in place for effective asset management. • Fixed assets register should be designed and maintained in accordance with identified policies and procedures and applicable regulatory requirements. • All assets should be recorded in the fixed asset register along with their location and unique identification number (asset code). • Physical verification exercise for the fixed assets should be carried out at least once a year in order to comply with the prudent accounting practices. • All assets of the entity should be adequately insured to avoid any losses due to theft and damage. 	<ul style="list-style-type: none"> • Policies and procedures pertaining to inventory movement, issuance of stock, physical inspection of stock and asset management has not been developed. • DPIC is responsible for the maintenance of fixed asset register of the company however, it was observed that asset register is maintained at departmental level. Following are key gaps were identified in the asset register: <ol style="list-style-type: none"> a) Asset register does not include asset coding; b) Information pertaining to location of assets has not been included in the fixed asset register; and c) Fixed asset register does not include working condition of the fixed asset. • Please refer to annexure C for details of observation reported by external auditor pertaining to asset management. 	<ul style="list-style-type: none"> • The University might not be able to ensure safeguarding and appropriate/ authorized use of its assets. 	<ul style="list-style-type: none"> • Policies and procedures should be developed and implemented over asset management. 	<ul style="list-style-type: none"> • Separate permanent stock register & consumables are maintained to record procurements made. Moreover, data regarding all procurements is being maintained before payments. Besides this disposal of surplus & un-serviceable stores and annual stock verification are being carried out in accordance with the rules of the University. The University is agreed for compliance of centralized coding & assets management. • The University is agreed for compliance of centralized coding & assets management. 	<ul style="list-style-type: none"> • The management has agreed with KPMG's recommendation for centralized coding and assets management.

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CORE FUNCTIONS ANALYSIS

*Human Resource
system*



Core functions analysis

Human resource system – contd.

4E. Overview

- A dedicated Human Resource department has not been established. The Office of Registrar has been assigned additional charge of managing HR function. Following sections have been assigned the HR management responsibilities:
 - Personnel section; and
 - Establishment section;
- In addition to the Registrar office, Treasurer office also performs certain HR related functions including approval of staff travelling.
- Following rules/regulations are applicable to Human Resource matters of the University:
 - UAF Employees scale 17 and above (appointment and conditions of service) statutes 1989 approved by Chancellor
 - UAF Employees (Scales 1 to 16) appointment and conditions of service statutes, 2006,
 - In compliance with directive of Chancellor, syndicate at his meeting 11/8/2008 decided to follow recommendation of Chairman, Punjab Public service Commission, Lahore while processing the cases for making appointment in University.
 - Punjab Employees Efficiency, Discipline and Accountability Act 2006 passed by Provincial Assembly of Punjab.
 - Travelling Allowance rules of the Government of Punjab
 - Revision in rates of conveyance allowance for the civil servant of Punjab Government in BPS 1 to BPS 19 by Governor Punjab
 - UAF employees (medical attendance) statutes, 1968
 - UAF Employees Leave Statutes 1989
- Staff at UAF is divided into following categories depending upon the nature of their employment:
 - **Ad-hoc** staff is recruited for a period of six months by VC if required by any department. No advertisement is required for this type of recruitment.
 - **Temporary** staff is recruited when need arise but no sanctioned post is vacant for that post. Normal recruitment process is followed for this type of recruitment.
 - **Regular** staff is recruited when a sanctioned post is vacant.
 - **Contract** staff is recruited for a specific project for a definite time span.
- A comprehensive system of staff performance evaluation has not been established by UAF. Staff has been divided in Basic Pay Scale (BPS) staff and Tenure Track System (TTS) staff categories. In order to progress to a next pay scale under BPS, University staff has to go through normal selection process as for new appointments and annual salary increments within the same pay scales are awarded as per Punjab Public Service Commission pay scales without any performance evaluation. Criteria developed by Higher Education Commission (HEC) for promotion of staff under TTS has been adopted by UAF.
- Please refer Annexure L for summary of key HR procedures.

Core functions analysis
Human resource system – contd.

HR PLANNING		Overall Risk Rating	MODERATE TO HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
HR planning					
<ul style="list-style-type: none"> Adequate planning of HR should be carried out and reviewed on a regular basis in order to ensure that adequate staff remains available/ identified for ensuring smooth operation of organization’s activities. A succession planning mechanism should be adopted in order to ensure continuity of policies and procedures in the best interest of organization 	<ul style="list-style-type: none"> Hiring is performed on need basis. The hiring process is managed by the HR directorate upon initiation of request by the relevant department. Mechanism for HR planning has not been developed. A succession planning mechanism is not in place. 	<ul style="list-style-type: none"> The University might not be able to effectively plan its hiring process. In the absence of succession planning mechanism, the University might not be able to develop institutional capacity and processes to ensure timely and appropriate capacity building of its staff. 	<ul style="list-style-type: none"> HR planning should be performed, integrating necessary succession planning features to ensure that various departments and operating organs of the entity have adequate and appropriate human resource. 	<ul style="list-style-type: none"> At present while making recruitment, needs of the Departments are ascertained through the respective department Chairmen. However, on the establishment of regular HRM Department the need assessment and recruitment planning will be made in a formal way. 	<ul style="list-style-type: none"> As per management, the process will be formally undertaken once the dedicated HR department is made operational.

Core functions analysis Human resource system – contd.

HR POLICIES AND PROCEDURES		Overall Risk Rating	HIGH																						
Criteria	Condition/Cause	Effect	Recommendation	Management comments	KPMG Conclusion																				
<p>HR policies and procedures</p> <ul style="list-style-type: none"> The organization should have well-documented HR policies that meet its needs and reflect best practices. Policies and procedures must, at a minimum, establish compensation policies for each position category, including salary, leave, and other benefits/entitlements that are uniformly followed for all of its employees regardless of the funding source. The Management's philosophy, operating styles and job descriptions should be adequately reflected in the control environment. 	<ul style="list-style-type: none"> A dedicated Human Resource department is not yet operational. The Office of Registrar has been assigned additional charge of managing HR function. 	<ul style="list-style-type: none"> In view of the size of existing human resource, absence of an operational HR department might affect the quality and efficiency of HR processes. 	<ul style="list-style-type: none"> For effective management of HR function, a dedicated HR department should be established. 	<ul style="list-style-type: none"> The Syndicate at its meeting held on 8.09.2012 has already approved to establish a Human Resource Section to be run directly under administrative control of the Vice Chancellor, in the University with following major objectives:- <ol style="list-style-type: none"> Rationalization of financial and human resources in each functional sub-unit of the University in line with its mission statement. Development of policy guidelines for human resource management. Defining TOR of employees at all levels and their recruitment. Orientation of employees at the time of their induction in the university. Monitoring and performance evaluation of employees. Educating employees about their obligations and rights and career development. Capacity building of faculty and staff at all levels for their improved efficiency at work place. The Senate on the recommendations of the Syndicate made at its meeting held on 29.5.2013 further approved the qualifications for the newly created post of Director Human Resource Section, B-19. As required under Section 30(2)(ii) of University of Agriculture, Faisalabad Act, 1973, the qualifications recommended by the Syndicate and endorsed by the Senate have been sent to the Chancellor for final approval. As soon as the qualifications are approved by the Chancellor, the appointment of Director, Human Resource will be made on a top priority basis. It is further added that the following structures is also approved by the statutory bodies:- <table border="1" data-bbox="968 1222 1791 1430"> <thead> <tr> <th>Sr. no.</th> <th>Designation</th> <th>Grade</th> <th>No. of Posts</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Director HRM</td> <td>BS-19</td> <td>1</td> </tr> <tr> <td>2</td> <td>Deputy registrar/ manager</td> <td>B-18</td> <td>1</td> </tr> <tr> <td>3</td> <td>Assistant registrar/ assistant manager</td> <td>B-17</td> <td>1</td> </tr> <tr> <td>4</td> <td>Support staff</td> <td>B-1 to 16</td> <td>4</td> </tr> </tbody> </table> 	Sr. no.	Designation	Grade	No. of Posts	1	Director HRM	BS-19	1	2	Deputy registrar/ manager	B-18	1	3	Assistant registrar/ assistant manager	B-17	1	4	Support staff	B-1 to 16	4	<ul style="list-style-type: none"> The management has provided information with regards notification of the HR department. The management has also provided information with regards sanctioned positions and existing status of vacant positions. The observation has been modified, however, we understand that the notified department is not yet operational, and accordingly the observation has been retained in the modified form.
Sr. no.	Designation	Grade	No. of Posts																						
1	Director HRM	BS-19	1																						
2	Deputy registrar/ manager	B-18	1																						
3	Assistant registrar/ assistant manager	B-17	1																						
4	Support staff	B-1 to 16	4																						

Core functions analysis Human resource system – contd.

HR POLICIES AND PROCEDURES		Overall Risk Rating	HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>HR policies and procedures – contd..</p> <ul style="list-style-type: none"> The organization should maintain individual personnel files with original records of employment, rates and authorized deductions for every employee. The organization should have an organizational chart. 	<ul style="list-style-type: none"> UAF has adopted/developed HR policies for following areas: <ul style="list-style-type: none"> Recruitment policies i.e. UAF statutes, 2006(1 to 16), UAF statutes 1989(Above Scale 16), UAF employees leaves statutes, 1989, UAF employees (Medical attendance) statutes, 1968, Punjab Employees Efficiency, Discipline and Accountability Act, 2006, Travelling Allowance Rules of Government of Punjab adopted in 1995 for domestic travel and Government of Pakistan Ministry of Foreign Affairs rules for international travel. However, a comprehensive human resource policies and procedures manual has not been developed. Adequate documentation is maintained in respect of all employees in their respective personnel files. Refer annexure M for the personnel files compliance performed in this regard. 	<ul style="list-style-type: none"> In view of the size of existing human resource, absence of an operational HR department might affect the quality and efficiency of HR processes. HR functions are governed by applicable government regulations, however, policies and procedures manual has not been developed to provide a comprehensive set of policy and procedural guidance on HR functions. The University was assessed as maintaining adequate documentation in terms of existing practices. 	<ul style="list-style-type: none"> UAF should develop and implement a comprehensive HR Manual, which shall provide guidance on various policies and procedures including staff recruitment, evaluation, leaves, termination, code of ethics, forms to be used for carrying out HR related activities, etc. None. 	<ul style="list-style-type: none"> Although the laws governing appointment and other conditions of service and policies for all the categories of University employees have already been updated and included in Volume III of University calendar (Appendix-I), yet a separate Manual will be prepared on a top priority basis. None. 	<ul style="list-style-type: none"> Management agrees with the recommendation. Not applicable.

Core functions analysis Human resource – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>HR policies and procedures – contd..</p> <ul style="list-style-type: none"> • A formal benefits/compensation plan should be in place. • The key personnel should be aware of their roles and responsibilities and delegations of authority. • Mechanism should be implemented ensuring adequate communication of staff responsibilities as well as accountability and evaluation of employee progress against KPIs. 	<ul style="list-style-type: none"> • Two pay scales, BPS and TTS, have been implemented. BPS (Basic Pay Scale) employees compensation package comprises basic salary, conveyance allowance, medical allowance and other allowances according to the designation. Employees with exceptional performance are paid annual honorarium. TTS (Tenure Track System) pay scale is only available for Professors, Associate Professors and Assistant Professors. • Job descriptions are currently in draft form. • Annual Confidential Reports (ACRs) are prepared for both academic staff and administrative staff. Employees performance and behaviour is evaluated in the report. ACRs are taken into account for only promotion of employees below BPS 16. However, KPIs for staff have not been developed. 	<ul style="list-style-type: none"> • Benefits and compensation plan has been adequately developed. • The employees might not be adequately guided on their respective roles and responsibilities. Further, the University might not be able to implement an effective accountability mechanism. • Performance evaluation process comply with relevant procedural requirements. However, in the absence of KPIs, the performance evaluation might not be linked with specific targets and impact on the University's operations. 	<ul style="list-style-type: none"> • None. • Job descriptions of employees should be notified and communicated to relevant staff. • KPIs for key staff should be developed and communicated to relevant staff at the commencement of each financial year. 	<ul style="list-style-type: none"> • None • The Job descriptions of all the categories of University of Agriculture employees have been prepared and are being submitted to the Syndicate for final approval. • No response provided by management. 	<ul style="list-style-type: none"> • Not applicable • The observation is retained as the initiative is in progress. • The observation is retained as no response provided by management.

Core functions analysis Human resource – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
HR policies and procedures – contd.. <ul style="list-style-type: none"> • Organization’s policies should cover the following areas: <ul style="list-style-type: none"> – Recruitment <ul style="list-style-type: none"> i. Salary determinations and ranges (method used for determining a new employee’s salary). ii. Working hours (number of hours in work-day and work-week). iii. Overtime compensation. iv. Nondiscrimination. v. Method(s) of recruitment. – Classification <ul style="list-style-type: none"> vi. Permanent (full-time and part-time). vii. Part-time. viii. Adequate job description for all employees. ix. Salary ranges/grades for all classifications of employees. 	<ul style="list-style-type: none"> • The University has developed recruitment policy for its employees. Employees (Grade 1 to 16) are recruited according to UAF statutes, 2006 and employees(above 16) are recruited according to UAF statutes 1989. • The University has adopted Basic Pay Scale of Government for their employees. For professors, associate professors and assistant professors, who wish to avail, the University has adopted TTS pay scales of HEC. • Normal working hours at UAF are from 8 am to 3 pm however no policy has been prepared in this regard. • There is no over time compensation for employees. • Non-discrimination policy is provided in section 7 of the UAF Act, 1973. • Employees are recruited by direct recruitment, deputation and transfer. Promotion is available only to employees below BPS 16. • Following categories of employees are defined: <ul style="list-style-type: none"> – Regular; – Temporary (likely to become permanent); – Ad hoc; and – Contractual. 	<ul style="list-style-type: none"> • Adequate policies have been developed for staff hiring. • Adequate laws have been developed. 	<ul style="list-style-type: none"> • None. • None. 	<ul style="list-style-type: none"> • None. • None. 	<ul style="list-style-type: none"> • Not applicable. • Not applicable.

Core functions analysis Human resource – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>HR policies and procedures – contd..</p> <ul style="list-style-type: none"> Promotions/Salary Increases <ol style="list-style-type: none"> Basis for promotion/employee evaluations. Merit Increases/range(s). Cost-of-living increases. Bonuses/Incentives. Termination of employment Policies and procedures related to staff hiring should be complied in order to ensure that suitable employees are identified and hired in a transparent and competitive manner. 	<ul style="list-style-type: none"> Promotions (only below grade 16) are based on seniority and performance. Annual Confidential Report (ACR) of each employee is prepared in which his performance for the year is described. There is also a Quality Enhancement Cell (QEC) for teaching staff for their performance evaluation. For promotion above BPS 16, employees have to go through normal selection process. Cost of living is compensated through an annual increment in salary of employees according to BPS. UAF has no bonuses/incentive for its employees except annual performance based honorarium provided to employees for their performance. UAF has adopted Punjab Employees Efficiency, Discipline and Accountability Act, 2006 for termination process. Disciplinary action is taken against employees for misconduct. Hiring of personnel is based on a systematic procedure. Refer annexure N for compliance performed over the hiring process. Non compliances with policies and procedures have been reported by external auditors. Please refer to annexure C for details. 	<ul style="list-style-type: none"> Satisfactory mechanisms have been established over promotions and salary increases. The University is maintaining adequate documentation with regards staff hiring. 	<ul style="list-style-type: none"> None. None. Policies and procedures should be complied. 	<ul style="list-style-type: none"> None. None. External audit is made every year and observations are attended to as per requirement of Audit and disposed of accordingly as per prescribed channel. 	<ul style="list-style-type: none"> Not applicable. Not applicable. The observation has been retained.

Core functions analysis Human resource – contd.

Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>HR policies and procedures – contd..</p> <ul style="list-style-type: none"> – Fringe Benefits <ul style="list-style-type: none"> i. Medical insurance. ii. Life insurance. iii. Long-term disability. iv. Retirement. v. Workers' compensation. vi. Other benefits. – Leave Policies <ul style="list-style-type: none"> vii. Clarify types of leave. Annual/vacation leave (including number of days per year which may be accrued and carry-overs). viii. Sick leave (number of days per year, and carryovers). ix. Holidays (number of days per year). – Salary Supplements/Allowances (If Applicable) <ul style="list-style-type: none"> x. Education allowance/travel xi. Other <p>• Harassment policy should be developed and published on the University's website.</p>	<ul style="list-style-type: none"> • UAF provides medical allowance and medical facility for employees but does not provide medical insurance. • UAF has obtained group insurance policy from State Life which covers a time period of up to 5 years after retirement. The amount is paid to employees according to their pay scales. • In case of long term disability or the death of an employee within 10 years after his retirement, the employees are eligible for a subsistence allowance ranging from Rs 3,000/month (Grade above 16) to Rs 1,000/month (Grade 1 to 15). • Employees are allowed 4 earned leaves per month. Employees can avail maximum 120 earned leaves at one time. Leaves types include leave on full pay, leave on half pay, study leave, disability leave, hospital leave, ex-Pakistan leave, Maternity leave, extra ordinary leave etc. • Monthly allowance of PKR 10,000 are paid to employees who are doing Ph.D. • Harassment policy has not been developed and published on the website of the university. 	<ul style="list-style-type: none"> • Adequate policies have been developed over fringe benefits, leave management and salary supplements/ allowances. <p>• Adequate guideline may not be available to the staff and students of the university.</p>	<ul style="list-style-type: none"> • None. <p>• Harassment policy should be developed and published on the website of the university.</p>	<ul style="list-style-type: none"> • None. <p>• None.</p>	<ul style="list-style-type: none"> • Not applicable. <p>• Not applicable.</p>

Core functions analysis Human resource – contd.

STAFF TIME MANAGEMENT		Overall Risk Rating	MODERATE TO HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Staff time management					
<ul style="list-style-type: none"> The organization should have an established, reliable and documented labor activity system that it enforces (i.e., timesheets). The organization should have a well-documented staff time management system that captures, allocates and reports staff time, activities and costs. The employees should maintain timesheets/activity reports to reflect actual time worked. The timesheets/activity reports should be signed and approved by supervisors. The payment of salaries should correspond to the information documented in the timesheets/activity reports. The labor costs should be equitably distributed among projects. 	<ul style="list-style-type: none"> UAF has not established any labor activity system for employees. Normal timing for employees is from 8 am to 3 pm. Register is maintained for attendance of employees which is reviewed by relevant supervisors. Time sheet for employees are not prepared. Overtimes are not paid as per existing laws. 	<ul style="list-style-type: none"> In the absence of time sheets, staff costs might not be appropriately charged to relevant funding agency/ donor. 	<ul style="list-style-type: none"> Staff time sheets should be prepared to ensure appropriate charging and sharing of human resource costs. 	<ul style="list-style-type: none"> The Syndicate at its meeting held on 22.10.2010 adopted the instructions of the Government of the Punjab governing attendance of University employees. Detailed instructions notified are attached at Appendix-II for perusal. A reminder has also been issued on 27.11.2013 to all Deans/Directors to adhere to these instructions in letter and spirit (Appendix-III). Further the University is taking steps for e-attendance of University employees. 	<ul style="list-style-type: none"> The observation has been removed in view of the explanation provided by the management.

Core functions analysis
Human resource – contd.

PAYROLL SYSTEM		Overall Risk Rating	LOW TO MODERATE		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
Payroll system					
<ul style="list-style-type: none"> The organization should have a payroll system that is adequate for purposes of the award. Payroll taxes (if applicable) should be withheld and remitted according to local regulations. Reconciliation between payroll and general ledger should be prepared at least once a month. The organization should have policies on compensation (salary scales and increases) for different types and levels of employees. Individual personnel files should be maintained with original records of employment, rates and authorized deductions for each employee. Daily time records should be checked and approved by a responsible official and wages, salaries and overtime should be approved by management. Proper authorizations should be obtained for all payroll deductions. A responsible official should review and compare payroll data against the personnel records on a regular basis. If employees are paid in cash, a designee should compare the cash requisition to the net payroll. 	<ul style="list-style-type: none"> Please refer annexure I for detailed description of payroll system. 	<ul style="list-style-type: none"> Please refer Financial Management and Internal Control System section 	<ul style="list-style-type: none"> N/A. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> Not applicable.

