

PUNJAB EXAMINATION COMMISSION



REQUEST FOR PROPOSAL (RFP)

Date: 02-03-2017

Tender No: PEC-RFP-2017-EA/II

STATUTORY AUDIT SERVICES FOR THE FINANCIAL YEAR 2015-16

Director (Administration & Finance)
Punjab Examination Commission (PEC)
Near Pilot Secondary School for Boys, Wahdat Colony,
Lahore
Phone: (+ 92) (42) (99260156), Fax: (+92) (42) (99260153)
Website: www.pec.edu.pk

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1. INTRODUCTION

Punjab Examination Commission (PEC) is an autonomous body set up by the Government of Punjab under the Punjab Examination Commission Act XI of 2010. The primary role of Punjab Examination Commission is to assess students learning achievements at the elementary level. PEC undertakes exams of around 2 to 3 million students in Grades 5 and 8 throughout Punjab on annual basis.

Punjab Examination Commission intends to conduct first statutory audit of its financial accounts and operations for the financial year ending 2015-16 in accordance with the provisions of PEC Act, 2010, international standards on auditing and other applicable regulations and standards. The auditor would be a qualified Chartered Accountant/Auditing Firm having positive QCR rating and adequate auditing experience. This audit would be in addition to the regular statutory audit conducted by the Auditor General of Pakistan. Interested parties are invited to submit their proposals to Punjab Examination Commission. The procurement of services shall be governed under PPRA Rules, 2014 and shall essentially follow “Single Stage-Two Envelope” procedure as enunciated in PPRA Rules, 2014.

This RFP Document shall not constitute a guarantee or commitment of any manner on the part of Punjab Examination Commission (PEC) that the contract will be awarded. The Punjab Examination Commission reserves its right to amend the RFP Document before the last date of submission of applications after informing all Applicants in writing and in such an event PEC shall not be liable to reimburse or compensate the Applicant for any costs, taxes, expenses or damages incurred by the Applicant.

The competent authority reserves the right to reject or accept any or all documents or part thereof before acceptance of bid according to PPRA Rules, 2014. Documents received after last date of submission will not be entertained. Documents received through any other mode / addressed to any other person other than that stated in this RFP will not be entertained

2. INSTRUCTION TO BIDDERS

Submission and Opening of Proposals:

All proposals must be delivered to the office of the Director (Administration & Finance) on or before 11:00 AM on March 16, 2017. 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 Authority will use “**Quality and Cost based Selection Method**” under “**single stage two envelope method**” for selection of the audit firm under Punjab Procurement Rules, 2014 (www.ppra.punjab.gov.pk). Technical proposals will be publicly opened at 11:30 AM on March 16, 2017 in the office of the Director (Administration & Finance) Punjab Examination Commission, Near Pilot Secondary School for Boys, Wahdat Colony, Lahore, Pakistan. Proposals received after the due time/deadline will not be accepted and returned to the bidders unopened. For opening of financial proposals the date, time and venue will be communicated separately.

Note: Firms scoring less than 65% points in technical evaluation will be considered non-responsive and their financial proposals will be returned un-opened.

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

Any firm which has not been given a satisfactory rating under Quality Control Review (QCR) Program of ICAP shall not be considered for the evaluation.

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 Audit” to the following address:

Director (Administration & Finance)

Punjab Examination Commission (PEC)

Near Pilot Secondary School for Boys, Wahdat Colony, Lahore

Phone: (+ 92) (42) (99260156), Fax: (+92) (42) (99260153)

Website: www.pec.edu.pk

3. PURPOSE OF ACTIVITY

PEC invites reputable auditing firms registered under applicable Pakistan laws and practicing for audit risks compliance within the auditing framework of the accepted as applicable in Pakistan to conduct the annual audit to give assurance on the Commission's financial statements. Such firms of Chartered Accountants must be certified as "QCR compliant firms' by the Institute of Chartered Accountants of Pakistan (ICAP).

4. SCOPE AND COVERAGE OF AUDIT

The audit exercise will be a focused activity and the attention will be paid to:

- a) An assessment of adequacy of the Commission's financial systems, including financial controls. This should include aspects such as adequacy and effectiveness of accounting, financial and operational controls; level of compliance and established policies, plans and procedures; reliability of accounting systems, data and financial reports; methods of remedying weak controls; verification of assets and liabilities; a specific report on this aspect would be provided by the auditor as part of the management letter;
- b) Goods and services financed have been procured in accordance with the relevant procurement guidelines/rules; and
- c) Recommendations for improving the existing practices in financial management system so as to make it compatible to globally accepted accounting and auditing standards
- d) Any other matters as considered necessary within the practicing norms and as further desired by the relevant international and local bodies may be included in the management letter.

