



**Request for Proposal**  
**For**  
**Appointment of Statutory Auditors'**  
**of**  
**Punjab Pension Fund**

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## 1. INVITATION TO BID

Punjab Pension Fund (PPF, the Fund) has been established by the Government of Punjab under the Punjab Pension Fund Act 2007. The Fund is responsible for secure and profitable investment of pension funds in capital markets.

Government of the Punjab intends to appoint statutory auditors of the Fund to audit the financial statements of the Fund for the Financial Year 2018-19 in accordance with the Punjab Pension Fund Act 2007 and the Punjab Pension Fund Rules 2007. The appointment may be extended for further consecutive four years, at the sole discretion of the Government and upon recommendation of the Management Committee of the Fund, at mutually agreed terms. The auditor shall be a firm of Chartered Accountants within the meaning of the Chartered Accountants Ordinance, 1961.

Interested parties are invited to submit their proposals in respect of statutory audit after obtaining and understanding the relevant information for this assignment.

## 2. INSTRUCTION TO APPLICANTS

### Submission and Opening of Proposals:

All proposals must be delivered at the Civil Secretariat to the Section Officer (Admn.), Finance Department, Government of the Punjab on or before 02:00 pm on **January 31, 2019**. If the day of submission/opening of the bids is declared as holiday the bids will be opened on the next working day at the same time. The Government will use **“Quality and Cost Based Selection method”** under **“single stage two envelope method”** for selection of the auditor for PPF under Punjab Procurement Rules, 2014 ([www.ppra.punjab.gov.pk](http://www.ppra.punjab.gov.pk)). Technical proposals will be publicly opened at 02:45 pm on **January 31, 2019** in the Committee Room of the Finance Department, Civil Secretariat, Lahore. Proposals received after the due date and time will not be accepted and returned to the bidders unopened. For opening of financial proposals the date, time and venue will be communicated separately.

The proposals are to be prepared in English. The applicants must provide complete information, including the application letter (**Annexure-A**), along with supporting documents. Any lapse to provide essential information shall render the applicant non-responsive.

The technical and financials proposals are to be submitted in **two separate and sealed envelopes**, clearly marked as such, either by hand or courier, in one sealed outer envelope clearly marked **“Proposal for Statutory Auditors’ of Punjab Pension Fund”** to the following address:

Section Officer (Admn.)  
Civil Secretariat, Finance Department  
Government of the Punjab, Lahore.  
Ph: (042)-99212223

### **Queries and Clarification of Bid:**

Queries for seeking clarifications on this proposal must be received in writing or through e-mail within 10 days of publication of advertisement for procurement.

Contact details for all correspondence in relation to this bid are as follows:

Mr. Sunil Cecil  
Assistant Accounts Manager, PPF  
Email: [sunil.cecil@ppf.gop.pk](mailto:sunil.cecil@ppf.gop.pk)  
Phone: (042)- 35882960-2

Applicants are required to state in their proposals the name, title, phone numbers, fax numbers and e-mail of their authorized representative through whom all communications shall be directed until the procurement process is completed or terminated.

Government of the Punjab (the Government) may reject all proposals at any time prior to the acceptance of a proposal under Rule 35 of the Punjab Procurement Rules, 2014.

### **Disclaimer:**

The RFP for appointment of statutory auditors contains brief information about the audit services required and provides the applicants information to assist in the formulation of their proposals.

While all efforts have been made to ensure the accuracy of information contained in this document, it may not contain all the information required by the applicants. The applicants should conduct their own independent assessment, investigations and analysis and may prepare their proposals in the light of relevant experience and international best practices. The Government shall incur no liability under any law, statute, rules or regulations as to the accuracy or completeness of this document.

The Government reserves the right to change any or all conditions/information set in this document by way of amendment, revision, deletion, updation or annulment through issuance of appropriate corrigendum as Government may deem fit in accordance with Punjab Procurement Rules, 2014.

The Government shall not be responsible for any costs or expenses incurred by interested firms in connection with the preparation or delivery of the proposals.