Core functions analysis Human resource – contd.

TRAVEL POLICIES		Overall Risk Rating	LOW		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>Travel policies</p> <ul style="list-style-type: none"> • The travel policies must, at a minimum, address the following (as applicable): <ul style="list-style-type: none"> – Domestic Travel <ul style="list-style-type: none"> i. Approval levels ii. Class of Travel iii. Per Diem rates (rates used, what they cover [meals, lodging etc]. iv. Other reimbursable expenses (taxis, mileage rates for travel by privately owned vehicles) v. Waiver/exceptions. – International Travel <ul style="list-style-type: none"> vi. Approval level(s) required approval/notification vii. Class of travel viii. Most direct and expeditious route. ix. En-route stop over policy. x. Mileage rates for travel by privately-owned vehicle. xi. Per Diem rates (rates used, what they cover [meals, lodging, etc]. xii. Accompanied/unaccompanied baggage shipping allowance (gross weights, mode of transport [air, surface]), xiii. Shipment of privately-owned vehicle. xiv. Educational travel. xv. Other reimbursable expenses. xvi. Waivers/exceptions, advances and reconciliation procedures 	<ul style="list-style-type: none"> • UAF follow travelling policy of Government of Punjab adopted by Syndicate of UAF in 1995. • The travel policy provides different types/ classes of travels that are allowed encompassing incidental travel, travel causing disturbance to the staff member and travel to hard areas. • Employees are divided into four grades and expenses are allowed in according to their grade. • Travelling expenses are reimbursed and no advance is provided in this regard. Claim for travelling is checked by controller officer of person claiming. • For International travel, UAF follows Government of Pakistan - Ministry of Foreign Affairs rules revised in 2007. • Employees are categorized in four types and allowed expense in accordance with the type described in the Rules. • UAF does not provide any Foreign traveling expense, Expenses are paid by HEC. • Travel authorisation is sought on a "Travel Authorisation Form" stating the purpose and duration of visit in all cases before booking of air tickets and/ or per diem payments. 	<ul style="list-style-type: none"> • Adequate procedures have been developed for authorization of employees travels. 	<ul style="list-style-type: none"> • None. 	<ul style="list-style-type: none"> • None. 	<ul style="list-style-type: none"> • Not applicable.

Core functions analysis Human resource – contd.

VACANT POSITIONS		Overall Risk Rating	HIGH		
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion
<p>Vacant positions</p> <ul style="list-style-type: none"> All the sanctioned posts of UAF should be filled with adequately trained and qualified staff in order to ensure smooth operations of the organization. 	<ul style="list-style-type: none"> Certain approved positions, including key staff positions, are currently lying vacant. Please refer Annexure O for detailed analysis of approved and filled positions. Budgets are allocated to vacant positions. 	<ul style="list-style-type: none"> Due to vacant positions, the University might not be able to ensure segregation of duties. Further, the University might not be able to perform activities associated with the vacant position. 	<ul style="list-style-type: none"> Vacant staff positions should be filled depending upon the requirements of the University. Surplus positions should be removed from the schedule of sanctioned positions in order to ensure that budget allocation is made to appropriate activities. 	<ul style="list-style-type: none"> The University has already advertised various posts in the National Press with 30.12.2013 as the last date for receipt of applications. The University will however fill in remaining posts according to its needs and availability of funds. 	<ul style="list-style-type: none"> The observation has been retained.

Core functions analysis Human resource – contd.

STAFF TRAINING AND CAPACITY BUILDING		Overall Risk Rating	HIGH											
Criteria	Condition/ Cause	Effect	Recommendation	Management comments	KPMG Conclusion									
<p>Staff training and capacity building</p> <ul style="list-style-type: none"> • Training need assessment should be carried out regularly to identify the need for capacity development of staff which helps in adequate planning of staff development plan and allocation of adequate budget. • Based on need assessment annual training plan should be developed duly indentifying resources and time lines for the required trainings. Trainings included in the plan should be in accordance with the company policy and should contribute towards achievement of company's goals. Further, post training assessment should be carried out in order to assess the level of intervention which shall be used as basis for development of training plan for subsequent year. 	<ul style="list-style-type: none"> • A comprehensive training and capacity building strategy has not been developed. • Training opportunities can be communicated through various channels including: <ul style="list-style-type: none"> – HEC; – Planning Commission of Pakistan – for admin staff trainings; – Other national and international funding agencies. • The identified training opportunities are communicated to the relevant faculties/departments by the registrar office. • Staff nomination for training is performed by relevant faculty/department head. 	<ul style="list-style-type: none"> • Capacity building of employees in relevant areas might not be assured. 	<ul style="list-style-type: none"> • The University should conduct a training need assessment. The need assessment activity should be integrated into the core functions of the University in order to ensure that employees are updated on respective areas. 	<ul style="list-style-type: none"> • On the establishment of HRM Department the capacity building and training mechanism will be formulated on a top priority basis. However, trainings facilities provided by the Higher Education Commission, Government and Overseas sponsors are utilized efficiently which is evident from the fact that during the year 2012-13, 765 faculty members participated in Seminars/Conferences/ Workshops as under:- <table border="1"> <tbody> <tr> <td>i.</td> <td>National/International</td> <td>765</td> </tr> <tr> <td>ii.</td> <td>Teachers proceeded on long and short trainings in different countries.</td> <td>156</td> </tr> <tr> <td>iii.</td> <td>Teachers participated in different seminars/Symposia/conferences etc. within the country.</td> <td>609</td> </tr> </tbody> </table>	i.	National/International	765	ii.	Teachers proceeded on long and short trainings in different countries.	156	iii.	Teachers participated in different seminars/Symposia/conferences etc. within the country.	609	<ul style="list-style-type: none"> • As per management, the process will be formally undertaken once the dedicated HR department is made operational.
i.	National/International	765												
ii.	Teachers proceeded on long and short trainings in different countries.	156												
iii.	Teachers participated in different seminars/Symposia/conferences etc. within the country.	609												



ABSORPTIVE CAPACITY ANALYSIS

Absorptive capacity analysis

1. UAF operations

- University of Agriculture Faisalabad (UAF) was established in 1961 by upgrading the Punjab Agricultural College and Research Institute, Lyallpur which was founded in 1906. UAF comprises six faculties, nine institutes and three centers.
- The University has following goals and objectives:
 - a. Educate/ train quality human resource by diversifying curriculum and pedagogic process including a modern blend of traditional and virtual classrooms and intensive practical training;
 - b. Build institutional capacity (HR and infrastructure) to accommodate 30,000 students by 2030 with special emphasis on gender mainstreaming;
 - c. Sustain and improve research ranking by ensuring competitive edge, international linkages and applications of research for solution of local problems; and
 - d. Establish effective outreach mechanisms for technology transfer, community service and policy interventions.

2. Analysis of projects – P&D

- The directorate of P&D has carried out 30 development projects since its inception. The projects that have been completed by the directorate include construction projects, repair and maintenance projects, IT infrastructure projects, agricultural production projects, up-gradation of labs and hi-tech equipment installation projects. Below table summarizes the history of development projects:

Directorate of Planning & Development - Projects Data	
Value of total projects (PKR in Millions)	3,398.04
Number of completed projects	30
Value of completed projects (PKR in Millions)	1,405.44
Average value per completed project (PKR in Millions)	46.85
Number of ongoing projects	4
Value of ongoing projects (PKR in Millions)	1,992.61
Average value per ongoing project (PKR in Millions)	498.15
<i>Source: Management information</i>	

- Value of total completed projects amounts to PKR 1,405million and the value of ongoing projects amounts to PKR 1,993 million. Average size of the projects carried out by the directorate is PKR 99. 94 million. The size of on-going projects is significantly large as compared to the size of the projects previously undertaken by the directorate.
- A contract value benchmarking of the projects, completed by the directorate, was carried out by defining the value brackets and identifying the number of projects and total contracts value under each bracket. Results are summarized as follows:

Contract value bracket	Total contracts value	No. of projects
Less than PKR 1 million	-	-
Greater than PKR 1 million & less than PKR 20 million	119.20	11
Greater than PKR 20 million & less than PKR 40 million	369.42	11
Greater than PKR 40 million & less than PKR 60 million	91.97	2
Greater than PKR 60 million & less than PKR 80 million	-	-
Greater than PKR 80 million & less than PKR 100 million	99.70	1
Greater than PKR 100 million	725.15	5
	1,405.44	30
<i>Source: Management information</i>		

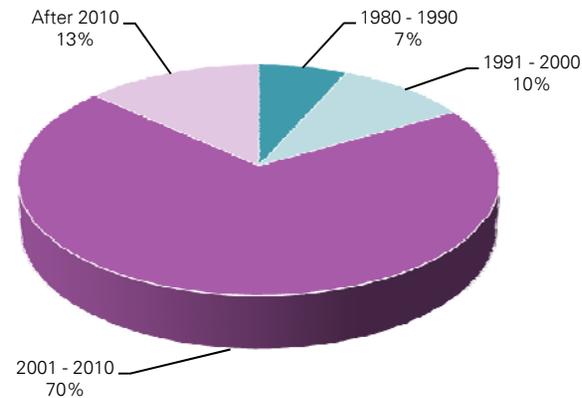
- Based on above analysis, we determine that the directorate has completed only 5 projects with the project value of more than PKR 100 million. Most of the projects completed by the directorate fall within the brackets of PKR 1 million to PKR 20 million and PKR 20 million to PKR 40 million.
- The above analysis is limited to the extent of directorate’s capacity with reference to the number of projects and projects size in terms of contract value. The technical nature and complexity of the projects completed by the directorate has not been discussed under this analysis.
- A comparison between target and actual completion dates and costs was performed. In case of development projects, 29 out of 30 projects could not meet the target timelines. Variation from target completion date ranged between 0.5 years to 6 years. Please refer Annexure H for detailed comparison.

Absorptive capacity analysis – contd.

2 Analysis of projects – P&D – contd..

- As per the analysis of year wise number of completed projects, 7% of the total projects were completed between 1980 and 1990, 10% between 1991 and 2000, 70% between 2001 and 2010 and 13% of the total projects were completed after 2010.
- As per the cost percentages of these projects, 3% of total projects were completed between 1980 and 1990, 6% between 1991 and 2000, 54% between 2001 and 2010 and 37% of the total projects were completed after 2010.

Year wise completion of projects



- The directorate has 4 on-going projects out of which 2 projects have already exceeded their target completion dates as specified in their respective PC1 documents.
- In cost terms, the University's largest development project amounted to PKR 3,124 million (US\$ 29.75 million). Against target completion of 2 years, the project was completed over a 3 years period.
- The value of smallest project, undertaken by the University, amounted to PKR 1.7 million (US\$ 16,190).

3 Analysis of projects – ORIC

- The University has completed a total of 255 projects at a total value of PKR 693.85 million (US\$ 6.61 million). Value of largest research project undertaken by the University amounted to PKR 61.7 million (US\$ 587,619) with target completion in 2 years. Value of smallest project undertaken by the University amounted to PKR 100,000 (USD 952), planned to be completed in 1 year.
- A total number of 266 projects are in-progress, at a total project value of PKR 1,508 million (US\$ 14.36 million). Out of these 266 projects, 46 projects relate to the period prior to the last three years i.e. before 2011. Average value per project for the on-going projects has significantly increased from the average value per project for the completed projects.
- Largest on-going project, planned to be completed over a 4 year term, is estimated to cost PKR 96.6 million (US\$ 920,000), whereas, the value of smallest project amounts to PKR 100,000 (USD 952).

ORIC - Projects Data

Value of total projects (PKR in Millions)	2201.43
Number of completed projects	255
Value of completed projects (PKR in Millions)	693.85
Average value per completed project (PKR in Millions)	2.72
Number of ongoing projects	266
Value of ongoing projects (PKR in Millions)	1507.59
Average value per ongoing project (PKR in Millions)	5.67

Source: Management information

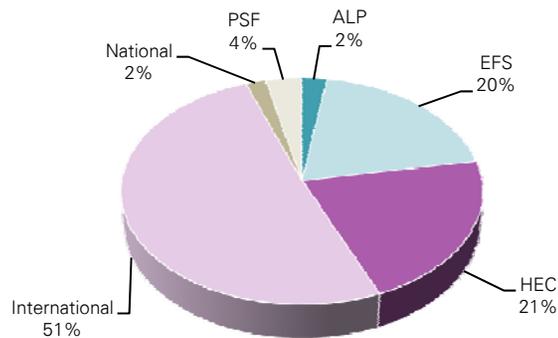
- A contract value benchmarking of the projects, completed by the ORIC during the last three years was carried out by defining the value brackets and identifying the number of projects and total contracts value under each bracket. Results are summarized as follows:

Absorptive capacity analysis – contd.

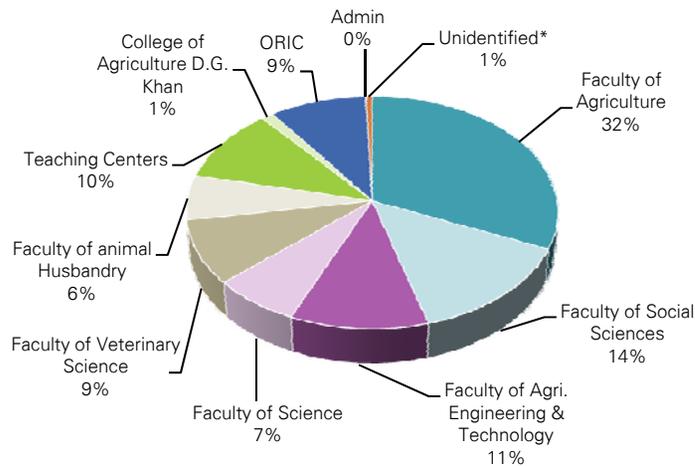
3 Analysis of projects – ORIC – contd..

- During last three years, major donors of the University included HEC, EFS and various international funding agencies. Funding from HEC represents 21% of total funding, funding from EFS represents 20% of total funding and funding from international donors represents 51% of total funding received during last three years.

Funding received during last three years



Faculty wise funding



Contract value bracket	Total contracts value	No. of projects
Less than PKR 1 million	11.87	22
Greater than PKR 1 million & less than PKR 10 million	55.66	17
Greater than PKR 10 million & less than PKR 20 million	16.50	1
Greater than PKR 20 million & less than PKR 30 million	-	-
Greater than PKR 30 million	35.62	1
	119.65	41

Source: Management information

- In terms of faculty wise analysis of total research funding received during the last three years, 34% of total funding was received by the faculty of Agriculture, 14% by the faculty of Social Sciences, 11% by faculty of Agri. Engineering & Technology and 10% by the Teaching Centers.

4 Governance and control environment

- The University operates under its own Act, and has various governance and executive level boards and committees to oversee its activities. The University is one of the largest agriculture sector institution in the regional and has been awarded various rankings by international institutes.
- Despite an elaborate governance control structure, certain key control deficiencies include absence of an independent internal audit function, absence of an independent monitoring and evaluation department, lack of segregation of duties in various functions including procurement, inventory management, bank signatories and bank reconciliation process.
- Certain strengthening measures shall be adopted by the University to improve the overall control environment and review of the significant volume of its development and research projects.

5 Procurement systems

- Procurement activities are broadly bifurcated on the basis of relevant department conducting the procurements. The procurements for civil works is performed by the ECD, whereas, remaining procurements are undertaken by the dedicated procurement directorate.

Absorptive capacity analysis – contd.

- Systems and processes have been based on GoPb PPRA Rules, 2009 and provide adequate coverage to the University's operations.
- Certain key deficiencies in the existing procurement activities are absence of procurement planning activities and absence of policies and procedures over inventory management.
- Modification and enhancement in certain policies are required in order to augment the systems' capacity to effectively manage the procurement transactions.

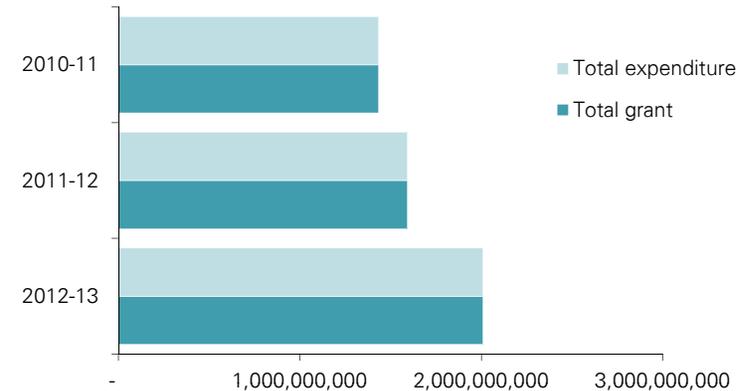
6 Financial management and internal controls

- Financial management systems and resources for recurring expenditure are adequate. However, certain strengthening measures are required to strengthen the University's capacity to ensure adequate systems of internal controls over development and research projects. Key strengthening measures may include implementation of an ERP for development and research projects, training and capacity building of finance teams, development of policies and procedures manuals for effective management of finance activities.
- The finance functions are performed by a dedicated department, which is adequately staffed and structured.
- The Treasury department has handled grants and expenditure to the tune of PKR 2 billion during the FY 2013, with an average size of PKR 1.7 billion during last three years.

7 Human resource management

- The University has a total sanctioned staff of 3,975 employees, out of which 930 positions are vacant.
- The human resource function requires strengthening of various key controls including establishment of dedicated department. Further, the external auditor has raised significant issues concerning the HR management function of the University.

Year wise total grant vs. total expenditure



8 Overview of proposed activity

- The management of the University intends to undertake the proposed activity through the establishment of center for advanced study, to be managed as per the structure agreed with USAID, with the aim to achieve the following objectives:
 - Connect UAF with industry and policy makers;
 - Conduct fundamental and translational research in focus areas to ensure sustainable agriculture and food security;
 - Build capacity to prepare future leaders in food and agricultural production; and
 - Provide education and training to relevant stakeholders.

The background features several overlapping geometric shapes in two shades of blue: a dark blue and a lighter, vibrant blue. These shapes are arranged in a way that creates a sense of depth and movement, with some shapes appearing to be layered on top of others. The overall composition is clean and modern.

ANNEXURES

Annexure A Notice to the reader

Notice to reader

This report has been prepared by KPMG Taseer Hadi & Co. ('the Firm/ KPMG') solely for the purpose of providing reasonable assurance to ASP, RSPN/ the Client that the University of Agriculture, Faisalabad, has an acceptable organizational structure organizational and management structure, accounting, financial management systems and other systems of internal controls, quality assurance capabilities, as well as acceptable policies, procedures and practices. KPMG has been mandated by the ASP, RSPN to perform pre-award assessment on University of Agriculture, Faisalabad in accordance with the Contract number ASP-CPO/A&C/Pre Award – UA – F/14-2013 dated 30 December 2013. This report contains our findings, based on our field work up to 09 January 2014. We have not undertaken to update our report for events or circumstances arising after that date.

This report is limited to the scope set out in our Contract. Accordingly, there may be other issues of interest to the Client which may not be included in this report.

This report is confidential and for the internal use of the Client only. It is not to be distributed or to be referred or quoted, in whole or in part, without our prior written consent except as specifically provided in our work order.

The Firm does not accept or assume responsibility to anyone other than the addressees of this report, for its work, for this report or for any judgments, findings, conclusions, recommendations or opinions that the Firm has formed or made. The work was undertaken and this report was issued, on agreed terms of engagement, in order that the Firm might state to the addressees those matters on which it agreed to report and for no other purpose.

The Firm's work and this report were not planned or prepared in contemplation, or for the purpose, of anyone other than the addressees' interests or needs. Therefore, items of possible interest to others may not have been specifically addressed for the purposes of this report. The use of professional judgment, and the assessment of issues or their relevance (as appropriate) for the purpose of the Firm's work and this report, mean that matters may have existed that would have been assessed differently by others for their purposes. The Firm does not warrant or represent that the information in this report is appropriate for their purposes. This report was not created for, and should not be treated as suitable for, any purpose other than that set out in the report itself and/or in the terms of engagement.