5. DELIVERABLES

The auditing firm shall provide with 3 hard copies of:

- a) Audit report and the same will be provided in soft format (MS Excel workbooks)
- b) Management letter and the same will be provided in soft format (MS Word)

The soft copies will also include compact scanned copies of the audit report.

6. TIMELINE

The Audit firm shall complete and submit the final report within a period of 30 days from the date of initiation of audit.

7. BOARDING, LODGING AND TRAVELLING

The selected firm shall bear all the charges of boarding, lodging and travelling of its audit team.

8. TERMS OF PAYMENT

Full payment shall be made after submission of Auditor's Report. All applicable taxes shall be deducted from the payable bill.

9. FORM OF BID AND THE BIDDING PROCESS

Bids will be selected in accordance with the Punjab Procurement Rules (PPRA) - 2014, as a Single Stage – Two Envelope procedure. The bidding process will be as under:

1. The bid shall comprise a single package containing two separate envelopes. The envelopes shall be marked as "TECHNICAL PROPOSAL" and "FINANCIAL PROPOSAL" in bold and legible letters;
2. The envelope No.1 (Technical Proposal) should contain the complete Technical Bid and undertaking for **technical proposal submission. Annex-B**
3. The envelope No. 2 (Financial Proposal) will contain the financial bid, the bid security @ 2% of estimated price of Rs.500,000/-and Financial bid Proforma.
4. Both the above mentioned envelopes should be put in one large envelope, super scribed "This envelope contains two duly sealed envelopes containing Tender Document and the Price Bid for providing Statutory Audit Services under Tender No. PEC-RFP-2017-EA/II in two separate duly sealed envelopes clearly marked so".
5. The bidder must quote his price as per format **Annex-C**. The rate(s) quoted

- should be inclusive of all kind of taxes and must be quoted in figure as well as in words.
6. All forms and documents must be signed and stamped under the firm's official stamp
 7. Out of pocket expenses for the assignment shall not be quoted separately.
 8. In the first stage, only the envelope marked "TECHNICAL PROPOSAL" shall be opened and the envelope marked as "FINANCIAL PROPOSAL" shall be retained without being opened;
 9. The technical proposals of all the bidders shall be evaluated against the technical evaluation criteria given in this RFP. The proposals which meet technical eligibility criteria laid down in this document shall be accepted for the second stage i.e. opening of financial proposal/bid.
 10. During technical evaluation no amendments in the technical proposal shall be permitted;
 11. The bidder offering lowest price (inclusive of taxes) shall be declared as successful bidder and shall be offered the contract for provision of audit services.
 12. The service provider will also sign an undertaking with the PEC in which the completion of work will be ensured as per **Annex-A**.

10. EVALUATION CRITERIA

The Procuring Agency/PEC will use “**Quality and Cost based Selection Method**” under “**Single Stage Two Envelope Methods**” of selection of External Auditors under Punjab Procurement Rules, 2014. Weightage of 80:20 will be given to Technical and Financial proposal respectively. Scores will be allocated based on evidence available in the proposal only.

10 (a) TECHNICAL EVALUATION

i) Initial Screening:

The following documents/ certificates are the pre-requisite and shall be used for initial screening. The applicant audit firm will go in the next stage if it fulfills all the requirement of initial screening which are as under:

1. Complete profile of the Firm
2. Declaration on stamp paper that the firm has never been blacklisted by any Government department/authority/agency/company.
3. Satisfactory most recent QCR Rating of ICAP.
4. Taxpayer registration certificate (Income Tax and Sales Tax (if applicable)).
5. Partnership registration certificate (ICAP and Registrar of Firms).
6. 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.
7. Commitment to deploy at least three auditors on full time basis
8. Certificate of Financial soundness from the Bidder's bank

ii) Technical Evaluation:

The firms cleared from initial screening will be further evaluated as per following criteria:

1. QCR rating as per ICAP
2. Number of partners
3. Firm must be on State Bank of Pakistan Panel
4. Experience (General & Specific)
5. Number of audit staff (qualified CAs and other)
6. Experience of Govt. / Semi Govt. organization audits.
7. Number of offices in Pakistan.
8. Affiliation with one of the well-reputed international audit firms.