## **3. TERMS OF REFERENCE**

The terms of reference of the Auditor include:

1. Half Yearly Review and Annual Audit of merged financial statements of the Trust & Expense Account of Punjab Pension Fund (PPF) for the financial year 2018-19 and to report/express an opinion whether:
  - i) proper books of account have been kept by the Fund as required by the Act and the Rules as well as other laws, to the extent these are applicable;
  - ii) the statement of assets and liabilities and income statement together with the notes thereon have been drawn up in conformity with the Act and the Rules and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - iii) the expenditure incurred during the year was for the purpose of Fund's business and as specified in the Act and the Rules as well as other laws, to the extent these are applicable;
  - iv) The business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the Fund;
  - v) The statement of assets and liabilities, income statement, statement of comprehensive income, cash flow statement and statement of movement in accumulated pension fund

together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Act and the Rules in the manner so required and respectively give a true and fair view of the state of the Fund's affairs as at 30 June 2019 and of its net income, its comprehensive income, its cash flows and changes in accumulated pension fund for the year then ended; and

- vi) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- 2. As an additional assignment, Auditors' work includes a Compliance Report to the Management Committee on annual basis under International Standard on Assurance Engagement 3000 for compliance of the Punjab Pension Fund Act 2007, Punjab Pension Fund Rules 2007, Trust Deed and the Investment Policy.
- 3. Attend meetings of the Management Committee and Audit Sub-Committee wherein reviewed/audited financial statements are placed for consideration and approval.
- 4. Attend Provincial Assembly and Cabinets meetings wherein Annual Report of Punjab Pension Fund is placed for consideration and approval.

#### **4. EVALUATION CRITERIA**

The Fund will use **"Quality and Cost Based Selection method"** under **"single stage two envelope method"** for selection of the auditor under Punjab Procurement Rules, 2014.

Details of the evaluation criteria for technical and financial evaluation are provided in Section-5. Scores will be allocated based on evidence available in the proposal only. The audit assignment will be awarded to the firm securing highest marks based on the following weightage:

Technical Proposal	(T) = 80%
Financial Proposal	(F) = 20%

Proposals will be ranked according to their combined score technical (St) and score financial (Sf) using the weights (T = the weight given to the Technical Proposal; F = the weight given to the Financial Proposal; T + F = 1):  $S = (St * T\%) + (Sf * F\%)$ . The firm achieving the highest combined technical and financial score will be invited for negotiations.

#### **5. TECHNICAL AND FINANCIAL EVALUATION PARAMETERS**

**i) Initial Screening:**

The following documents/ certificates are the pre-requisite and shall be used for initial screening. The applicant audit firm will be considered for technical evaluation if it fulfills all the requirements of initial screening which are as under:

1. Profile of the firm.
2. The firm must be "A" category as per State Bank of Pakistan's panel of approved auditors.
3. The firm must have affiliation with one of the well-reputed international audit firms.
4. The firm must provide evidence that a mechanism is in place in the firm for review by the international firm and the firm must not have an un-satisfactory rating in the most recent review.
5. Declaration on stamp paper that the firm has never been blacklisted by any Government department/authority/agency/company.
6. Evidence of satisfactory QCR Rating of ICAP.
7. Taxpayer registration certificate (Income Tax and Sales Tax, if applicable).
8. Affidavit from the firm, to the effect, that all the documents, statements and information provided with the proposal are complete, true and correct in all aspects.

**ii) Technical Evaluation:**

The firms cleared in **initial screening** will be evaluated as per following criteria:

1. Number of partners in Pakistan.
2. Number of ICAP qualified Chartered Accountants in Pakistan.
3. Number of audit staff (other than qualified CAs) in Pakistan registered with ICAP.
4. Experience of government & Semi-Government organizations audited by the firm.
5. Experience of NBFC/Mutual Funds/Asset Management Companies audited by the firm.
6. Experience of banking sector companies audited by the firm.
7. Number of offices in Pakistan.

The financial proposal of only those audit firms will be opened who secure a minimum of **60 marks** in the technical evaluation. Firms securing less than 60 marks in the technical evaluation will be considered non-responsive. Financial proposal of such firms will be returned un-opened.

Supporting documents in respect of each criterion must be submitted by the bidding firm. Scoring against each of the above criteria shall be as under:

1.	Number of Partners in Pakistan	Total Marks	Range of Partners	Marks
	At least 10 partners (List to be attached)	15	10-20	5
			21-30	10
			31 & above	15
2.	Number of ICAP qualified Chartered Accountants in Pakistan	Total Marks	Range of staff	Marks
	At least 10 qualified CAs (List to be attached)	15	10-20	5
			21-40	10
			41 & above	15
3.	Number of Audit Staff in Pakistan	Total Marks	Range of staff	Marks
	At least 50 staff (List to be attached)	20	50-100	5
			101-300	10
			301-500	15
			501 & above	20
4.	Govt. / Semi Govt. Experience	Total Marks	No. of organizations	Marks
	Experience of at least 5 Govt. / Semi Govt. organizations' audited in the last financial year (List to be attached)	10	5	5
			6 & above	10
5.	NBFC/Mutual Fund/Asset Management Sector Experience	Total Marks	No. of organizations	Marks
	Experience of at least 10 NBFCs/Mutual Funds/Asset Management Companies audited in the last financial year (List to be attached)	20	10	10
			11-15	15
			16 & above	20
6.	Banking Sector Experience	Total Marks	No. of Organizations	Marks
	Experience of at least 5 commercial bank audited in the last financial year (List to be attached)	10	5	5
			5 & above	10
7.	No. of Offices in Pakistan	Total Marks	No. of Offices	Marks
	At least 3 offices (List to be attached)	10	3	6
			4 & above	10

**Total Technical Score (St) =**

iii) **Financial Evaluation:**

Financial proposals of only technically qualified audit firms will be opened. The formula for determining the financial score is as following:

$$Sf = 100 \times Pm / P$$

Where, **Sf** is the financial score; **Pm** is the minimum price and **P** is the price of the proposal under consideration.

## 6. TERMS AND CONDITIONS

The audit firm is expected to examine the RFP thoroughly, including all terms and conditions. The audit firm shall bear all costs/ expenses associated with the preparation and submission of the proposal and Government shall, in no case, be responsible/ liable for those costs/ expenses. The prospective audit firms may solicit clarification as mentioned in the RFP in writing.

### **Audit Fee**

The fee for audit of financial statements for the half year, annual audit & annual compliance must be stated separately and must be inclusive of all out-of-pocket and taxes applicable in Pakistan. There may be a price negotiation with the lowest evaluated responsive bidders. However, the ICAP's Code of Ethics regarding fee shall be followed.

### **Validity of Proposal**

The proposal validity period shall be four (4) months from the last date for submission of the same.

### **Invoicing and Payments**

Payment will be released within 30 days of submission of invoice by the auditors after completion of the audit assignment. Payment will be made through cross cheque after deduction of all applicable taxes in Pakistan.

### **Arbitration and Dispute Resolution**

In case of any difference or dispute arising between the parties relating to this proposal or contract, the same shall be referred for resolution to the Finance Secretary, Government of the Punjab whose decision shall be final and binding on both the parties and shall not be challenged in any court of law.

# Annexure A - Application for Appointment as Statutory Auditors

(Letter head paper of the Applicant including full postal address telephone no. and fax no.)

Date:

To:  
Section Officer (Admn.)  
Finance Department,  
Government of the Punjab  
Civil Secretariat, Lahore.

Dear Sir,

1. Being duly authorized to represent and act on behalf of \_\_\_\_\_ (hereinafter referred to as “the Applicant”), and having reviewed and fully understood all of the information provided in the RFP for appointment of auditors of the Punjab Pension Fund, the undersigned hereby applies to be appointed as Auditor of the Punjab Pension Fund for the year ending 30 June 2019 for undertaking work in accordance with the terms of reference provided in the request for proposal.
2. Attached to this proposal/bid are copies of original documents specifying:
  - a. Profile of the Firm.
  - b. Name, title, phone numbers, fax number and email of authorized representative.
  - c. “A” category as per State Bank of Pakistan’s panel of approved auditors’.
  - d. Affiliation with the international audit firm.
  - e. Evidence that a mechanism is in place in the firm for review by the international firm and the firm must not have an un-satisfactory rating in the most recent review.
  - f. Declaration on stamp paper that the firm has never been blacklisted by any Government department/authority/agency/company.
  - g. Satisfactory most recent QCR rating of ICAP.
  - h. Taxpayer registration certificates (Income Tax and Sales Tax).
  - i. Other documents as required in the proposal for evaluation purposes.
3. The Government and its authorized representatives are hereby authorized to conduct inquiries or investigations to verify the statements, documents and information submitted in connection with this application, and to seek clarification from our clients regarding any technical aspects. The letter of application will also serve as authorization to any individual or authorized representative of any institution referred to in the supporting information, to provide such information as deemed necessary and requested by the Government or its authorized representative in order to verify statements and information provided in this application, or with regard to the resources, experience, and competence of the firm.
4. The undersigned declares that the statements made and the information provided in the proposal are complete, true and correct in all aspects.

Signed:  
Name:  
For and on behalf of  
(Firms name)