For the foregoing reasons, this report cannot in any way serve as a substitute for other enquiries and procedures that others would (or should) otherwise undertake and judgments others must make for the purpose of satisfying themselves regarding any matters of interest to others regarding this report or the Client or any other purpose. Apart from the addressees and their reliance on this report, no-one else should rely for any purpose whatsoever upon this report.

Our report makes reference to 'KPMG Analysis'; this indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented; we do not accept responsibility for the underlying data.

In accordance with its policy, KPMG advises that neither it nor any Partners or employees undertakes responsibility arising in any way whatsoever, to any person other than the management of the Client in respect of the matters dealt with in this report, including any errors or omissions therein, arising through negligence or otherwise, howsoever caused.

Annexure A

Notice to the reader – contd..

Scope of work

In accordance with the terms of reference as per Contract number ASP-CPO/A&C/Pre Award – UA – F/14-2013 dated 30 December 2013, we have performed pre-award assessment of University of Agriculture, Faisalabad.

The procedures we performed were based on the our agreement with the scope of the Client. The management of the Client have confirmed that these procedures will be sufficient for their purpose. We make no representation regarding the sufficiency of these procedures for the addressees' purpose.

Our comments are based on the work carried out on the basis of information provided by the University of Agriculture, Faisalabad and other publicly available information. The information provided by the stakeholders and the University of Agriculture, Faisalabad included the information made available during our fieldwork in premises of the University of Agriculture, Faisalabad.

We draw your attention to the following significant matters:

The findings of the procedures performed are presented in this report. The procedures performed do not constitute an audit and had we performed additional procedures or conducted an audit in accordance with generally accepted auditing standards, other matters might have come to our attention which we would have reported to the addressees.

We have indicated within our report the sources of the information presented. We have not sought to establish the reliability of these sources by reference to independent evidence. We have analysed the information made available and to the extent possible, have satisfied ourselves that the information presented is consistent with other information provided to us during the course of our work.

All analysis, conclusions or assessments have inherent limitations since they are based on un-verified information.

Our reading of the documents and relevant records was limited to those provided to us by the Company and the stakeholders and other publicly available information. In performing our work, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us, whether original or copies.

Annexure B

Terms of reference of statutory bodies

Authority/Officer	Composition	Functions
<ul style="list-style-type: none"> Senate 	<ul style="list-style-type: none"> The Senate consist of: <ol style="list-style-type: none"> the Chancellor; the Pro Chancellor; the Vice Chancellor; the members of the Syndicate; the Deans; the Directors; UAF Professors and Professors Emeritus; the Chairmen of the Teaching Departments; the Officer or Teacher in-charge of Students Affairs (by whatever designation called); as many University teachers as may be prescribed, subject to the maximum of fifteen having at least three years service, to be elected by UAF teachers from amongst themselves; two students' representatives from UAF Students' Union; eight Experts in Agriculture, Animal Husbandry and Allied Disciplines to be nominated by the Chancellor; the Registrar; the Treasurer; the Controller of Examinations; the Librarian; Members of the Provincial Assembly of the Punjab to be elected in the following manner: <ol style="list-style-type: none"> One member from each Division excluding Faisalabad Division to be elected by the Members of the provincial Assembly from that Division; and One member from each District of the Faisalabad Division to be elected by the Members of the Provincial Assembly from that Division. two representatives of farmers and Livestock members to be nominated by the Chancellor; and three Registered Graduates to be elected by all such Graduates from among themselves. <p>The Chancellor, or in his absence his nominee, shall be the Chairman of the Senate.</p> 	<ul style="list-style-type: none"> the Senate have the powers- <ol style="list-style-type: none"> to consider the drafts of Statutes proposed by the Syndicate and deal with them in the manner indicated in sub-Section (2) of Section 30; to consider and pass resolutions on the annual report, the annual statement of accounts and the annual and revised budget estimates; to appoint members to the Syndicate and other Authorities in accordance with the provisions of this Act; to delegate any of its powers to an Authority or Officer or a committee or sub-committee; and to perform such other functions as may be prescribed by Statutes.,

Annexure B

Terms of reference of statutory bodies – contd..

Authority/Officer	Composition	Functions
<ul style="list-style-type: none"> • Syndicate 	<ul style="list-style-type: none"> • The Syndicate consist of: <ul style="list-style-type: none"> (i) the Vice Chancellor, who is its Chairman; (ii) the Pro Vice Chancellor, if any; (iii) one member of the Provincial Assembly of the Punjab to be nominated by the Speaker of the Assembly; (iv) two members of the Senate to be elected by the Senate; (v) the Chief Justice of the Lahore High Court, Lahore or his nominee from amongst the Judges of the Lahore High Court; (vi) Secretary to Government of the Punjab, Agriculture Department or his representative not below the rank of Additional Secretary; (vii) one nominee of UAF Grants Commission; (viii) One Dean to be nominated by the Chancellor on the recommendation of the Vice Chancellor; (ix) one Professor, one Associate, one Assistant Professor and one such Lecturer as has completed a minimum of two years service in UAF to be elected respectively by and from amongst themselves; (x) three persons of eminence including one scholar of Islamic Jurisprudence and one woman not serving in any educational institution to be nominated by the Chancellor; (xi) one Principal of the affiliated colleges to be nominated by the Chancellor; (xii) the President of UAF Students' Union; (xiii) Secretary to Government of the Punjab, Livestock & Dairy Development Department or his representative not below the rank of Additional Secretary. (xiv) Secretary to Government of the Punjab, Finance Department or his representative not below the rank of Additional Secretary. 	<ul style="list-style-type: none"> • The Syndicate is the executive body of UAF, subject to the provisions of this Act and the Statutes, take effective measures to raise the standard of teaching, research and publication and other academic pursuits and exercise general supervision over the affairs and management of the property of UAF.

Annexure B

Terms of reference of statutory bodies – contd..

Authority/Officer	Composition	Functions
<ul style="list-style-type: none"> Academic Council Boards of Faculties 	<ul style="list-style-type: none"> The Academic Council consist of: <ol style="list-style-type: none"> the Vice Chancellor (Chairman); the Deans; the Directors; UAF Professors including Professors Emeritus; the Chairmen of the Teaching Departments; all Associate Professors, other than Chairmen of the Teaching Departments; two Assistant Professors, two Lecturers and two Instructors to be elected by and from among themselves; the Registrar; the Librarian; the Controller of Examinations; two Agricultural Scientists to be nominated by the Chancellor; and one nominee of the Pakistan Agricultural Research Council. There are a Board of each Faculty, which consist of- <ol style="list-style-type: none"> the Dean the Professors and the Chairmen of the Teaching Departments comprised in the Faculty; two members of each Board of Studies, comprised in the Faculty, to be nominated by the Board of Studies concerned; three Teachers to be nominated by the Academic Council by reason of their specialized knowledge of the subjects, which though not assigned to the Faculty, have, in the opinion of the Academic Council, important bearing on the subjects assigned to the Faculty; 	<ul style="list-style-type: none"> The Academic Council, the academic body of UAF, subject to the provisions of this Act and the Statutes, have the power to lay down proper standards of instruction, research, publications, and examinations and to regulate and promote the academic life of UAF and the colleges. The Board of each Faculty have the powers- <ol style="list-style-type: none"> to co-ordinate the teaching, publication and research work in the subjects assigned to the Faculty; to scrutinize the recommendations of the Boards of Studies comprised in the Faculty in regard to the appointment of paper setters and examiners, except for research examinations, and to forward the panels of suitable paper setters and examiners for each examination to the Vice Chancellor;

Annexure B

Terms of reference of statutory bodies – contd..

Authority/Officer	Composition	Functions
<ul style="list-style-type: none"> • Board of Studies • Graduate Studies and Research Board 	<p>(v) one representative each from younger teachers namely Associate Professors, Assistant Professors, Lecturers and Instructors to be nominated by the Dean; and</p> <p>(vi) minimum three and maximum five nominations on each Board of Faculty would be made from the representatives of industry, Government and NGOs by the Academic Council.</p> <ul style="list-style-type: none"> • There are a separate Board of Studies for each subject. Each Board of Studies consist of- <ul style="list-style-type: none"> (i) all the teachers of the Department concerned; (ii) one expert to be appointed by the Dean; and (iii) minimum three and maximum five nominations on each Board of Studies would be made from the representatives of industry, Government and NGOs by the respective faculty Board. • The Graduate Studies and Research Board consist of <ul style="list-style-type: none"> (i) the Vice Chancellor (Chairman); (ii) the Deans; (iii) three University Professors, other than Deans, to be appointed by the Syndicate; (iv) three University Teachers having research qualifications and experience to be appointed by the Academic Council; (v) five experts from other sister Institutions to be nominated by the Syndicate/ Chancellor's Committee; (vi) A nominee of the Punjab agriculture Research Co-Ordination Board; (vii) Principal, College of Agriculture, D.G. Khan; (viii) Director of the institute (s). (ix) Director ORIC; 	<p>(c) to consider any other academic matter relating to the Faculty and to report thereon to the Academic Council.</p> <ul style="list-style-type: none"> • The function of the Board of Studies : <ul style="list-style-type: none"> (a) to advise the authorities on all academic matters connected with instruction, publication, research and examination in the subject or subjects concerned; (b) to propose curricula and syllabi for all degree, diploma and certificate courses in the subject concerned; and (c) to suggest a panel of names of paper setters and examiners in the subject or subjects concerned. • The functions of the Graduate Studies and Research Board be- <ul style="list-style-type: none"> (a) to advise the Authorities on all matters connected with the promotion of advanced studies, publications and research in UAF; (b) to consider and report to the Authorities on the institution of research degrees in UAF; (c) to propose Regulations regarding the award of research degrees; (d) to appoint supervisors for research students and to determine the subjects of their theses; and (e) to recommend panels of names of paper setters and examiners for research examinations after considering the proposals of the Board of Studies in this behalf.

Annexure B

Terms of reference of statutory bodies – contd..

Authority/Officer	Composition	Functions
<ul style="list-style-type: none"> Selection Board 	<p>(x) Director Academics; (xi) Director QEC; and (xii) the Registrar.</p> <ul style="list-style-type: none"> The selection Board consist of <ol style="list-style-type: none"> the Vice Chancellor (Chairman); the Chairman or a member of the Public Service Commission to be nominated by the Chairman; the Dean of the Faculty concerned or Director of the Division of Education or Principal Constituent College (s) or Director of the Institute(s) the Chairman of the Teaching Department concerned; and one member of the Syndicate and two other persons of eminence to be appointed by the Syndicate provided that none of the three are employees of UAF. 	<p>Functions of selection Board</p> <ul style="list-style-type: none"> The Selection Board for teaching and other posts consider the applications received in response to advertisement and recommend to the Syndicate the names of suitable candidates for appointment to teaching or other posts, as the case may be, and may also recommend- <ol style="list-style-type: none"> the grant of higher initial pay in a suitable case for reasons to be recorded; or the appointment of an eminently qualified person to a Professorship in UAF on terms and conditions other than those prescribed. The Selection Board may in the cases of leave vacancy, tenure posts and posts other than teaching posts, without advertising them recommend suitable candidates from amongst UAF employees to the Syndicate for approval.
<ul style="list-style-type: none"> Finance and Planning Committee 	<ul style="list-style-type: none"> The Finance and Planning Committee consist of <ol style="list-style-type: none"> the Vice Chancellor (Chairman); one member of the Senate to be appointed by the Senate; one member of the Syndicate to be appointed by the Syndicate; two members of the Academic Council to be appointed by the Academic Council; two nominees of the Chancellor, one each from Agriculture Department and Finance Department; the Treasurer; and the Registrar. 	<p>Functions of the Finance and Planning Committee</p> <ul style="list-style-type: none"> The Functions of this Committee are <ol style="list-style-type: none"> to consider the annual statement of accounts and the annual and revised budget estimates and advise the Syndicate thereon; to review periodically the financial position of UAF; to advise the Syndicate on all matters relating to planning, development, finance, investments and accounts of UAF;

Annexure B

Terms of reference of statutory bodies – contd..

Authority/Officer	Composition	Functions
<ul style="list-style-type: none"> Affiliation Committee Discipline Committee 	<ul style="list-style-type: none"> The Affiliation Committee consist of <ol style="list-style-type: none"> Chairman to be nominated by the Syndicate; two Professors to be nominated by the Academic Council; and the Director of Education of the Region concerned and the Director of Technical Education. The Discipline Committee consist of- <ol style="list-style-type: none"> Chairman to be nominated by the Vice Chancellor; two Professors to be nominated by the Academic Council; one member to be nominated by the Syndicate; Principal, College of Agriculture, DG. Khan. The Teacher or Officer In-charge of Students Affairs by whatever name called (Member/Secretary); Senior Tutor; and the President, University Students' Union. 	<p>Functions of selection Board</p> <ul style="list-style-type: none"> The Functions of this Committee are <ol style="list-style-type: none"> to inspect the educational institutions seeking affiliation with, or admission to the privileges of UAF and to advise the Academic Council thereon; and to inquire into complaints alleging breach of conditions of affiliation by affiliated colleges and to advise the Academic Council thereon. <p>Functions of the Discipline Committee</p> <ul style="list-style-type: none"> The Functions of this Committee are <ol style="list-style-type: none"> to propose Regulations to the Academic Council for the conduct of University students, maintenance of discipline and breach of discipline; and to perform such other functions as may be prescribed by Regulations.

Annexure C Summary of Audit observations

Audit observations

Procurement

Issue	Amounts in PKR	
	Amount	Status
non-auction of commercial shop/canteen(hall warden)	307,200	Pending
non-auction of commercial llokhas, cafeteria, canteen and shops(students affairs)	3,617,788	Pending
non-auction of commercial shops/canteens (cooperative supply society)	1,039,440	Pending
loss to university due to excess printing of prospectus/books	2,972,830	Pending
loss to government revenue due to non auction of off road vehicles	1,550,000	Pending
irregular purchase of forty lambs	490,000	Pending
irregular auction of seven lambs amounting to Rs. 70000/- due to this financial loss.	39,125	Pending
irregular procurement of green net	399,504	Pending
chemical purchased in excess of requirement	158,900	Pending
irregular procurement of glassware/plasticware	271,382	Pending
irregular procurement of consumable equipment	192,815	Pending
irregular auction of orchards/ gardens	5,487,500	Pending
physical assets/ equipment not transferred to university	959,878	Pending
irregular purchase of poultry feed	371,980	Pending
non auction of different products	6,703,053	Pending
doubtful/ irregular scale of paddy	440,000	Pending
irregular auction of poultry birds	112,930	Pending
physical verification of store was not done	-	Pending
irregular auction of kharif and rabi products	1,373,195	Pending
non maintenance of fixed asset register	-	Pending
defective maintenance of log books for expenditure on pol	-	Pending
loss due to non sale of unserviceable articles	100,000	pending
irregular purchase of miscellaneous articles without entry of condemned article into dead stock register	117,140	pending
irregular expenditure rs. 157999 without adopting pprra rules	157,999	pending
irregular purchase under head chemicals through split-up	49,764	pending
non obtaining of acknowledgement receipts	35,000	pending

Annexure C Summary of Audit observations – contd..

Audit observations		
Procurement	Amounts in PKR	
Issue	Amount	Status
doubtful expenditure on purchase of chemical	98,542	pending
loss due to theft of laptop and non write off the loss	50,000	pending
non auction of discarded newspapers estimated value to rs. 5000/- (approx) & non maintenance of newspaper	5,000	pending
loss due to non sale dead stock items approx (dg.khan campus)	20,000	pending
loss due to theft of toyata hilux (fsc-5964) and non write off the	1,117,000	pending
irregular sale of wheat and wheat straw (toba tek singh)	300,649	pending
loss due to non sale of unserviceable article approximately	20,000	pending
purchase of supplies from non active and suspended(fbr) contractors	-	pending
wastage of government on idle equipment & machinery (toba campus)	458,000	pending
irregular and illegal purchase/uses of insecticide/pesticide(toba campus)	116,858	pending
irregular purchase under repair machinery & equipment through split up	38,800	pending
non auction of canteen and loss of (dg. Khan campus)	240,000	pending
loss due to non sale of unserviceable articles approximately	100,000	Pending
loss to government due to missing asset in lacs	-	Pending
loss to government due to idle equipment	5,000,000	Pending
non maintenance of fixed asset register	-	Pending
un-authorize award of work without technical sanctioned estimate	5,869,000	Pending
irregular payment due to excess over proposed estimate	1,709,267	Pending
over payment due to incorrect preparation of rate analysis a grade master tile 12 into 18	15,744	Pending
	Total PKR: 42,106,283	
	Total USD: 401,012	

Annexure C Summary of Audit observations – contd..

Audit observations

Human Resource

Issue	Amounts in PKR	
	Amount	Status
less deduction of benevolent funds	10,785,343	Pending
excess amount paid to daily paid labor	41,640	Pending
non/less deduction of 10% house rent	687,588	Pending
irregular appointment without advertisement in press	12,390,192	Pending
non adherence to tenure track system statutes 2008, university of agriculture, Faisalabad	-	Pending
irregular payments of conveyance allowance and house rent allowance	1,397,740	Pending
irregular allotment of increments to tenure track faculty	-	Pending
irregular hiring of daily paid laborers as banned by the finance department (dg.khan campus)	208,255.00	pending
non deduction of house rent allowance and 5% house allowance(toba tek singh)	282,720.00	pending
non deduction of house rent allowance and 5% house allowance(dg.khan campus)	184,032.00	pending
less income tax deducted on salary and perquisites	39,363.00	pending
irregular payment of conveyance allowance	1,080,000.00	pending
irregular payment of 4.32 million to professor emeritus after passing of long span of time	4,320,000.00	pending
breach of university constitution and irregular appointment of bps 17 and above & irregular payment of	11,509,716.00	Pending
irregular appointment without advertisement in press(bps-1-16)	33,565,800.00	Pending
breach of house allotment rules and promotion of aristocracy	-	Pending
irregular payment of pay and allowances of the 115 posts over and above the sanctioned strength	29,931,060.00	Pending
irregular appointment without advertisement in press-contingent paid staff/part time hiring of UAF students	15,594,061.00	Pending
irregular appointment of project director, loss to government	1,800,000.00	Pending
non/less deduction of 10% house rent-rs. 636,372/-	636,372	pending
less deduction of benevolent fund-rs. 10,873,924	10,873,924	pending

Total PKR: 135,327,806
Total USD: 1,288,836

Annexure C Summary of Audit observations – contd..

Audit observations		
Finance	Amounts in PKR	
Issue	Amount	Status
Non-maintenance of cash book expenditure held irregular	7,631,338	Pending
Expenditure over and above budget allocation	44,238	Pending
Non return of unspent balances of research projects to HEC	543,515	Pending
Non-accountal of university gold bird in the books of account	192,000	Pending
Irregular payment of miscellaneous charges outside the approved budget	11,033	Pending
Wastage of project money	1,219,925	Pending
Un-authorized expenditure on generator-under A03807 (Repair cell)	1,046,620	Pending
Non adjustment of temporary advances	1,676,695.00	pending
Less deduction of benevolent funds	10,873,924.00	pending
Lack of internal controls and expense of Rs.2527916 without Pre - Audit	2,527,916.00	pending
Irregular payment to brig. Javid Anwar(Rtd)	1,080,000.00	pending
Avoidable expenditure on hotel rent(TobaTtek Singh)	754,056.00	pending
Infrutous expenditure on installation of tube well (Toba Tek Singh campus) loss of rs. 0.25 million	250,000.00	pending
Inadequate provision of Pension funds	6,000,000.00	pending
Irregular purchase of Samsung galaxy note n800 without provision in PC-1	87,500.00	pending
Irregular expenditure under head expendable supplies	172,840.00	pending
Difference between expenditure statement of Dera Ghazi khan and University of Agriculture, Faisalabad	765,435.00	pending
Non Reconciliation of Expenditure Statement with University of Agriculture, Faisalabad	-	pending
Difference between expenditure statement of department and University of Agriculture, Faisalabad	24,940.00	pending
Lack of internal controls and expense without pre audit	31,500.00	pending
Internal audit not conducted	-	pending
Placement of university funds in non interest bearing account and loss to university	-	pending
Irregular expenditure of POL by director farm	10,128,144.00	pending
Illegal payment of 8.1 million to Ex Vice Chancellor	810,000.00	pending
Non production of Record of Endowment fund	-	Pending
Miss use of funds on occasion of Metro Bus inauguration	84,800.00	Pending
Loss by director farm on wheat threshing(Labor Charges)	309,970.00	Pending
Doubtful expenditure on repair and POL	5,170,217.00	Pending
Unauthorized payment of computer allowance	3,026,760.00	Pending
Overpayment due to allowing excessive quantities	1,305.00	Pending

Total PKR: 54,464,671

Total USD: 518,711

Annexure C Summary of Audit observations – contd..

Audit observations

General

Amounts in PKR

Issue	Amount	Status
Irrational accomodation facility to the student at university hostels	-	Pending
non recovery of sui gas charges from shops/ canteens of university	813,597	Pending
non revovery of electricity charges from shops/canteens of university	594,341	Pending
doubtful consumption of chemicals	162,600	Pending
keeping balance of items without need assessment	572,187	Pending
loss to government due to mortality	551,900	Pending
non cultivated/ populated university agriculture area 537.8 acre	-	Pending
consumption of generator fuel during off days	428,393	Pending
non maintenance of numeration register of trees	-	Pending
excess consumption of generator's fuel	1,437,915	Pending
doubtful entries in ockhera farm , livestock and poultry farm and director farms	-	Pending
irregular/ overcharging from student on name of hostel funds	1,277,000	Pending
overcharging from students under the head fan charges	6,143,000	Pending
doubtful admission of students in various discipline on sport quota	-	Pending
non-production of record	-	Pending
sanction strength	-	Pending
less production of milking animals at livestock farms of university of agriculture, Faisalabad	-	Pending
loss of university due to less yield of wheat/seed	-	Pending
supply of energy(electricity and gas) to shopping plaza, market, cafes, shops etc and loss to university	-	pending
non return of library books from the student- recovered amount appoxy	46,200	pending
mis use of government vehicle(hilux single cabin fsd-806	195,986	pending
loss to university due to excess printing of prospectus/forms (at cost price)	595,812	pending
variation of number of vehicle	-	pending
loss of 12.75 millin due to mis-management of director farms	12,755,988	pending

Annexure C Summary of Audit observations – contd..

Audit observations

General

Issue	Amounts in PKR	
	Amount	Status
non accountal of fym and poultry manure and loss to UAF	498,000	pending
un collected room rent from foreign faculty hostel and new rent house	420,000	pending
over drawl of charge allowance and loss	606,672	pending
non vouched account of and account fee (approx)	30,000,000	pending
breach of subject expert statutes 1990 ans irregular payment of	876,000	Pending
loss of 2 million by direcotor farms on wheat cutting	2,056,350	Pending
economic impactof reserch on wheat and loss of	4,948,662	Pending
loss of rs. 697320 on labor charges by director farms	697,320	Pending
misuse of university resourse for personal gains and loss of	769,200	Pending
non reclamation of un-commonded land and avoidable loss of	1,580,000	Pending
loss due to non cultivation on cultivable land	5,775,000	Pending
loss to government to the tune of rs. 525,000 on the name of green manuring	525,000	Pending
mis-management of sidhupura farm of loss of	120,000	Pending
non-maintinance of duplicate service books	-	Pending
loss to government due to non maintinance of inventory/whereabouts of 42 demolished building	-	Pending
loss to government due to idle equipment	-	Pending
non submission of vouched account of domestic and residential building	12,746,086	Pending
non recovery of liquidated damages	2,900,000	Pending
non recovery of electricity charges from shops/canteens of university-rs. 126,235/-	126,235	pending
non recovery of sui gas charges from shops/canteens of university-rs. 323,509/-	323,509	pending

Total PKR: 90,093,210
Total USD: 858,031

Annexure D

List of key documents reviewed

List of key documents reviewed	
Sr. No	Documents
1	University of Agriculture Faisalabad Act, 1973
2	List of litigations along with current status.
3	Organogram of UAF
4	The West Pakistan Agricultural University Ordinance ,1961
5	World Bank Assessment Report and HEC Assessment Report
6	Rules of Business of all governing bodies
7	Budget Books
8	Annual Statements of Account
9	Audit Reports of AGPR
10	Chart of Accounts
11	Utilizations Reports submitted to HEC
12	Minutes of meeting of Departmental Accounts Committee
13	Sample of expense payment documents
14	Minutes of Meeting of Senate, Syndicate, Academic Council, Finance & Planning Committee and other statutory committees.
15	Lists of board members and officers elected/appointed/removed during last 3 years
16	Resumes of key management personnel
17	List of permanent staff positions

Annexure D

List of key documents reviewed – contd..

List of key documents reviewed	
Sr. No	Documents
18	University of Agriculture Faisalabad Procurement Rules 2012
19	Minutes of meeting of Tender Committee
20	Bidding Formats
21	List major procurements
22	List of Registered Firms
23	Annual Physical Verification Reports
24	List of Major Suppliers
25	Lists of Consultants & Contractors
26	Punjab Buildings Departments (GoPb) Tender/ Contract Performa
27	Standard Procedure of Pre Qualification of Consultant from PEC

Annexure E Analysis of pending audit observations

Period	Pending Amounts (PKR)	Settled Amounts (PKR)
2003-05	396,413,600	6,942,692
2005-06	32,817,919	72,288,744
2006-07	164,355,469	949,210,544
2007-08	38,273,000	15,916,521
2008-09	81,659,520	29,688,982
2009-11	79,209,866	8,449,280
2011-12	74,459,626	-

Annexure F Profiles of key management staff

S.No	Name	Designation	Qualification	Experience	Date of Appointment	Department/ Faculty
1	Pro. Dr. Laeeq Akbar Lodhi	Dean of faculty of veterinary sciences	Phd in Theriogenology MS Theriogenology DVM	Veterinary officer 1 year Department of live stock and Development , Punjab Pk Lieutenant 2 year Lecturer 1 and Half year UAF International student program coordinator 2 year USA Reserch Assistant 3 year Universit of Minnesota Chief Vetenary and Principal Operator Uqab breeding Form 34 month A.Professor 5 year UAF Ass.Professor 10 year UAF Professor 13.5 years UAF	28 Oct , 2010 as Dean Joined UAF since 1987	Animal Reproduction/ Theriogenology
2	Prof. Dr. Muhammad Sarwar	Dean of Animal Husbandary	Phd in Dairy Sciences MSc Honors in Animul Nutrition Bsc in Animal Husbandary	Veterinary Officer 12 years L&DD Deppt. Lahore Subject Specilist 1 year L&DD Deppt, Lahore Assistant Professor Almost 8 years UAF Assocte Professor 2.5 Years UAF Professor 10 years UAF	15 Jan, 2013 as Dean Joined UAF since 1993	Animal Nutrition and Feed Technology
3	Prof. Dr. Muhammad Iqbal Zafar	Dean of faculty of Social Sciences	Post Doctorate Women Health and Services PhD Sociology MSc Demography and Statistics BSc Mathematics and Statistics	Bank Officer 7 month UBL Lecturer More than 1 year Uni of Balochistan Lecturer 7 year UAF Assistant Professor 6.5 Years UAF Asso.Professor 9 years UAF Professor 10 years UAF	6 Sep, 2013 as Dean Joined UAF Since 1981	Social Sciences
4	Prof .Dr. Muhammad Iqbal	Dean Faculty of Agricultural Engineering and Technology	PhD Agricultural Engineering Master of Engineering BSc in Agriculturing Engineering	Junior Agri Engineer 2 month Wapda Sargoda M.Engineer 1.5 years AIT Bankok Depty Agri Enginn 4 month IRRI Pak agri prog Rawalpindi Lecturer UAF 1.5 years UaF Lecturer 1 years ABU Naama College Sudan Project Manager More than 5 years Abdullah Al Hussain Est. for AGR.KSA Assistant Professor 11.5 years UAF Associate Professor More than 6 year UAF Professor 7 years	4 Feb, 2013 as Dean Joined UAF Since 1987	Agricuture Engineering And Technology
5	Ch. Muhammad Hussain	Registrar	MBA (Executive) UAF MA Political Sciense Islamia University Bhawalpur BA	Stenotypist 2.5 years PAF Stenographer Junior 3 years UAF Stenographer Senior 1 month UAF Personal Assistant(VC) 4 years UAF Secretary to VC 5 years UAF Deputy Registrar 7 years UAF Registrar More than 13 years continue	1 Jan, 1999 asRegistrar Joined UAF Since 80	Registrar Office

Annexure F Profiles of key management staff – contd..

S.No	Name	Designation	Qualification	Experience	Date of Appointment	Department/ Faculty
6	Mr. Umar Saeed	Treasurer	MBA Finance UAF MSc Fibre Technology UAF BSc Punjab University SAS Auditor General of Pakistan Fellow member of PIPFA	Probationer Accountant 1.5 years Directorate Audit General Railway Lahore Assistant Audit Officer 4 years Directorate Audit General Railway Lahore Assistant Treasury Officer 4.5 years Federal Income Tax Treasury Data Processing Unit Faisalabad Audit officer 7 month Directorate Audit General Railway Lahore Accountant Officer More than 2 years UAF Store Officers More than 3 years UAF Account Officer more than 6 years UAF Treasure 6 month continue	26 July, 2013 as Treasurer Joined UAF Since 2002	Treasurer Office
7	Prof Dr. Shafqat Nawaz	Principle at UAF Burewala	PhD Soil Sciences MSc Soil Sciences BSc Soil Sciences	Reserch Officer More than 2 years UAF Lecturer /R. officer 2 month UAF Lecturer More than 2 years UAF Senior Reserch Officer Almost 2 years Uaf Lecturer 4 years UAF Agriculture Chemist 8 month Barani Agri, Chakwal Associate Professor 5.5 years College of Agri, DG khan UAF Associate Professor 2 years UAF Professor 7 years	25 Sep,2013 Joined UAF Since 2004	Soil Sciences
8	Prof. Dr. Javed Akhtar	Director of Soil and Enviromental Services	PhD Soil Sciences MSc Soil Sciences BSc Soil Sciences	Scientific Officer 1.5 years UAF Lecturer 6 month UAF Assistant Professor Almost 3 years UAF Associate Professor UAF More than 4 years Professor More than 6 hours	25 Aug, 2013 Joined UAF Since 1987	Soil Sciences
9	Prof. Dr. Muhammad Sarwar Khan	Director of CABB	Phd in Plant chloroplast Transformation MSc Hons Biotechnology BSc Horticulture	Reserch Assistantship 2 years UAF Postdoctoral Reserch Associate 2 years Rutger University ,USA Postdoctoral Reserch Associate 1 years University of Central Florida,USA Senior Scientific Officer 6 years NIBGE,PAEC,Faisalabad Principle Scientist 3 years NIBGE,PAEC,Faisalabad Professor 5 years UAF	6 June 2013 Since 2008	Agricuture
10	Prof . Dr. Munir Ahmed	Director of Institute of Business Management Sciences	PhD in Agri. Extension MSc Hons Agri Extension BSc Agri Extension	Lecturer 8.5 year UAF Assistant Professor 4.5 years UAF Associate Professor 7 years UAF Professor 3 years	20 Feb, 2013 Joined UAF Since 1991	Social Sciences
11	Prof. Dr. Muhammad Aslam Mirza	Director of Institute of Animal Nutrition and feed Technology	Post Doctorate in Animal Nutrition Phd in Animal Nutrition M.Phil Animal MSc hons Animal Nutrition BSc Animal Nutrition	Veterinary Officer 1 years Director of Animal Health, L&DD Deppt. veterinary Officer 2.5 years Directorate of Livestock farms, L&DD Deppt. Assistant Disease Investigation Officer 3 month Director of Animal Health, L&DD Deppt. Veternary officer 9 month Director of Animal Health, L&DD Deppt. Project Officer 4.5 month Director of Animal Health, L&DD Deppt. Assistant Professor 5.6 years UAF Associate Professor 3 month UAF Professor 6 years	8 Sep, 2012 Joined UAF Since 2001	Animal Husbandry

Annexure F

Profiles of key management staff – contd..

S.No	Name	Designation	Qualification	Experience	Date of Appointment	Department/ Faculty
12	Prof.Dr. Muhammad Aslam Pervez	Director of institute of Horticultural Sciences	Post Doctorate in Vegetable Production PhD in horticulture MSc in Horticulture BSc in Horticulture	Lecturer 10 years in UAF Assistant Professor 6 years in UAF Associate Professor More than 7 years in UAF Professor More than 6 years in UAF	29 Dec, 2012 Joined UAF Since 1983	Agriculture
13	Prof .Dr. Masood Sadiq Butt	Director of National Institute of Food Science and Technology	Post Doctorate in Food and Nutrition PhD in Food Technology MSc Hons in Food Technology BSc in Agriculture major food technology	Visiting Lecturer 9 month Govt. College of Technology, Faisalabad Lecturer 9 years in UAF Assistant Professor 4.5 years in UAF Associate Professor 7 years in UAF Professor 3 years in UAF	5 Nov, 2013 Joined UAF Since 1990	Agriculture Engineering & technology
14	Prof. Dr.Muhammad Iqbal	Principal College of Agriculture,D.G.Khan	PhD Agriculture Engineering M.Engineering in Agriculture Engineering B.Sc in Agriculture Engineering	Junior Engineer 4 years Wapda Bhalwal Lecturer 4 month Irrigation and drainage uni of Agr, Faisalabad Reserch Officer 2 Month Water Management Reserch and Training UAF Assistant Professor 12 years Deptt. Irrigatiion and Drainage, UAF Assistant Professor 3 month College of Agriculture , D.G,Khan Associate Professor 8 years College of Agriculture D.G,khan Professor 6.5 years College of Agriculture D.G,khan	10 July, 2007 Joined UAF Since 1985	College of Agriculture, D.G.Khan
15	Muhammad Shafqat Awan	Controller Examination	MSc Statistics BSc FA	Reserch Associate 2 years in PERI Statistics Officers 1.5 years in ABAD, planning and deveoping department, Govt of Punjab Senior Reserch Associate 5.5 years PERI, P&D, Lahore Assistant Registrar 5.5 Years in UAF Deputy Registrar 12 years Controller Examination and Deputy Registrar Almost 1 years	12 Dec, 2013 Joined UAF Since 1993	Controller of Examination
16	Prof. Dr. Tanvir Ali	Director of Institute of Agri extension and Rural Development	PhD in Agri. Extension MSc Hons Agri Extension BSc Agri Education	Lecturer More than 11 years in UAF Assistant Professor 7 years in UAF Associate Professor 7 years in Uaf Professor 7 years in UAF	23 May, 2012 Joined UAF Since 1981	Agri extension and Rural Development
17	Prof. Dr. Iftikhar Hussain	Director of Institute of Microbiology	Phd. Veterinory Microbiology MSc in microbiology DVM in Veterinory Sciences	Reserch Officer 2 month in UAF Lecturer 8 years in Uaf Assistant Professor 12 years Years in UAF Associate Professor 7 years UAF Professor 7 years	28 Dec, 2010 Joined UAF Since 1979	vaterniry Sciences
18	Prof. Dr. Muhammad Ashfaq	Director of Institute of Agriculture and Resource Economics	Post doctorate in WTO PhDin Agric Economics MSc hons in Agri Economics BSc in Agriculture	Lecturer Almost 2 years in UAF Agri-Officer 6 month UAF Lecturer 8.5 years in UAF Assistant Professor Almost 4 years in UAF Associate Officer 7 years in UAF Professor 3 years	23 May 2012 Joined UAF Since 1991	Social Sciences

Annexure F Profiles of key management staff – contd..

S.No	Name	Designation	Qualification	Experience	Date of Appointment	Department/ Faculty
19	Ms. Naheed Abbas	Director(given duties) of Institute of Rural Home Economics	MSc in Food Sciences MSc in Human Nutrition BSc in Zoology/Botony	Lecturer 15 years in UAF Assistant Professor More than 19 years in UAF	14 July, 2007 Joined UAF Since 1979	Social Sciences
20	Prof. Ddr.Khalil ur Rehman	Principle of UAF Community College	PhD in Bio Chemistry M.Phil in Bio Chemistry MSc in Bio chemistry BSc in Chemistry Zoology Botony	Manager/Chemist 1 years in UNESCO Pharmaceuticals Lahore Shift Chemist 2 years in Rafhan Maize Products Faisalabad Sr. Shift Chemist Rafhan Maize Products, Faisalabad Lecturer 12 years in UAF Assistant Professor 4.5 years in UAF Associate Professor 7 years in UAF Professor 3 years	23 May 2012 Joined UAF Since 1987	Bio Chemistry
21	Prof. Dr. Muhammad Arshad	Dean of Faculty of Agriculture	Ph.D in Soil Microbiology and Biochemistry M.Sc. (Hons) (Soil Science) B.Sc. Hons Agriculture	Lecturer Almost 10 and half year in UAF A.Professor 3 years in UAF Ass. Professor 4 years in UAF professor 14 years in UAF	16 Nov, 2012 as Dean Joined UAF Since 1982	Soil Sciences
22	Prof. Dr. Muhammad Javed	Dean of faculty of Sciences	Post-Doctorate in fisheries Phd Zoology (Specilization in fisheries) MSc Zoology (Specilization in Fisheries) BSc biological Sciencies	Lecturer Almost 5 and half year in UAF A.Professor 9 and half years in UAF Ass. Professor 7 years in UAF professor More than 7 years in UAF	27 Oct, 2013 as Dean Joined UAF Since 1985	Zoology and Fishery
23	Mr. Muhammad Ashraf Mumtaz	Deputy Treasurer	B.A Islamia University, Bahawalpur S.A.S The Accountant General Punjab	Acting Treasurer. Deputy Treasurer (BPS-18), University of Agriculture, Faisalabad. Accounts Officer (BPS-17), Custom Collectorate, Faisalabad. Accounts Officer (BPS-17) (A.G. Punjab). Dsitric Accounts Officer (Faisalabad). Assistant Accounts Officer, District Accoutns Office, Faisalabad. Senior Auditor, DAO, Faisalabad. Auditor, DAO, Bahawalpur. Junior Auditor, DAO, Bahawalpur.	7-May-08	Treasurer Office
24	Rana Khalid Mehmood	Deputy Treasurer UAF Director Procurement and Inventory Control	M.A Economics University of Punjab, Lahore S.A.S Pakistan Military Accountant Department	Deputy Treasurer (BPS-18), University of Agriculture, Faisalabad. Accounts Officer (BPS-17), University of Agriculture, Faisalabad. Asst. Accounts Officer (BPS-16), Pakistan Military Accounts Department. Senior Auditor (BPS-11), Pakistan Military Accounts Department.	6-Apr-05	Treasurer Office
25	Rana Mukhtar Ahmad	Deputy Treasurer (Coordination)	MBA Finance UAF (in progress) Arabice diploma Pakistan National Centre F.E.L Law Punjab University Law College M.A English Punjab University, Lahore BA Arts Punjab University, Lahore	Deputy Treasurer), University of Agriculture, Faisalabad (6 months). Accounts Officer for 2.5 years (University of Agriculture, FSD). 26 years experience as SAC in Adm in Section, Gazetted Adm in Section, Pension Section, Work section, Misc. section and Review cell of PTCL.	4-Oct-09	Treasurer Office

Annexure G Compliance - project performance management

Name of Organization: UAF

Proposed Activity: ALP (Agricultural Linkages Programme)

Survey Conducted by: Muhammad Ali Shaikh

Sr.	Major terms and Conditions	Compliance
1	Call for preliminary proposals announced from the funding agency	Q
2	The announcement for preliminary proposals is circulated through email among the faculty members of UAF	Q
3	Preliminary proposals are received in the ORIC by the faculty members on the prescribed format	Q
4	Preliminary proposals are submitted to the funding agency with the approval of the Vice Chancellor through ORIC	Q
5	After reviewing process of the funding agency, the funding agency demands for detailed project proposal from Principal Investigator through a letter which are selected by them	Q
6	As faculty members submit their detailed project proposals on the prescribed format to ORIC through proper channel(Chairman, Dean/Director) , a note portion is prepared to take permission of submitting the proposal to ALP from Vice chancellor	Q
7	Signatures of the Vice Chancellor is required on the prescribed format of ALP which is obtained on the same note portion	Q
8	Singed research project proposals are sent to ALP through a covering letter from Director, ORIC. Copy of this letter is also sent to Faculty member/Project Investigator for information.	Q
9	After evaluation if there are some minor observations to reviewers, a letter for revision of the project is sent to Project Investigator to improve it	Q
10	The revised project proposal sent to the funding agency with the approval and signatures of the Vice Chancellor through ORIC	Q
11	As project is approved, an approval letter is issued from ALP containing project title, duration and budget approved along with the copy of agreement which has to be signed by the Project Investigator and Vice chancellor	✓
12	The agreement after signatures of the Principal Investigator and Vice Chancellor is sent to the funding agency through ORIC	✓
13	Budget	✓
14	Capital expenditure after project completion	✓
15	Reports submission (financial and technical progress reports) schedule submitted to funding agency.	Q

Name of Organization: UAF

Proposed Activity: ALP (Agricultural Linkages Programme)

Survey Conducted by: Muhammad Ali Shaikh

Sr.	Major terms and Conditions	Compliance
16	If foreign tour regarding research, prior approval from donor agency has to taken	✓
17	In hiring process, for appointments of Research fellows proceedings of selection board along with CVs, will be delivered to ALP,PARC for post scrutiny	Q
18	report submission on timely basis	Q
19	A bank account is open through Treasurer Office and informed to the funding agency and Principal Investigator	Q
20	1st installment is released from ALP and cheque is received in Treasurer Office. Cheque is submitted in bank account by the Treasurer Office and informed to Project Investigator and ORIC through letter (same procedure for all installments)	Q
21	A mid-year progress and Financial reports after the completion of 1st six months of the project duration is submitted to the ALP on the prescribed format through ORIC in the mid of each year of project duration	✓
22	If PI go abroad will nominate substitute person	✓
23	After completing the first year of project execution 1st annual progress report is submitted to ALP through ORIC	✓
24	Request for 1st year honorarium by Project Investigator is forwarded to the funding agency through ORIC	✓
25	As 2nd year completes second annual technical progress report is received by the Project Investigator and it is forwarded to ALP	✓
26	If there is any delay in project completion due to any reason, a request for extension in project life is sent to ALP by Project Investigator through ORIC	N/A
27	ALP extends the project life without any financial liability and inform through a letter to the Project Investigator	N/A
28	The final technical report is sending to the funding agency after completion of the project duration through ORIC	✓
29	Unspent balance if any is returned back to ALP through a cheque in favor of Executive Director, ALP	N/A
30	Equipment is transferred to the Department from funding agency on a prescribed Performa which is signed by both the Principal Investigator and funding agency	✓
31	A letter of appreciation is received from ALP to Project Investigator for successful completion of the project and it is informed that the project has financially settled and there is no financial liability on the part of ALP/University.	Q

Annexure G Compliance - project performance management – contd..

Name of Organization: UAF		
Proposed Activity: PARB (Punjab Agriculture Research Board)		
Survey Conducted by: Muhammad Ali Shaikh		
Sr.	Major terms and Conditions	Compliance
1	Call for proposals announced from the funding agency	Q
2	The announcement for proposals submission is circulated through email among the faculty members of UAF	Q
3	As faculty members submit their project proposals on the prescribed format to ORIC through proper channel (Chairman, Dean/Director) , a note portion is prepared to take permission of submitting the proposal to PARB from Vice chancellor	Q
4	Signatures of the Vice Chancellor is required on the prescribed format of PARB which is obtained on the same note portion	Q
5	Singed research project proposals are sent to PARB through a covering letter from Director, ORIC. Copy of this letter is also sent to Faculty member/Project Investigator for information	Q
6	After evaluation if there are some minor observations to reviewers, a letter for revision of the project is sent to Project Investigator to improve it	Q
7	The revised project proposal sent to the funding agency with the approval and signatures of the Vice Chancellor through ORIC	✓
8	As project is approved, an approval letter is issued from PARB containing project title, duration and budget approved along with the copy of agreement which has to be signed by the Project Investigator and Vice chancellor	✓
9	The agreement after signatures of the Principal Investigator and Vice Chancellor is sent to the funding agency through ORIC	✓
10	A bank account is open by the Principal Investigator through Treasurer Office and informed to the funding agency and Treasurer is the co-signatory	✓
11	The Board deliver the Budget	✓
12	First Installment of the Budget released by Board within one month from the date of signing of the agreement	✓
13	Project Manager/team leader employ relevant project staff	✓
14	PARB notified with the recruitment along with CVs of selected staff	Q
15	Team leaders and scientists receive @ 5% of cost of that activity	✓

Name of Organization: UAF		
Proposed Activity: PARB (Punjab Agriculture Research Board)		
Survey Conducted by: Muhammad Ali Shaikh		
Sr.	Major terms and Conditions	Compliance
16	FA-U receive management fee equivalent to 25% of the budget for the component	✓
17	35% of the management fee available to Head of the host Organization (FA-U) and 65% utilized by the project Management/ITeam leaders in their respective institutions	✓
18	As 1st installment is released from PARB a cheque is received to the Project Manager and informed to ORIC through letter from PARB (same procedure for all installments)	✓
19	Quarterly, Mid-Year and Annual progress and Financial reports are submitted to the Funding Agency through ORIC	✓
20	If there is any delay in project completion due to any reason, a request for extension in project life is sent to PARB by Project Investigator through ORIC	N/A
21	PARB extends the project life without any financial liability and inform through a letter to the Project Investigator	N/A
22	The final technical report is sending to the funding agency after completion of the project duration through ORIC	✓
23	Equipment is transferred to the Department from funding agency with the permission of Vice chancellor	✓
24	A letter of appreciation is received from PARB to Project Investigator for successful completion of the project and it is informed that the project has financially settled and there is no financial liability on the part of PARB/University	Q

Annexure G Compliance - project performance management – contd..

Name of Organization: UAF		
Proposed Activity: HEC (3 - end processing of mRNA transcription)		
Survey Conducted by: Muhammad Ali Shaikh		
Sr.	Major terms and Conditions	Compliance
1	HEC announces the call for research project proposals through advertisement and letter	Q
2	The announcement for proposals is circulated to departments/Institutes/sub campuses accordingly through this office to meet the dead line.	Q
3	A prescribed format along with instruction for research proposals is available on HEC website. (copy attached)	Q
4	As faculty members submit their project proposals on the prescribed format to ORIC through proper channel(Chairman, Dean/Director) , a note portion is prepared to take permission of submitting the proposal to HEC from Vice chancellor	Q
5	Signatures of the Vice Chancellor is required on the prescribed format of HEC which is obtained on the same note portion	✓
6	Approved plan	✓
7	All expenditure according to approved plan	Q
8	If PI go abroad will nominate substitute person	N/A
9	Singed research project proposals are sent to HEC through a covering letter from Director, ORIC. Copy of this letter is also sent to Faculty member/Project Investigator for information.	✓
10	As HEC receives project proposal an acknowledgement letter is sent to Project Investigator that project has been received and it is sent to reviewers for evaluation.	✓
11	After evaluation if there are some minor observations to reviewers, a letter for revision of the project is sent to Project Investigator to improve it	✓
12	Revised project is submitted to ORIC for the signatures of the Vice Chancellor and forwarding to HEC	✓
13	As project is approved, an award letter is issued from HEC containing project title, duration and budget approved along with the copy of agreement which has to be signed by the Project Investigator and Vice chancellor	✓

Name of Organization: UAF		
Proposed Activity: HEC (3 - end processing of mRNA transcription)		
Survey Conducted by: Muhammad Ali Shaikh		
Sr.	Major terms and Conditions	Compliance
14	Agreement is prepared on stamp paper and submitted to ORIC for the signatures of the vice chancellor. After taking the signatures of the Vice Chancellor the agreement is posted to HEC	✓
15	A bank account is opened by Project Investigator through Treasurer Office and information is sent to HEC	Q
16	1st installment is released from HEC and cheque is received in Treasurer Office. Cheque is submitted in bank account by the Treasurer Office and informed to Project Investigator and ORIC through letter	✓
17	After completing the first year of project execution 1st annual technical and financial report is submitted to HEC through ORIC	Q
18	Reports are evaluated by the experts of HEC if report is satisfactory next installment is released	✓
19	If there is any delay in project completion due to any reason, a request for extension in project life is sent to HEC by Project Investigator through ORIC	✓
20	HEC extends the project life for six months without any financial liability	✓
21	After completing the three years of the project 3rd annual technical and fiscal reports are submitted through ORIC. Unspent balance if any is returned back to HEC through a cheque in favor of Director Accounts, HEC.	Q
22	After evaluation of final reports, HEC allows to utilize the amount of honorarium as final payment by Project Investigator and Co- Project Investigator.	Q
23	A Performa for completed projects is requested by HEC from Project Investigator. It is available on HEC website. (Copy is attached)	Q
24	Again the prescribed Performa is sent to HEC through ORIC.	Q
25	A letter of appreciation is received from HEC to Project Investigator for successful completion of the project and it is informed that the project has financially settled and there is no financial liability on the part of HEC/University.	Q

Annexure G Compliance - project performance management – contd..

Name of Organization: UAF		
Proposed Activity: HEC (tackling metabolic syndrome by developing functional		
Survey Conducted by: Muhammad Ali Shaikh		
Sr.	Major terms and Conditions	Compliance
1	HEC announces the call for research project proposals through advertisement and letter	Q
2	The announcement for proposals is circulated to departments/Institutes/sub campuses accordingly through this office to meet the dead line.	Q
3	A prescribed format along with instruction for research proposals is available on HEC website. (copy attached)	Q
4	As faculty members submit their project proposals on the prescribed format to ORIC through proper channel(Chairman, Dean/Director) , a note portion is prepared to take permission of submitting the proposal to HEC from Vice chancellor	Q
5	Signatures of the Vice Chancellor is required on the prescribed format of HEC which is obtained on the same note portion	✓
6	Audited statement of expenditure submitted to HEC	Q
7	Approved plan	✓
8	All expenditure according to approved plan	✓
9	If PI go abroad will nominate substitute person	✓
10	Singed research project proposals are sent to HEC through a covering letter from Director, ORIC. Copy of this letter is also sent to Faculty member/Project Investigator for information.	✓
11	As HEC receives project proposal an acknowledgement letter is sent to Project Investigator that project has been received and it is sent to reviewers for evaluation.	P
12	After evaluation if there are some minor observations to reviewers, a letter for revision of the project is sent to Project Investigator to improve it	Q
13	Revised project is submitted to ORIC for the signatures of the Vice Chancellor and forwarding to HEC	Q
14	As project is approved, an award letter is issued from HEC containing project title, duration and budget approved along with the copy of agreement which has to be signed by the Project Investigator and Vice chancellor	✓
15	Agreement is prepared on stamp paper and submitted to ORIC for the signatures of the vice chancellor. After taking the signatures of the Vice Chancellor the agreement is posted to HEC	✓

Name of Organization: UAF		
Proposed Activity: HEC (tackling metabolic syndrome by developing functional		
Survey Conducted by: Muhammad Ali Shaikh		
Sr.	Major terms and Conditions	Compliance
16	A bank account is opened by Project Investigator through Treasurer Office and information is sent to HEC	Q
17	1st installment is released from HEC and cheque is received in Treasurer Office. Cheque is submitted in bank account by the Treasurer Office and informed to Project Investigator and ORIC through letter	✓
18	After completing the first year of project execution 1st annual technical and financial report is submitted to HEC through ORIC	✓
19	Reports are evaluated by the experts of HEC if report is satisfactory next installment is released	Q
20	Request for 1st year honorarium by Project Investigator is forwarded to registrar's office for the release of the honorarium after checking that reports for 1st year has submitted or not.	✓
21	As 2nd year completes second annual technical & financial report is received by the Project Investigator and it is forwarded to HEC.	N/A
22	Like 1st year honorarium, 2nd year honorarium is released for Project Investigator	Q
23	If there is any delay in project completion due to any reason, a request for extension in project life is sent to HEC by Project Investigator through ORIC	✓
24	HEC extends the project life for six months without any financial liability	✓
25	After completing the three years of the project 2nd annual technical and fiscal reports are submitted through ORIC. Unspent balance if any is returned back to HEC through a cheque in favor of Director Accounts, HEC.	Q
26	After evaluation of final reports, HEC allows to utilize the amount of honorarium as final payment by Project Investigator and Co- Project	Q
27	A Performa for completed projects is requested by HEC from Project Investigator. It is available on HEC website. (Copy is attached)	Q
28	Again the prescribed Performa is sent to HEC through ORIC.	Q
29	A letter of appreciation is received from HEC to Project Investigator for successful completion of the project and it is informed that the project has financially settled and there is no financial liability on the part of HEC/University.	Q

Legend:

Q: Control/ documentation missing

Tick mark: Control/ documentation available.

Annexure H Project delays and variation

Delays in ORIC Completed Projects

Project No.	Dept./Inst.	Cost (in millions)	Date of Approval	Duration (Years)	Duration (Days)	Actual Completion Date	Completion Date as per Agreement	Delay in Completion (Days)	Delay in Completion (Years)
896	Agronomy	2.969	26-Jul-07	3	1095	16-Sep-13	26-Jul-10	1148	3.15
765	FRM	3.977	12-Feb-07	3	1095	2-Oct-13	12-Feb-10	1328	3.64
758	Agri-Entomology	2.191	28-Jun-08	3	1095	14-Sep-13	29-Jun-11	808	2.21
1119	Chemistry and Biolchemistry	1.987	7-May-08	3	1095	19-Apr-13	8-May-11	712	1.95
1133	Plant Breeding & Genetics	1.42	24-Mar-09	3	1095	24-Sep-13	24-Mar-12	549	1.50
1292	Soil Sciences	6.068	25-Jun-09	3	1095	27-Sep-13	25-Jun-12	459	1.26
1316	Chemistry and Biolchemistry	1.754	16-Jun-09	3	1095	27-Sep-13	16-Jun-12	468	1.28
1288	Plant Pathology	4.235	2-Nov-09	3	1095	7-Mar-13	2-Nov-12	125	0.34
1471	NIFS&T	4.43	18-Jan-10	2	730	30-Jul-13	19-Jan-12	558	1.53
665	Crop Physiology	1.644	1-Oct-06	3	1095	26-Sep-13	1-Oct-09	1456	3.99
1602	Soil Sciences	6.229	9-Jul-10	3	1095	7-Dec-13	9-Jul-13	151	0.41
1591	Chemistry and Biolchemistry	3.339	4-Aug-10	2	730	4-Feb-13	4-Aug-12	184	0.50
890	Chemistry and Biolchemistry	6.034	29-Dec-08	3	1095	5-Nov-13	30-Dec-11	676	1.85
1035	Crop Physiology	2.096	16-Nov-07	3	1095	14-Mar-13	16-Nov-10	849	2.33
813	Zoology & Fuseries	4.945	6-Jan-07	3	1095	5/31/2013	6-Jan-10	1241	3.40
ALP	Animal Production	5.046	15-Aug-05	3	1095	26-Feb-11	15-Aug-08	925	2.53
ALP	Animal Production	6.641	10-Aug-05	3	1095	2-Feb-11	10-Aug-08	906	2.48
ALP	Pathology	9.35	16-Aug-06	3	1095	18-Feb-11	16-Aug-09	551	1.51
ALP	Soil and Environmental Sciences	4.289	1-Jul-10	1	365	1-Nov-11	2-Jul-11	122	0.33
ALP	Soil Sciences	4.881	1-Jul-08	3	1095	4-Jan-12	2-Jul-11	186	0.51
ALP	Agronomy	3.713	13-May-08	3	1095	12-Nov-12	14-May-11	548	1.50

Annexure H Project delays and variation – contd..

Delays in P&D Completed Projects

Project No.	Title of Project	Cost (In millions)	Status Completed/Ongoing	Year of Approval	Completion date as per PC-I	Actual Completion Date	Delay in completion (years)
1	Special Repair of Buildings of U.A. Faisalabad.	3.697	Completed	1986	1987	1989	2.0
2	Estt. of Centre of Agri. Bio-Chemistry & Bio-Tech. (CABB) at UAF	18.097	Completed	1984	1989	1995	6.0
3	Consolidated on-going dev. scheme of UAF	42.015	Completed	1985	1989	1990	1.0
4	Improvement of Facilities at UAF.	49.958	Completed	1988	1992	1994	2.0
5	Immediate Need for the Repairs & Renovation of Old Buildings of UAF and CVS, Lahore.	19.162	Completed	1993	1995	1998	3.0
6	Strengthening of Existing Capacities for IT Education, UAF	10.36	Completed	2001	30-6-2004	2005	1.5
7	Dev. of Boom Sprayer for Environmentally Effective Application of Insecticides of Cotton Crop.	1.775	Completed	2001	31-12-2003	2004	1.0
8	Strengthening of Labs, and Library of Science Departments at UAF.	39.975	Completed	2001	30-06-2003	2004	1.5
9	Campus-Wide Networking and computerization of UAF using Fiber Optics.	31.624	Completed	2003	31-12-2004	2006	2.0
10	Up-gradation of the Deptt. of Soil Science to Institute of Soil & Environmental Sciences, UAF	34.45	Completed	2003	30-6-2004	2007	3.5
11	Export Quality Cut Flower Production and Essential Oil Extraction of Rosa at UAF(Phase-I)	9.65	Completed	2002	2005	2006	1.0
12	Up-gradation of Deptt. of Food Tech. to Institute of Food Technology, UAF	37.8	Completed	2003	30-6-2005	2006	1.5
13	Up-gradation of Deptt. of Horticulture to Institute of Horticultural Sciences, UAF	32.33	Completed	2003	30-6-2005	2009	4.5
14	Food Industrial Waste Management for the Production of Lactic Acid through Bio-Tech. Applications, UAF	12.350	Completed	2002	30-6-2005	2006	1.5
15	Microbial ACC-Deaminase Bio-Tech. for Sustainable Production of Cereals, UAF	4.464	Completed	2002	30-6-2005	2006	1.5
16	Improvement of Existing Facilities and other development activities at UAF	116.617	Completed	1994	30-6-2000	2004	4.6
17	Establishment of Modern Citrus Nursery of Certified Plants through Sanitation Techniques	25.742	Completed	2002	30-6-2004	2007	3.5
18	Pilot Scale Production Purification and Characterization of Xylanase from Hyper Expressed Mutant of Chaetomium Thermophile.	10.2	Completed	2002	30-6-2004	2005	1.5
19	Establishment of a Satellite Large, Animal Teaching Cum Research Hospital at PARS, UAF	32.368	Completed	2005	31-12-2007	2007	0.0
20	Strengthening and Up-gradation of Hi-Tech Lab. and Estt. of Instrument Repair Cell, UAF	38.093	Completed	2004	30-6-2008	2009	1.5
21	Rehabilitation/Re-enforce-ment of offices, Road, Building, New Campus and Students Hostel of UAF	131.889	Completed	2004	30-6-2006	2009	3.5
22	Construction of Hostel for students, UAF	26.485	Completed	2004	31-12-2006	2009	3.0
23	Estt. of Agriculture College at Dera Ghazi Khan as Constituent College of UAF	99.695	Completed	2000	31-12-2003	2009	6.0
24	Hostel for Visiting Faculty at UAF	15.597	Completed	2004	30-6-2005	2009	4.0
25	Up-dating Labs, of Agri. Engg. Departments, UAF	32.387	Completed	2005	21-9-2006	2009	3.0
26	Strengthening of WTO Cell, UAF (Punjab Funded)	13.845	Completed	2007	30-6-2009	2009	0.5
27	Construction of Three Hostels for Students at UAF, Punjab Funded	106.784	Completed	2007	30-6-2009	2011	2.5
28	Establishment of Sub-Campus of UAF at Toba Tek Singh	38.17	Completed	2007	23-3-09	2011	2.8
29	Strengthening/Upgradation of the Institute of Food Science & Tech. into National Institute of Food Science & Tech. UAF	169.856	Completed	2007	24-5-09	2013	4.5
30	Construction of New Buildings for Faculty of Vety. Science at PARS, UAF	200	Completed	2006	28-12-08	2013	5.0

Annexure I

Financial management and internal control systems

Budgeting Process

- Preparation of budget is responsibility of Treasurer. Budget & Finance department assist him in preparing the budget. After discussion with budget & Finance department, following budgeting mechanism is identified:
 - UAF follow incremental budgeting process for preparation of budgets;
 - Higher Education Commission (HEC) grants one liner budget to UAF;
 - Notification is sent to each department for assessing the need of each department. This include comparison of existing budgets and demanded budgets;
 - Keeping in view its own sources generated through students' fees, hostel fees, affiliation fees, sale of prospectus and other incomes, Anticipated Grant (Deficit/Gap) is calculated;
 - This budget estimate include head 'Block Allocation' to account for marginal changes in other heads of budget. To utilize this head, approval of VC is required;
 - Estimates and revisions are placed before the following Statutory bodies of university for approval:
 - i. Finance & Planning Committee
 - ii. Syndicate
 - iii. Senate
 - The estimates of next year are compared with revised estimate of immediate preceding year which is being finalized and actual results of year before the preceding year.
 - Quarterly & Annual Utilization Reports are submitted to HEC by the Treasurer along with request to release next tranche. At the end of the year, Annual statement of income & Expenditure is also submitted.

3. Receipt procedure

- UAF have following sources of funds:
 - HEC
 - Own Sources
 - Other Donor agencies
- As explained in budgeting section, grants received under approved budget from HEC is dealt by non – development account section. Following types of grants are received from HEC:
 - i. Recurring Grant
 - ii. Grant for Tenure Track Scheme
 - iii. Additional / Supplementary Grant
- The receipt mechanism is as follows:
 - In each quarter, HEC releases allocated grant in two or more tranches. In current year, monthly tranches are released;
 - Cross cheque is released in name of Voice Chancellor who endorse the cheque in favor of UAF account;
 - Cheque is than deposited in UAF account and deposit slip is retained for record purpose.
 - Quarterly Utilization Report specifying grant received and expended in different heads is submitted to HEC, these reports are than compiled in annual report submitted to HEC;
- Own Sources include
 - Fee from Student (Admission fee, Registration fee, Tuition Fee etc)
 - Hostel Fee/Charges
 - Other Income (Sale of Prospectus, Rent/Lease of University Shops etc)
- Fee from Students are collected as per following procedure:
 - After listing of merit lists of each discipline, bank chalans requiring credentials of students are filled by students and stamped by fee section to ensure correction of fee and compliance with merit list;

Annexure I Financial management and internal control systems – contd..

- There are three designated banks for submission of fee;
 - After Submission of fee, credentials of students are entered in fee management system;
 - Bank intimate fee section regarding fees collected by them;

 - Fee section than reconcile the fees as per their records and as per bank intimation and reconcile the difference, if any, This reconciliation is informal as there is no set format for this.
 - For second and onward semesters, system generated fee slip is issued to the students for submission of fee. These slips are color differentiated for different discipline fees.

 - Funding agencies who fund in research projects are dealt under Accounts development section. These include PSF,ESF,PARC and HEC.
 - Funding under each project is as per agreement with respective agency financing the research project. Separate account is opened for each project and grant is received as per agreed schedule via crossed cheque and deposited in the project account opened for the purpose.
 - Development projects are monitored by funding agency. Expenditure reports as required in the project are submitted by principle investigator of the project. Development finance section verify the expenditures and reports are submitted to funding agency as per agreement with them.
- #### 4. Payment Procedure
- Under section 40 of UAF Act, 1973, no expenditure shall be made from the funds of the University unless:
 - The expenditure is included in the approved budget of the University; and
 - A bill for its payment has been audited in conformity with the Statutes, the Regulations and the Rules by the Auditor appointed by the Government.
 - As this section does not contain comprehensive payment procedure and university has no written procedures, following generally accepted mechanism is used in UAF:
 - After allocation of budget to respective departments and under different heads, Drawing disbursement officer (DDO) incur expenses as per allocated budget;
 - Contingent Bill is prepared which is the standard format being used for approval of expenditure and payments;
 - Budget stamp is embossed on the bill which depict total budget allowed in that specific head and total expenditure incurred till that date. All these information is extracted from Budget Control Register (BCR). Department head (Principle or Dean) approval is also required.
 - Bill is entered in accounting system.
 - This bill with supporting is than forwarded to Pre- audit & distribution section. It maintain receipt and dispatch register for receiving and dispatching of bills. It also maintain budget control register (BCR) of each department to ensure that expenditure is under sanctioned limit. It also ensure that relevant documentation is complete and tax is appropriately deducted.
 - Bill is than forwarded to audit (Resident auditor) for approval. His duty is to ensured that in each transaction, relevant rules & regulations are complied with. Receipt & Dispatch registers are also maintained to record bills received and dispatched;
 - After approval by resident auditor, bill is forwarded to Pre – audit & distribution section. Cheque is prepared by distribution section and signed by authorized signatory as per limits defined. Cheque is than disbursed to payee.

Annexure I Financial management and internal control systems – contd..

- Bill with relevant supporting is sent to accounts maintenance section (Development & Non Development) and recorded in cash book.
- UAF maintain guard files for storage of bills and relevant documents. Guard files are forwarded to record room (Store).
- Accounting system has the capability to generate Bill Entry Report for the purpose of reconciliation with cash book.

Salary Payments

- There are four categories of staff :
 - Permanent (regular staff under defined pay scales)
 - Adhoc (Temporary staff for a period of six months)
 - Contractual (Staff hired for specific period such as one or two years)
 - Consolidate (Staff having fixed salary with no allowances)
 - Daily paid labor (DPL)
- UAF is managing the salary payment procedure under Payroll System. All staff categories except DPL are paid through system. For DPL staff normal payment procedure is adopted which is explained earlier. In addition to that requirement, time sheet indicating number of days is prepared and attached with the contingent bill.
- Salary of all other staff is paid under following mechanism:
 - Form F01 is used to enter the new employee in the system. This form contain credentials such as joining date, pay scale, bank account detail etc. UAF normally require employee to maintain account in HBL, MCB of NBP;
 - Each department maintains attendance register on which attendance is marked but there is no time management process;
 - Number of leaves taken by the employee are notified to the salary section on form F02 (for deduction of conveyance allowance). Any other changes in salary is also intimated on this form;
- At the end of the month bank advice and Pay Orders are generated through system on which approval of following sections is obtained prior to intimation to bank;
 - i. Pre – Audit & Distribution Section
 - ii. Resident Auditor
 - iii. Treasurer
- Pay registers containing department wise data of employees is also system generated which is forwarded to Pre – Audit & distribution section for recording in Establishment Check Register (ECR). This register includes details of joining, pay scale, allowances, deductions and other credentials. Pre – Audit & Distribution Section also ensure that allowances and deductions are accurate.
- System generated pay slips are forwarded to disbursed relevant employees.
- In addition to above mentioned categories, there are professors and PhD students who are outside the Pakistan in different international universities under HEC Indigenous PhD Program and HEC Need – Based Scholarships and other donors. There stipend is paid under head ‘Conduct of Examination’ and paid through foreign currency allocation provided by HEC. Under this allocation, required foreign currency is purchased from State Bank of Pakistan and UAF account is debited by the amount of PKR.

Annexure J

List of reports generated by accounting system

Reports Generated by Software

Payroll Reports

- 1 Pay orders (In Respect of NBP, HBL, MCB)
- 2 Bank Advices
- 3 Summery Payroll (Head wise consolidated)
- 4 Pay Register (Department wise data of employees)
- 5 Pay Slips
- 6 Lists of allowances & Deductions
- 7 Annual Increment Report
- 8 Annual Group Insurance Report
- 9 Annual Income tax Report
- 10 Report of Expiry date
- 11 Report of Superannuation

Expenditure Reports

- 1 Bill Entry Report (Report of Bills sent to Resident)
- 2 Cheque Wise Report of Bills (For reconciliation by
- 3 Voucher wise Report (For reconciliation by
- 4 Monthly & Quarterly Summery
- 5 Sales Tax & Income Tax Report (For Pre – Audit &
- 6 Income Tax Reports (For Pre – Audit & Distribution

Income Reports

- 1 Head wise income report
- 2 Monthly, quarterly and annual income report
- 3 Department wise income report

Annexure K

Overview of procurement rules

- **UAF Procurement Rules, 2012**
- **Scope and applicability:** These rules apply to all procurements made by the University, its constituent college(s), community college(s) and sub campus(s), etc.
- **Principles of Procurements:** The University, engaging in procurements, ensure that the procurements are conducted in a fair and transparent manner, the object of procurement is to bring value for money to the University and the procurement process is efficient and economical.
- **International commitments of the University:** Whenever these rules are in conflict with an obligation or commitment of the University arising out of an international treaty or an agreement with a State or States, or any international financial institution the provisions of such international treaty or agreement prevail to the extent of such conflict.
- **Language:** All communications and documentation related to procurements of the University are either be in Urdu or English or both.
- **Integrity Pact:** Procurements exceeding Rs. 10.0 million are to be subject to an integrity pact between the University and the suppliers or contractors.

Procurement Planning

- **Procurement Planning:** Within one year of commencement of these rules, the University devise a mechanism, for planning in detail for all proposed procurements with the object of realistically determining the requirements of the University, within its available resources, delivery time or completion date and benefits that are likely to accrue to the University in future.
- **Limitation on splitting or regrouping of proposed procurement:** The University is required to announce in an appropriate manner all proposed procurements for each financial year with the prior approval of the Syndicate and proceed accordingly without any splitting or regrouping of the procurements so planned. The annual estimated requirements advertised in advance on the PPRA's website as well as on the University website.
- **Specifications:** Specifications allow the widest possible competition and not favor any single contractor or supplier nor put others at a disadvantage. Specifications are to be generic and not include references to brand names, model numbers, catalogue numbers or similar classifications. However if the University is convinced that the

use of or a reference to a brand name or a catalogue number is essential to complete the specification. This rule is not apply to procurement made by public sector commercial concerns on the demand of private sector client specifying, in writing, a particular brand, model or classification of equipment, machinery or other objects.

- **Approval mechanism:** The University provide clear authorization and delegation of powers for different categories of procurement and only initiate procurements once approval of the competent authorities concerned has been accorded.

Procurement Advertisement

- **Methods of advertisement:** Procurements over one hundred thousand rupees and up to the limit of two million rupees are to be advertised on the PPRA's and University website and in print media, if deemed necessary. The lower financial limit for advertisement on PPRA's website for open competitive bidding should be the prescribed financial limit for request for quotations, that will be discussed later.
- All procurements over two million rupees should be advertised on the PPRA's & University's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers principally appear in at least two national dailies, one in English and the other in Urdu.
- The University ensure that the information posted on the website is complete for the purposes for which it is posted, and such information remain available on that website until the closing date for the submission of bids.
- **Response time:** The University decide the response time for receipt of bids or proposals (including proposals for pre-qualification) from the date of publication of an advertisement or notice, keeping in view the individual procurement's complexity, availability and urgency. Ordinarily, the response time should not be less than fifteen days for national competitive bidding and thirty days for international competitive bidding from the date of publication of advertisement or notice. However, if the situation requires, the Vice Chancellor may relax the response time for national bidding. All advertisements or notices expressly mention the

Overview of procurement rules – contd..

response time allowed for that particular procurement along with the information for collection of bid documents which should be issued till a given date, allowing sufficient time to complete and submit the bid by the closing date. No time limit is applicable in case of emergency.

- The response time is to be calculated from the date of first publication of the advertisement in a newspaper or posting on the web site.
- In situations where publication of such advertisements or notices has occurred in both electronic and print media, the response time is calculated from the day of its first publication in the newspapers.
- **Exceptions:** It is mandatory for the University to advertise all procurement requirements exceeding prescribed financial limit. However under following circumstances deviation from the requirement is permissible with the prior approval of the Vice Chancellor,-
 - the proposed procurement is related to national security and its publication could jeopardize national security objectives
 - the proposed procurement advertisement or notice or publication of it, in any manner, relates to disclosure of information, which is proprietary in nature or falls within the definition of intellectual property which is available from a single source.

Pre-qualification, Qualification and Disqualification of suppliers and contractors

Suppliers and Contractors

- **Pre-qualification of suppliers and contractors:** The University, prior to the floating of tenders, invitation to proposals or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil works, turnkey projects and in case of procurement of expensive and technically complex equipment/chemicals through a committee to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification is solely based upon the ability of the interested parties to perform that particular work satisfactorily.
- The University engaging in pre-qualification may take into consideration the following factors:-
 - relevant experience and past performance;
 - capabilities with respect to personnel, equipment, and plant;

- financial position;
- appropriate managerial capability; and
- any other factor that the University may think deem relevant, not inconsistent with these rules.

● Pre-qualification process

- The University engaging in pre-qualification announce, in the pre-qualification documents, all information required for pre-qualification including instructions for preparation and submission of the pre-qualification documents, evaluation criteria, list of documentary evidence required by suppliers or contractors to demonstrate their respective qualifications and any other information that the University deems necessary for pre-qualification.
- The University provide a set of pre-qualification documents to any supplier or contractor, on request and subject to payment of price, if any.
- The University promptly notify each supplier or contractor submitting an application to pre-qualify whether or not it has been pre-qualified and make available to any person directly involved in the pre-qualification process, upon request, the names of all suppliers or contractors who have been pre-qualified. Only suppliers or contractors who have been pre-qualified are entitled to participate further in the procurement proceedings.
- The University communicate to those suppliers or contractors who have not been pre-qualified, the reasons for not pre-qualifying them.
- **Qualification of suppliers and contractors:** The University, at any stage of the procurement proceedings, having credible reasons for or prima facie evidence of any defect in supplier's or contractor's capacities, may require the suppliers or contractors to provide information concerning their professional, technical, financial, legal or managerial competence whether already pre-qualified or not. The qualification only be laid down after recording reasons thereof in writing. They become part of the records of that procurement proceeding.
- **Disqualification of suppliers and contractors:** The University disqualify a supplier or contractor if it finds, at any time, that the information submitted by him concerning his qualification as supplier or contractor was false and materially inaccurate or incomplete.

Annexure K Overview of procurement rules – contd..

- **Blacklisting of suppliers and contractors:** The University specify a mechanism and manner to permanently or temporarily bar, from participating in their respective procurement proceedings, suppliers and contractors who either consistently fail to provide satisfactory performances or are found to be indulging in corrupt or fraudulent practices. Such barring action duly publicized and communicated to the PPRA. Any supplier or contractor who is to be blacklisted is accorded opportunity of being heard.

Methods of Procurement

- **Principal method of procurement:** The University use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.
- **Open competitive bidding:** The University engage in open competitive bidding if the cost of the object to be procured is more than the prescribed financial limit which will be discussed later.
- **Submission of bids:** The bids should be submitted in a sealed package or packages in such a manner that the contents are fully enclosed and cannot be known until duly opened. The University specify the manner and method of submission and receipt of bids in an unambiguous and clear manner in the bidding documents.
- **Bidding documents:** The University is required to formulate precise and unambiguous bidding documents which are to be made available to the bidders immediately after the publication of the invitation to bid.
- For competitive bidding, whether open or limited, the bidding documents include the following:-
 - invitation to bid;
 - instructions to bidders;
 - form of bid;
 - form of contract;
 - general or special conditions of contract;
 - specifications and drawings or performance criteria (where applicable);
 - list of goods or bill of quantities (where applicable);
 - delivery time or completion schedule;
 - qualification criteria (where applicable);

- bid evaluation criteria;
 - format of all securities required (where applicable);
 - details of standards (if any) that are to be used in assessing the quality of goods, works or services specified; and
 - any other detail not inconsistent with these rules that the University may deem necessary.
- Any information, that becomes necessary for bidding or for bid evaluation, after the invitation to bid or issue of the bidding documents to the prospective bidders, to be provided in a timely manner and on equal opportunity basis. Where notification of such change, addition, modification or deletion becomes essential, such notification is required to be made in a manner similar to the original advertisement.
 - The University follow standard bidding documents of the PPRA (Govt. of Pakistan) for preparation of bidding document of each tender till the notification of the same by the PPRA (Govt. of Punjab).
 - The University provide a set of bidding documents to any supplier or contractor, on request and subject to payment of price, if any. However, the supplier / contractor may also download the same from University website.
 - **Reservations and preference:** The University allow all prospective bidders to participate in procuring procedure without regard to nationality, except in cases in which University decides to limit such participation to national bidders only or prohibit participation of bidders of some nationalities, in accordance with its policy.
 - The University allow for a preference to domestic or national suppliers or contractors in accordance with the policies of the Government of the Punjab. The magnitude of price preference to be accorded shall be clearly mentioned in the bidding documents under the bid evaluation criteria.
 - **Bid security:** The University require the bidders to furnish a bid security not exceeding five per cent of the bid price.
 - **Bid validity:** The University, keeping in view the nature of the procurement, subject the bid to a bid validity period. Bids are required to be valid for the period of time specified in the bidding document.
 - The University has to process and evaluate the bid within the stipulated bid validity period. However, under exceptional circumstances and for reason to be recorded in writing, if an extension is considered necessary

Annexure K Overview of procurement rules – contd..

all those who have submitted their bids are asked to extend their respective bid validity period. Such extension is for not more than the period equal to the period of the original bid validity.

- Bidders who,-
 - agree to extension of their bid validity period are also extend the validity of the bid bond or security for the extended period of the bid validity;
 - agree to the University's request for extension of bid validity period are not be permitted to change the substance of their bids; and
 - do not agree to an extension of the bid validity period are allowed to withdraw their bids without forfeiture of their bid bonds or securities.
- **Extension of time for submission of bids:** Where the University has already prescribed a deadline for the submission of bids and due to any reason the University finds it necessary to extend such deadline, it is required to do so only after recording its reasons in writing and in an equal opportunity manner. Advertisement of such extension in time is required to be done in a manner similar to the original advertisement.

Opening, Evaluation and Rejection of Bids

- **Opening of bids:** The date for opening of bids and the last date for the submission of bids are required to be the same. Bids are required to be opened at the time specified in the bidding documents. The bids are required to be opened at least thirty minutes after the deadline for submission of bids.
- All bids are opened publicly in the presence of the bidders or their representatives who may choose to be present, at the time and place announced prior to the bidding. The University read aloud the unit price as well as the bid amount and are required to record the minutes of the bid opening. All bidders in attendance sign an attendance sheet. All bids submitted after the time prescribed are to be rejected and returned without being opened.
- **Evaluation Criteria:** The University is required to formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criteria in the bidding documents misses procurement.

- **Evaluation of Bids:** All bids are evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents. No evaluation criteria is used for evaluation of bids that had not been specified in the bidding documents.
- For the purposes of comparison of bids quoted in different currencies, the price is converted into a single currency specified in the bidding documents. The rate of exchange is the selling rate, prevailing on the date of opening of bids specified in the bidding documents, as notified by the State Bank of Pakistan on that day.
- A bid once opened in accordance with the prescribed procedure is subject to only those rules, regulations and policies that are in force at the time of issue of notice for invitation of bids.
- **Clarification of Bids:** No bidder is allowed to alter or modify his bid after the bids have been opened. However the University may seek and accept clarifications to the bid that do not change the substance of the bid. Any request for clarification in the bid, made by the University should invariably be in writing. The response to such request should also be in writing.
- **Discriminatory and difficult conditions:** the University should not introduce any condition, which discriminates between bidders or that is considered to be met with difficulty. In ascertaining the discriminatory or difficult nature of any condition reference is made to the ordinary practices of that trade, manufacturing, construction business or service to which that particular procurement is related.
- **Rejection of Bids:** The University may reject all bids or proposals at any time prior to the acceptance of a bid or proposal. The University upon request communicate to any supplier or contractor who submitted a bid or proposal, the grounds for its rejection of all bids or proposals, but is not required to justify those grounds. The University incur no liability towards suppliers or contractors who have submitted bids or proposals. Notice of the rejection of all bids or proposals be given promptly to all suppliers or contractors that submitted bids or proposals.
- **Re-bidding:-** If the University has rejected all bids, it may call for a re-bidding. The University before invitation for re-bidding, assess the reasons for rejection and may revise specifications, evaluation criteria or any other condition for bidders as it may deem necessary.

Annexure K Overview of procurement rules – contd..

- **Announcement of evaluation reports:** The University announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least seven days prior to the award of procurement contract. However, the time limit will not apply in case of exigency of service(s) required.
 - **Procedures of open competitive bidding:** The following procedures are permissible for open competitive bidding:-
 - **Single stage – one envelope procedure.-** Each bid shall comprise one single envelope containing, separately, financial proposal and technical proposal (if any). All bids received shall be opened and evaluated in the manner prescribed in the bidding document.
 - **Single stage – two envelope procedure.-** The bid shall comprise a single package containing two separate envelopes. Each envelope shall contain separately the financial proposal and the technical proposal;
 - The envelopes shall be marked as “FINANCIAL PROPOSAL” and “TECHNICAL PROPOSAL” in bold and legible letters to avoid confusion;
 - Initially, only the envelope marked “TECHNICAL PROPOSAL” shall be opened;
 - The envelope marked as “FINANCIAL PROPOSAL” shall be retained in the custody of the University without being opened;
 - The University shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal which does not conform to the specified requirements;
 - During the technical evaluation, no amendments in the technical proposal shall be permitted;
 - The financial proposals of bids shall be opened publicly at a time, date and venue announced and communicated to the bidders in advance;
 - After the evaluation and approval of the technical proposal, the University, shall at a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. The financial proposal of bids found technically non-responsive shall be returned unopened to the respective bidders; and
 - the bid found to be the lowest evaluated bid shall be accepted.
- **Two stage bidding procedure.-**
 - **First stage**
 - The bidders are required to first submit, according to the required specifications, a technical proposal without price;
 - The technical proposal are evaluated in accordance with the specified evaluation criteria and may be discussed with the bidders regarding any deficiencies and unsatisfactory technical features;
 - After such discussions, all the bidders are required to be permitted to revise their respective technical proposals to meet the requirements of the University;
 - The University may revise, delete, modify or add any aspect of the technical requirements or evaluation criteria, or it may add new requirements or criteria not inconsistent with these rules, such revisions, deletions, modifications or additions are communicated to all the bidders equally at the time of invitation to submit final bids, and that sufficient time is allowed to the bidders to prepare their revised bids, such allowance of time is not be less than fifteen days in the case of national competitive bidding and thirty days in the case of international competitive bidding;
 - Those bidders not willing to conform their respective bids to the University’s technical requirements may be allowed to withdraw from the bidding without forfeiture of their bid security;
 - **Second stage**
 - The bidders, whose technical proposals or bids have not been rejected and who are willing to conform their bids to the revised technical requirements of the University, shall be invited to submit a revised technical proposal along with the financial proposal;
 - The revised technical proposal and the financial proposal are required to be opened at a time, date and venue announced and communicated to the bidders in advance; and
 - The revised technical proposal and the financial proposal are required to be evaluated in the manner prescribed above. The bid found to be the lowest evaluated bid are required to be accepted, the date for the submission of the revised technical proposal and financial proposal the University is required to allow sufficient time to the bidders to incorporate the agreed upon changes in the technical proposal and prepare their financial proposals accordingly.

Annexure K Overview of procurement rules – contd..

● **Two stage - two envelope bidding procedure.-**

● **First stage**

- The bid shall comprise a single package containing two separate envelopes. Each envelope shall contain separately the financial proposal and the technical proposal;
- The envelopes shall be marked as “FINANCIAL PROPOSAL” and “TECHNICAL PROPOSAL” in bold and legible letters to avoid confusion;
- Initially, only the envelope marked “TECHNICAL PROPOSAL” shall be opened;
- The envelope marked as “FINANCIAL PROPOSAL” shall be retained in the custody of the University without being opened;
- The technical proposal shall be discussed with the bidders with reference to the University’s technical requirements;
- Those bidders willing to meet the requirements of the University shall be allowed to revise their technical proposals following these discussions;
- Bidders not willing to conform their technical proposal to the revised requirements of the University shall be allowed to withdraw their respective bids without forfeiture of their bid security;

● **Second stage**

- After agreement between the University and the bidders on the technical requirements, bidders who are willing to conform to the revised technical specifications and whose bids have not already been rejected shall submit a revised technical proposal and supplementary financial proposal, according to the technical requirement;
- The revised technical proposal along with the original financial proposal and supplementary financial proposal shall be opened at a date, time and venue announced in advance by the University. The date for the submission of the revised technical proposal and supplementary price proposal the University shall allow sufficient time to the bidders to incorporate the agreed upon changes in the technical proposal and to prepare the required supplementary financial proposal; and
- The University shall evaluate the whole proposal in accordance with the evaluation criteria and the bid found to be the lowest evaluated bid shall be accepted.

- Conditions for use of single stage two envelope, two stage and two stage two envelope bidding procedures.-
- Single stage one envelope bidding procedure shall ordinarily be the main open competitive bidding procedure used for most of the procurement. Other appropriate procedures of open competitive bidding shall be selected in the following circumstances, namely:-
 - single stage two envelope bidding procedure shall be used where the bids are to be evaluated on technical and financial grounds and price is taken into account after technical evaluation;
 - two stage bidding procedure shall be adopted in large and complex contracts where technically unequal proposals are likely to be encountered or where the University is aware of its options in the market but, for a given set of performance requirements, there are two or more equally acceptable technical solutions available to the University; and
 - two stage two envelope bidding method shall be used for procurement where alternative technical proposals are possible, such as certain type of machinery or equipment or manufacturing plant.

Acceptance of bids and award of procurement contracts

- **Acceptance of bids:** The bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulations or policy of the University, award the procurement contract, within the original or extended period of bid validity.
- **Performance guarantee:** Where needed and clearly expressed in the bidding documents, the University require the successful bidder to furnish a performance guarantee which shall not exceed ten per cent of the contract amount. However, in case of import of goods the limit will be fixed by the Treasurer on case to case basis.
- **Limitation on negotiations:** There shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder.
- **Confidentiality:** The University keep all information regarding the bid evaluation confidential until the time of the announcement of the evaluation report.
- **Alternative methods of procurements:** The University may utilize the following alternative methods of procurement of goods, services and works:

Annexure K Overview of procurement rules – contd..

- **Petty purchases:** The University may provide for petty purchases where the object of the procurement is below the financial limit of twenty five thousand rupees. Such procurement shall be exempt from the requirements of bidding or quotation of prices. The University shall ensure that procurement of petty purchases is in conformity with the principles of procurement. If the University is convinced of the inadequacy of the financial limit prescribed for petty purchases in undertaking their respective operations may approach the Syndicate for enhancement of the same with full and proper justifications.
- **Request for quotations:** The University engage in this method of procurement only if the following conditions exist, namely:
 - the cost of object of procurement is below the prescribed limit of one hundred thousand rupees. The Vice Chancellor is authorize to fix an appropriate limit for request for quotations method of procurement subject to a maximum of rupees five hundred thousand which will become financial limit. However, the Syndicate shall be approached to fix limit exceeding rupees five hundred thousand.
 - the object of the procurement has standard specifications;
 - minimum of three quotations have been obtained; and
 - the object of the procurement is purchased from the supplier offering the lowest price.
- **Direct contracting:** The University only engage in direct contracting if one of the following conditions exist, namely:
 - the procurement concerns the acquisition of spare parts or supplementary services from original manufacturer or supplier. The same are not available from alternative sources;
 - only one manufacturer or supplier exists for the required procurement. The University specify the appropriate fora, which may authorize procurement of proprietary object after due diligence;
 - where a change of supplier would oblige the University to acquire material having different technical specifications or characteristics and would result in incompatibility or disproportionate technical difficulties in operation and maintenance. The contract or contracts do not exceed three years in duration;
- repeat orders, if the supplier agrees to supply on terms and conditions of the original procurement
- in case of an emergency, the University shall specify appropriate fora vested with necessary authority to declare an emergency;
- when the price of goods, services or works is fixed by the government or Vice Chancellor or any other authority, agency or body duly authorized by the Government or Syndicate, on its behalf;
- for purchase of motor vehicle from local original manufacturers or their authorized agents at manufacturer's price;
- for purchase of Livestock through special purchase committee with the approval of Vice Chancellor;
- for purchase from the manufacturer or from authorized agent / distributor/dealer on manufacturer's rates with approval of the Treasurer;
- for purchase from Metro, Makro, etc;
- for import/purchase from abroad by the University employee or any other person on his/her behalf during his/her visit/stay abroad with the prior approval of the Vice Chancellor. After inspection/commissioning of the goods as the case may be, reimbursement will be made (on production of invoice/bill along with shipping document) as per exchange rate of the State Bank of Pakistan / NBP / Open Market, which ever is less, on the date of purchase or as per actual credit/debit card invoice, etc.
- **Negotiated Tendering:** The University may engage in negotiated tendering with one or more suppliers or contractors with or without prior publication of a procurement notification. This procedure shall only be used when:
 - the supplies involved are manufactured purely for the purpose of supporting a specific piece of research or an experiment, a study or a particular development;
 - for technical or artistic reasons, or for reasons connected with protection of exclusive rights or intellectual property, the supplies may be manufactured or delivered only by a particular supplier;

Annexure K Overview of procurement rules – contd..

- for reasons of extreme urgency brought about by events unforeseeable by the University, the time limits laid down for open and limited bidding methods cannot be met. The circumstances invoked to justify extreme urgency must not be attributable to the University. The University desirous of using negotiated tendering as a method of procurement shall record its reasons and justifications in writing for resorting to negotiated tendering and shall place the same on record.
- **On account payments:** The University make prompt payments to suppliers and contractors against their invoices or running bills within the time given in the conditions of the contract, which shall not exceed thirty days in normal circumstances. Advance payment may be made against an equal amount of bank guarantee. However, advance payment may be made without bank guarantee. An advance may be made to the indenter for purchase, if required, with the approval of the Vice Chancellor.
- **Entry into force of the procurement contract:** A procurement contract shall come into force:
 - where no formal signing of a contract is required, from the date the notice of the acceptance of the bid or purchase order has been given to the bidder whose bid has been accepted. Such notice of acceptance or purchase order shall be issued within a reasonable time; or
 - where the University requires signing of a written contract, from the date on which the signatures of both the procuring agency and the successful bidder are affixed to the written contract. Such affixing of signatures shall take place within a reasonable time. where the coming into force of a contract is contingent upon fulfillment of a certain condition or conditions, the contract shall take effect from the date whereon such fulfillment takes place.
- **Closing of contract:** Except for defect liability or maintenance by the supplier or contractor, as specified in the conditions of contract, performance of the contract shall be deemed close on the issue of over all delivery certificate or taking over certificate which shall be issued within thirty days of final taking over of goods or receiving the deliverables or completion of works enabling the supplier or contractor to submit final bill and the auditors to do substantial audit.

- In case of defect liability or maintenance period, defect liability certificate shall be issued within thirty days of the expiry of the said period enabling the supplier or contractor to submit the final bill. Except for unsettled claims, which shall be resolved through arbitration, the bill shall be paid within the time given in the conditions of contract, which shall not exceed sixty days to close the contract for final audit.

Maintenance of record and freedom of information

- **Record of procurement proceedings:** The University shall maintain a record of its respective procurement proceedings along with all associated documentation for a minimum period of five years.
- **Public access and transparency:** As soon as a contract has been awarded the University shall make all documents related to the evaluation of the bid and award of contract public. Where the disclosure of any information related to the award of a contract is of proprietary nature or where the University is convinced that such disclosure shall be against the public interest, it can withhold only such information from public disclosure subject to the prior approval of the Vice Chancellor.

Redressal of grievances and settlement of disputes

- **Redressal of grievances by the University:** The University constitute a committee comprising of odd number of persons, with proper powers and authorizations, to address the complaints of bidders that may occur prior to the entry into force of the procurement contract. Any bidder feeling aggrieved by any act of the University after the submission of his bid may lodge a written complaint concerning his grievances not later than **seven** days after the announcement of the bid evaluation report. The committee shall investigate and decide upon the complaint within fifteen days of the receipt of the complaint. Mere fact of lodging of a complaint shall not warrant suspension of the procurement process. Any bidder not satisfied with the decision of the committee of the University may lodge an appeal in the relevant court of jurisdiction.
- **Arbitration:** After coming into force of the procurement contracts, disputes between the parties to the contract shall be settled by arbitration. The University shall provide for a method of arbitration in the procurement contract, not inconsistent with the laws of Pakistan.
- **Miss-procurement:** Any unauthorized breach of these rules shall amount to miss-procurement.

Annexure K

Overview of procurement rules – contd..

- **Overriding effect:** The provisions of these rules shall have effect notwithstanding anything to the contrary contained in any other rules concerning public procurements. the prevailing rules and procedures will remain applicable only for the procurement of goods, services and works for which notice for invitation of bids had been issued prior to the commencement of these rules unless the University deems it appropriate to re-issue the notice for the said procurement after commencement of these rules.

Annexure K Overview of procurement rules – contd..

DELEGATION OF FINANCIAL AND ADMINISTRATIVE POWERS FOR PROCUREMENT OF GOODS AND SERVICES

S. No.	Functions	Authority to whom delegated	Extent	Remarks
1	2	3	4	5
1	Procurement of goods and services			
	a. Without quotations	i. Principal Officer ii. Chairperson of the Department, Head of Department/Deputy Treasurer/Deputy Registrar,	Below Rs.25,000/- Below Rs.15,000/-	
		iii. Principal Officer iv. Chairperson of the Department, Head of Department/Deputy Treasurer/Deputy Registrar, Executive Engineer, Director Students Affairs & Sports, Hall Warden, Senior Tutor.	Full powers Below Rs.100,000/-	a. Purchase of Livestock, etc., through special purchase committee with the approval of Vice Chancellor; b. Purchase from the manufacturer or from authorized agent / distributor / dealer on manufacturer's rates;
		v. Principal Officer vi. Chairperson of the Department, Head of Department/Deputy Treasurer/Deputy Registrar,	Full powers Below Rs. 25,000/-	Repair of goods from the respective manufacturer/dealer/agent.
		vii. Principal Officer viii. Chairperson of the Department, Head of Department/Deputy Treasurer/Deputy Registrar, Executive Engineer, Director Students Affairs & Sports, Hall Warden, Senior Tutor.	Below Rs. 500,000/- Below Rs. 200,000/-	Purchase from Metro, Makro, etc upto the limits fixed by the Syndicate.
	b. With quotation (i) Calling quotations with minimum time of three days through Campus News, UAF from registered firms OR Collecting quotations by the Purchase Committee on spot from registered / non-registered firms.	Principal Officer	Above Rs.25,000/- below Rs.100,000/-	
	c. through Tenders on PPRA(Pb)/ University website	Principal Officer	Above Rs.100,000/- upto Rs.2.00 million.	

Annexure K Overview of procurement rules – contd..

DELEGATION OF FINANCIAL AND ADMINISTRATIVE POWERS FOR PROCUREMENT OF GOODS AND SERVICES

S. No.	Functions	Authority to whom delegated	Extent	Remarks
1	2	3	4	5
1	d. through Tenders on PPRA (Pb), University website and Newspapers	Principal Officer	Above Rs.2.00 million	
2	Release of earnest/bid money and performance security	Deputy Treasurer (DPIC) ** Account Officer (DPIC)	Full powers Upto Rs. 25,000/-	
3	Forfeiture of earnest/bid money, performance security and blacklisting of firm	Treasurer * Director (DPIC)	Full powers	By following prescribed conditions.
4	Proprietary item a. Declaration of Proprietary	Treasurer	Full powers	
	b. Procurement of Proprietary declared item(s)	i. Principal Officer ii. Chairperson of the Department, Head of Department/Deputy Treasurer/Deputy Registrar, Executive Engineer, Director Students Affairs & Sports, Hall Warden, Senior Tutor.	Full powers Below Rs. 100,000/-	
5	Calling of bids/tenders through PPRA/ University website / newspaper / University Campus News	Deputy Treasurer (DPIC)		
6	Opening / processing of quotations / bids / tenders and signing of comparative statement	i. Respective Drawing & Disbursing Officer (DDO) and Deputy Treasurer (DPIC)/Accounts Officer (DPIC) ii. Respective Committee		i. University Campus News ii. Others
7	Placing of Supply order a. For General Administration b. Others	i. Director(DPIC) ii. Deputy Treasurer (DPIC) ** Respective DDO		
8	Entering into Formal Contract a. Rate Contract (goods and services), leasing and hiring b. Procurement of goods and services	Treasurer Principal Officer / Respective DDO		
9	Imports a. Through Letter of Credit b. Through Foreign Telegraphic Transfer(FTT), Credit / Debit Card, etc by the University Employee / Others	Treasurer Vice Chancellor		
10	Tax Exemption Certificate	Registrar		
11	Hiring of transport (purchase through DPIC)	Deputy Treasurer (DPIC)		
12	Registration of firms	Treasurer* Director DPIC		On the recommendations of committee
13	De-registration of firms	Treasurer* Director DPIC		-

Annexure K Overview of procurement rules – contd..

DELEGATION OF FINANCIAL AND ADMINISTRATIVE POWERS FOR PROCUREMENT OF GOODS AND SERVICES

S. No.	Functions	Authority to whom delegated	Extent	Remarks
1	2	3	4	5
14	Constitution of Purchase / Repair / Standardization / Specifications Committee a. Without quotations/tenders	Vice Chancellor	Full powers	The purchase / repair / standardization / specifications / pre-qualification committee shall comprise of at least three members i.e. a. Member(s) from respective Department b. Member(s) from some other department of UAF c. Treasurer/DPIC's representative(s)
	b. With quotations/tenders	Treasurer	Full powers	Treasurer's representative will not be included in the Specification Committee if it is constituted separately from Purchase / Repair Committee.
15	Preparation of Bidding Documents	Deputy Treasurer (DPIC) ** Accounts Officer (DPIC)		In coordination with the end user or the purchaser, as the case may be, following the Standard Bidding Documents
16	Inspection	Respective department or otherwise specifically mentioned in the contract/supply order		
17	Drawl of Advance	Vice Chancellor	Full Powers	An advance may be made to the indenter for purchase, if required.
18	Advance payment	Treasurer	Full Powers	An advance payment may be made without bank guarantee.
19	Issuance of goods			
	1. General Administration 2. Others	Deputy Treasurer (DPIC) ** / Stores Officer		With approval of Treasurer for General Administration

* If the Director (DPIC) or Deputy Treasurer is not posted as the case may be.

** If the Stores Officer/Accounts Officer (DPIC) is not posted as the case may be.

*** If the Director (DPIC) is not posted.

Note:

- Principal Officers include Dean of Faculties, Treasurer, Registrar, Controller of Examinations, Librarian, Director Generals, Directors, Principals of College (s) and sub Campus (es), Project Manager/Principal Investigator/Project Incharge, and excludes Director Student Affairs & Director Sports.
- Purchase of stationery and general stores articles shall normally be made through Directorate of Procurement & Inventory Control. However, the department may make direct purchase from open market following the requisite procedures and rules in emergency and after obtaining Non-availability Certificate from the Directorate of Procurement & Inventory Control.
- Printing shall normally be made by the University Printing Press. However, the department may arrange the same from open market following the requisite procedures and rules and after obtaining NOC from University Printing Press.

Annexure L Summary of key HR procedures

1. Recruitment Policy:

- Recruitment policy of organisation is covered in two categories.
 - 1) Scale 1 to 16
 - 2) Above scale 16
 - Scale 1 to 16:
 - Policy for recruitment of employees up to grade 16 are described under University of Agriculture Faisalabad Employees Statutes 2006.
 - According to these statutes;
 - Vice Chancellor is appointing authority to appoint for all post.
 - Selection committee advise vice chancellor in appointment of Grade 16 employees and Advisory Committee advice vice chancellor in appointment of lower posts.
 - Appointment to these post are made by either initial recruitment, promotion, transfer and deputation.
 - Candidate for initial appointment must be national of Pakistan and possess the required qualification and experience.
 - Candidate for appointment must be free from health defects. Person is required to produce character certificate from educational institution last attended.
 - Age limit for appointment of person is not less than 18 and more than 35 years as on last day fixed for submission of application for appointment of post.
 - Appointment to vacancy is filled first and then by initial selection.
 - Appointment by transfer is made on same scale in other department.
 - Appointment by deputation is made by for maximum of three year at a time on such term and condition as may be allowed by university in consultation with lending organization .
 - Seniority-cum-fitness is considered in case of promotion of employees.
 - The required qualification for posts are present in statutes.
 - Vice Chancellor has authority to relax any provision present in statutes.
 - In case any matter not present in statutes, syndicates adopts instruction or rules issued by Government.
- Scale above 16:
- Policy for recruitment of employees above 16 is described in University of Faisalabad, Statutes 1989.
 - Appointing authority to appoint university teachers and other officers in BS 17 and above is Syndicate. Selection board recommend syndicate on appointment of employees.
 - Selection board consist of Vice Chancellor,(Chairmen), member of Public Server Commission, nominated by chairmen, Dean of faculty concern, Chairmen of Teaching department and on member of syndicate and two other members appointed by syndicate and none of three are employee of University.
 - Quorum for selection board in case of Professor or other teacher is four while for other officer than teachers is three.
 - For selecting Professor or Associate Professor, Selection board consult with three expert in concern subject and for other teacher two expert, nominated by Vice Chancellor.
 - Candidate for initial appointment must be national of Pakistan, not married to foreigner and possess the required qualification and experience.
 - Employees need to produce their character certificate from last attended institutes and his medical test is positive.
 - An application for teaching and other post received in response of advertisement is consider by selection board and recommend suitable person to Syndicate.
 - For unresolved difference between syndicate an Selection board Chancellor decision is final.
 - Age limit for appointment of person is not less than 18 and more than 35 years as on last fixed for submission of application for appointment of post.
 - Appointment by deputation is made by for maximum of three year at a time on such term and condition as may be allowed by university in consultation with lending organization .
 - Any regular appointment to post mention in schedule is made on probation period by appointing authority.

Annexure L Summary of key HR procedures – contd..

2. Recruitment Procedures:

- If any vacancy arise in in department, respective department communicate with vice chancellor, who order of advertisement of posts.
- All the posts are advertised in English and Urdu newspapers giving reasonable time i.e. 3 to 4 weeks for submission of application form along documents to university.
- Received Application are scrutinized by a neutral committee headed by Registrar of the University in accordance with condition of advertised. The other member of committee will be appointed by Vice Chancellor. Consultation with related expert is necessary.
- The ineligible candidates are intimated about rejection of their application giving opportunity of appeal before Vice Chancellor within 10 days.
- The eligible's candidates are called for interview before the selection Board.
- Member of selection board marks the candidates independently and average marking be worked out for final selection .
- Minutes of meeting of selection board are send to members of the Board for approval. If approval is not received within 10 days from the day of receipt of minutes to the members, then these should consider as approved.
- Only approved minutes by members of the selection board be submitted to Syndicate for approval.
- After approval of Syndicate, the results be declared and issued to press, displayed in Notice Board and Website of the University.
- Offer letters are send to selected candidates.
- Willing person submit their joining report to University.
- All selected person s are passed from Medical test that must show that person are free from any mental and physical defects.
- **Leave Policy**
 - Leave policy for employees is described in University of Agriculture, Faisalabad Employees Leave Statutes, 1989
 - Syndicate and vice chancellor are competent authorities for approval of leave and application are presented before Syndicate for approval.
 - Employees earn four earned leaves in each month. These leaves are credited to their leave account in register. Leave account is maintained by registrar.
- Employee after completion of leave if remain absent and not taken permission of Competent authority, these days are debited against his leave count and are unpaid. Competent authority may terminate service of university employees in this case. For temporary and Adhoc employees service stand terminated if absence is of 15 days.
- Leave salary admissible during pay is greater of
 - 1) average monthly pay earned 2) Pay drawn before leave
- A maximum period of leave on full pay that may b granted at one time is 120 days.
- A leave of full pay may be converted leave on Half pay, debit to leave account is ratio of 1:2. There is no limit on grant of leave on half pay.
- Leave not due to employees may be granted to be offset against leave to be earned in future. The maximum period of leaves is 365 in whole service. These leaves do not exceed 90 days in initial 5 years of service.
- Disability leaves are granted outside leave account , up to maximum of seven hundred and twenty days on medical advice as competent authority consider necessary. Salary is pay at full pay for first one hundred and half pay for remaining.
- Female employee is granted with leave of 90 days from date of commencement or 45 days from date of confinement whichever is earlier .These leaves are not granted from leave account. These leaves are granted maximum of three times in service.
- For confinement beyond three time, leaves are charged to leave account . No increment is paid during leaves.
- University may grant extra ordinary leave to employee on their application for extra ordinary leave or no other admissible leaves. No leave salary is admissible in these leaves. These leaves are of maximum time of 5 years provided that employee has experience of 10 years.The period of five years may be reduced to full or half pay leaves.

by registrar.

Annexure L

Summary of key HR procedures – contd..

3.

- Female employees may granted leaves against leave account on death of her husband for not more than 130 days on full pay.
- Employees are allowed quarantine leave outside leave account as authorized medical attendant and period of leave is treated as duty with full pay.
- Syndicate has power to relax any policy related to leave.
- **Creation of Additional Post:**
- Syndicate has authority to create additional post as required.
- A request is made to Treasurer for creation of additional post by concern department.
- Request is then made to Vice Chancellor for approval.
- On approval, request is send back to Treasurer for placing before the up coming meeting of Finance and Planning committee.
- Recommendation of Finance and Planning committee is presented before Syndicate for approval.
- On approval of Syndicate Approved post are added in Annual Budget.

Annexure M Personnel files compliance

S.No	Name	Designation	Degree Checked	Degree Verified	Reference Obtained	NIC Checked	Character Certificate	Offer Letter	Notification	Joining Report	Medical certificate
1	Zia Ahmed Chatta	Reserch Officer	P	P	Q	P	P	P	P	P	P
2	Rana ammar Aslam	Lecturer	P	P	Q	P	P	P	P	P	P
3	Mr. Qamar Nawaz	Lecturer Web developer	P	P	Q	P	Q	P	P	P	Q
4	Dr. Hafiz Naeem Asghar	Assistant professor	P	P	Q	P	P	P	P	P	P
5	Muhammad Sabir	Assistant professor	P	P	Q	P	P	P	P	P	P
6	Dr. Muhammad Aamer Maqsood	Assistant professor	P	P	Q	P	P	P	P	P	P
7	Dr.Ghulam Murtaza	Professor	P	P	Q	P	P	P	P	P	P
8	Miss Hada Farooq	Reserch Officer	P	P	Q	P	P	P	P	P	P
9	Dr. Shahbaz Ahmed	Assistant professor	P	P	Q	Q	P	P	P	P	P
10	Dr.Irshad Bibi	Assistant professor	P	P	Q	P	P	P	P	P	P
11	Dr. Akmal Nazir	Assistant professor	P	P	Q	P	Q	P	P	P	P
12	Dr. Abu Bakkar	Assistant professor	P	P	Q	P	P	P	P	P	P
13	Mr. Ali Hassan	Lecturer	P	P	Q	P	P	P	P	P	P
14	Mr. Ghulam Hassan	Farm Manager (17)	P	P	Q	P	P	P	P	P	P
15	Mis Umara Sahar Rana	Lecturer	P	P	Q	P	P	P	P	P	P
16	Malik Zohaib Ali	Lecturer	P	P	Q	P	P	P	P	P	P
18	Mr. Irfan Tahir	Reserh Assistant	P	P	Q	P	Q	P	P	P	P
19	Mr. Kamran	Assistant Reserch Officer	P	P	Q	P	P	P	P	P	P
20	Mr. Irfan Abbas	Deputy Registrar	P	P	Q	P	N/A	P	P	P	P
21	Dr. Abaid ur Rehman	Medical Officer	P	P	Q	P	N/A	P	P	P	P
22	Mr. Tanzeel Ur Rehman	Reserh Assistant	P	P	Q	P	P	P	P	P	P
23	Miss Rabia Anam	Assistant ExecutiveEngineer	P	P	Q	P	P	P	P	P	P

Annexure N Hiring process compliance

S.No	Name	Type	Designation	Application Form Checked for Credentials filled	Initial Requirement for this post			Minutes of Selection Board Meeting Checked for			Offer Letter Checked for				Check that Educational Certificates are verified from Relevant Board	Joining Report Checked for			The Applicant if not already Govt servant produce Character Certificate from Principal Academic Officer	Affidavit Certifying correction of credentials attached	Medical Examination Certificate by the University Medical Officer	Notification appointment checked for			Approved minutes by the Members of Board of Selection Board submitted to Syndicate
					Educational	Experience	Publication	Section Approval of Candidate	Confirmation of VC	Signature of Meeting Secretary	Salary Grade as per Post Applied	Salary Amount as per Post Applied	Registrar Signature	Deputy Registrar Signature		Employee Signature	Department Head Signature & Stamp	Department Dean Signature & Stamp				Registrar Signature	Deputy Registrar Signature	Probation period	
1	Miss Iqra Shagufta	Temporary	Lecturer in Department of Social Sciences and Humanities	P	M.Phil,GCU, Faisalabad	N/A	N/A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N/A	P	
2	Malik Zohaib Ali	Temporary	Lecturer of Department of Anatomy	P	DVM of 5 years in UAF	N/A	N/A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N/A	P	
3	Rana Ammar Aslam	Temporary	Lecturer of Department of Structural and Environmental Engineering	P	BSc Agriculture Engineering 4 years	N/A	N/A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N/A	P	
4	Mr. Fuurqan Muhayodin	Regular	Lecturer of Department of Farm Machinery and Power	P	BSc Agriculture Engineering 4 years	N/A	N/A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	Two years	P	
5	Dr. Hafiz Naeem Asghar	Tenure Track system	Associate Professor of Institute of Soil and Environmental Sciences	P	PhD soil Sciences	10 years exp after Phd	12 publication in last 5 years	P	P	P	N/a	N/a	N/a	N/a	P	P	P	P	P	P	P	P	No Probation	P	

Annexure N Hiring process compliance – contd..

S.No	Name	Type	Designation	Application Form Checked for Credentials filled	Initial Requirement for this post			Minutes of Selection Board Meeting Checked for			Offer Letter Checked for				Check that Educational Certificates are verified from Relevant Board	Joining Report Checked for			The Applicant if not already Govt servant produce Character Certificate from Principal Academic Officer	Affidavit Certifying correction of credentials attached	Medical Examination Certificate by the University Medical Officer	Notification appointment checked for			Approved minutes by the Members of Board of Selection Board submitted to Syndicate
					Educational	Experience	Publication	Section Approval of Candidate	Confirmation of VC	Signature of Meeting Secretary	Salary Grade as per Post Applied	Salary Amount as Post Applied	Registrar Signature	Deputy Registrar Signature		Employee Signature	Department Head Signature & Stamp	Department Dean Signature & Stamp				Registrar Signature	Deputy Registrar Signature	Probation period	
6	Dr. Atif Riaz	TTS	Associate professor of Institute of Horticultural Science	P	Post Doctorate in Horticulture	post PhD 6 years Experience	11 Publication in Last 5 years	P	P	P	N/a	N/a	N/a	N/a	P	P	P	P	P	P	P	P	P	No Probation	P
7	Dr. Faqir Muhammad	TTS	Associate Professor of Dept. of Physiocology and Pharmacology	P	PhD in Comparative Bio Chemical Sciences	9 Years after PhD	More than 15 in last 5 years	P	P	P	N/a	N/a	N/a	N/a	P	P	P	P	P	P	P	P	P	No Probation	P
8	Dr. Sultan Habibullah Khan	TTS	Associate professor of Institute of Horticultural Science	P	PhD in Plant Molecular Biology	9 Years after PhD	7 in Last years	P	P	P	N/a	N/a	N/a	N/a	P	P	P	P	P	P	P	P	P	No Probation	P
9	Dr. Muhammad Ahsan	Regular	Associate Professor in Plant breeding and genetics	P	Phd in Plant breeding and Genetics	17 years after PhD	7 in Last years	P	P	P	N/a	N/a	N/a	N/a	P	P	P	P	P	P	P	P	P	for two years	P
10	Dr. Muhammad Sabir	TTS	Assistant Professor in Agriculture institute of Soil and Environmental Sciences	P	PhD in Soil Sciences	N/A	N/A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	First term review after 3 years	P

Annexure N Hiring process compliance – contd..

S.No	Name	Type	Designation	Application Form Checked for Credentials filled	Initial Requirement for this post			Minutes of Selection Board Meeting Checked for			Offer Letter Checked for				Check that Educational Certificates are verified from Relevant Board	Joining Report Checked for			The Applicant if not already Govt servant produce Character Certificate from Principal Academic Officer	Affidavit Certifying correction of credentials attached	Medical Examination Certificate by the University Medical Officer	Notification appointment checked for			Approved minutes by the Members of Board of Selection Board submitted to Syndicate
					Educational	Experience	Publication	Seaction Approval of Candidate	Confirmation of VC	Signature of Meeting Secretary	Salary Grade as per Post Applied	Salary Amount as Post Applied	Registrar Signature	Deputy Registrar Signature		Employee Signature	Department Head Signature & Stamp	Department Dean Signature & Stamp				Registrar Signature	Deputy Registrar Signature	Probation period	
11	Dr. Amjid Abbas	TTS	Assistant Professor in Plant Pathology	P	PhD in Biotechnology	N/A	N/A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	First term review after 3 years	P
12	Dr. Mubahir Mehdi	TTS	Assistant OF Institute of Business Management Sciences	P	Phd in Agribusiness	N/A	N/A	P	P	P	P	P	P	P	P	P	P	P	Q	P	P	P	P	First term review after 3 years	P
13	Dr. Kashif Kamran	TTS	Assistant Professor of Department of Physics	P	PhD in Applied Physics	N/A	N/A	P	P	P	P	P	P	P	P	P	P	P	Q	P	P	P	P	First term review after 3 years	P
14	Miss Hada Farooq	Temporary	Reserch Officer Agri Economics at Burewala campus	P	MSc Hons Development Economics BSc Hons 4 years	N/A	N/A	P	P	P	P	P	P	sent for verification	P	P	P	P	P	P	P	P	P	N/A	P
15	Shahzad Ahmed	Adhoc	Reserch Officer WMAR UAF	P	MSc Water Resource Engineering	N/A	N/A	Vice Chancellor appoint it. Request present in next			P	P	P	P	P	P	P	P	P	P	P	P	P	N/A	Q
16	Mr.Zeeshan Munir	Temporary	Reserch Officer Agri - Engineer	P	MSc Agri Engineering	N/A	N/A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N/A	P
17	Dr.Ghulam Murtaza	TTS	Professor of Soil and Enviromental Sciences	P	PhD in Soil Sceinces	16 years post PhD experience	6 in last five years more than 40 overall	P	P	P	Already employees in BPS now appointed in TTS				P	P	P	P	P	P	P	P	P	4 years Probation	Not Attached in File
18	Dr. Muhammad Jaffer Jaskani	TTS	Professor of Horticulture	P	Phd in Horticulture	14 years post PhD	5 in last 5 years 27 total	P	P	P	Already employees in BPS now appointed in TTS				P	P	P	P	P	P	P	P	P	4 years Probation	Not Attached in File
19	Rabia Anam	Adhoc	Assistant Executive Engineer	P	BSc Agriculture Endinnering 4 years	N/A	N/A	Q	Q	Q	P	P	P	P	P	P	P	P	P	Q	P	Q	Q	Q	Q
20	Mr. Irfan Abbas	Regular	Deputy Registrar	P	MBA in Marketing/ Management	N/A	N/A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	2 years	Not Attached in File

Annexure O

Analysis of approved and vacant positions

Administration staff strength			
	Sanctioned	Filled	Vacant
Registrar	111	106	5
Treasurer	57	56	1
Directorate of planing and development	8	7	1
Controller office	44	43	1
Project directorate	83	83	0
Directorate of procurement and inventory control	36	15	21
Fund Secretariat	15	15	0
Quality Enhancement Cell	7	7	0
Resident Auditor	6	6	0
Day care centre	3	3	0
IT Resource & Data bank	3	1	2
	373	342	31

Annexure P

List of key personnel interviewed

Sr. No	Name of Employee	Designation	Department
1	Ch. Muhammad Hussain	Registrar	Office of the Registrar
2	Mr. Abdul Hafeez	Deputy Registrar (G)	Office of the Registrar
3	Mr. Inam Qadir khan	Deputy Registrar (Admin.)	Office of the Registrar
4	Umar Saeed	Treasurer	Office of the Treasurer
5	Mr. Muhammad Ashraf Mumtaz	Deputy Treasurer	Office of the Treasurer
6	Rana Khalid Mehmood	Director Procurement and Inventory Control	Office of the Treasurer
7	Rana Mukhtar Ahmad	Deputy Treasurer (Coordination)	Office of the Treasurer
8	Mr. Altaf Hussain	Accounts Officer (Budget & Finance Section)	Office of the Treasurer
9	Faisal Shahzad Sial	Accounts Officer	Office of the Treasurer
10	Mr. Muhammad Shafqat Iqbal	Controller of Examinations	Office of the Controller of Examinations
11	Dr. Haq Nawaz	Director	Directorate of Graduate Studies
12	Mr. Muhammad Razaq	Admin Officer	Directorate of Graduate Studies
13	Brig. (R) Muhammad Javed Anwer SI (M)>	Director Development/Focal Person (SFAO)	Directorate of Assistance and University Advancement
14	Professor Dr. Asif Ali	Director	Office of Research, Innovation and Commercialization
15	Ms. Aisha Arshad	Assistant Professor/Manger Data Bank	Office of Research, Innovation and Commercialization

Annexure Q Mapping with scope of work

Sr. No.	Scope of work	Reference with report section
	Legal Structure	21 to 45
1	• Overall legal structure	26
2	• Legal requirements	27
3	• Organizational structure	29 – 34
4	• Governance	35 – 38
5	• Control environment	39 – 41
	Financial management and internal control systems	59 to 78
6	• Banking relationship and accounts	74
7	• Accounting system	64 – 66
8	• Chart of account	66
9	• Variance analysis	70
10	• Allowable and unallowable costs	71 – 72
11	• Direct and indirect costs (if applicable)	68
12	• Internal Controls	73
13	• Financial management records	75
14	• Sources of funding	76
15	• Financial reports	77
16	• Audit and review of financial statements	42 – 43

Annexure Q Mapping with scope of work – contd..

Sr. No.	Scope of work	Reference with report section
17	<ul style="list-style-type: none"> Financial management personnel 	67 – 68
18	<ul style="list-style-type: none"> Cash flow management 	78
	Procurement systems	79 to 86
19	<ul style="list-style-type: none"> Procurement policies 	82 – 83
20	<ul style="list-style-type: none"> Compliance with policies and procedures 	84
21	<ul style="list-style-type: none"> Sub-awards and conflict of interest 	82, 85
22	<ul style="list-style-type: none"> Property management standards and system 	86
	Human resource systems	87 to 101
23	<ul style="list-style-type: none"> Overall HR policies and procedures 	91 – 96
24	<ul style="list-style-type: none"> Staff time management 	97
25	<ul style="list-style-type: none"> Payroll system 	98
26	<ul style="list-style-type: none"> Travel policies 	99
	Project performance management	46 to 58
27	<ul style="list-style-type: none"> Organization capacity 	51 – 55
28	<ul style="list-style-type: none"> Project reporting 	51 – 55
29	<ul style="list-style-type: none"> Receipt and fund utilization 	56
30	<ul style="list-style-type: none"> Project management capacity 	51 – 55

Annexure Q Mapping with scope of work – contd..

Sr. No.	Scope of work	Reference with report section
	Organization sustainability	76, 78 & 102 - 106
31	<ul style="list-style-type: none"> Cash flow management 	76, 78
32	<ul style="list-style-type: none"> Absorptive capacity analysis 	102 – 106
	Alternative recommendations	15 to 16

Annexure R
NUPAS checklist

NUPAS checklist is attached