The financial proposal of only those audit firms will be opened which secure a score of **65% or more** in the technical evaluation. Supporting documents in respect of each criterion must be submitted by the bidders.

1. ICAP QCR Rating			Total Marks
Positive/satisfactory QCR rating by ICAP			10
2. Offices in Pakistan		Marks	Max Marks
Official Address in Lahore		3	5
Additional Offices in Pakistan		2	
3. Experience minimum (General)	No. of Years	Marks	Max Marks
Experience of at least 5 years (1 mark for each year beyond 5 years)	5 years	5	10
	More than 5 years	01 per year	
4. Audit Clients (General)	Range	Marks	Max Marks
Minimum 10 Clients (1 mark for each client above 5 clients)	10 Clients	5	10
	More than 10 Clients	01 per Client	
5. Public Sector Audit Experience	No of Organizations	Marks	Max Marks
Govt. / Semi Govt. / Public Autonomous Bodies or companies working under Govt. of Punjab	5-10 organizations	5	10
	More than 10 organization	10	
6. Number of Audit Staff	Range of Staff	Marks	Max Marks
Qualified Chartered Accountants	(5 marks per qualified C.A)	25	30
Audit Staff (C.A. Inter, ICMA, ACCA)	(1 mark per audit staff)	5	
8. Number of Partners	Range of Partners	Marks	Max Marks
At least 6 partners (List of Partners to be attach)	6-10 partners	5	10
	More than 10 Partners	10	

9. State Bank Panel	Category	Marks	Max Marks
State Bank Panel Rating	A	15	15
Total Marks			100
Qualifying Marks			65

iii) **Financial Evaluation:**

Financial Proposals of technically qualified audit firm/bidder will be opened. The Audit Firm quoting the lowest rate in financial bid shall be declared as successful bidder.

Validity of Proposal

The financial proposal will be valid for 3 months (90 days) from the date of opening of financial bid.

Type of Contract

The organization (PEC) will enter into a lump sum contract with the successful bidder. The duration of the Contract is for 3 months ending 15th June, 2017.

Payment Mode

The Company undertakes to pay valid invoice in full within thirty (30) days from the providing of Audit Report.

Annexure-A

Appointment as Statutory Auditors

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

Date: _____

To:

Director (Administration & Finance)
Near Pilot Secondary School for Boys,
Wahdat Colony, 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 this RFP for appointment of statutory auditors, the undersigned hereby expresses its interest in and applies to be appointed by your organization for the audit of financial statements of the Punjab Examination Commission for the Financial Year 2015-16.

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. Ranking as per State Bank of Pakistan. *Proof (If applicable)*
- d. Affiliation with the international audit firm. *Proof (If applicable)*
- e. Declaration on stamp paper that the firm has never been blacklisted by any Government department/authority/agency/company.
- f. Commitment to deploy at least 3 auditors on full time basis.
- g. Satisfactory most recent QCR rating of ICAP.
- h. Taxpayer registration certificates (Income Tax and Sales Tax).
- i. Partnership registration certificate (with ICAP and Registrar of Firms).
- j. Proof of Audit Clients (Private & Public)
- k. Profile of Audit Staff (CVs)
- l. Name and Address of Offices in Pakistan
- m. Bank certificate of financial soundness

3. The Procuring Agency/PEC and its authorized representatives are hereby authorized to conduct any inquiries or investigations to verify the statements, documents and information submitted in connection with this application, and to seek clarification from our bankers and clients regarding any financial and 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 Procuring Agency/PEC 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 is complete, true and correct in all aspects.

Signed:

Name:

For and on behalf of
(Firm's name)

TECHNICAL PROPOSAL SUBMISSION FORM

To:

Dear Sir:

We, the undersigned, offer to provide the Statutory Audit Services for the Financial Year 2015-16 with your Request for Proposal dated March 2nd, 2017. We are hereby submitting our Proposal, which includes this Technical Proposal, and a Financial Proposal sealed under a separate envelope.

We hereby declare that all the information and statements made in this Proposal are true and accept that any misinterpretation contained in it may lead to our disqualification.

We undertake, if our Proposal is accepted, to initiate the consulting services related to the assignment not later than the date indicated in Request for Proposal Document.

We understand you are not bound to accept any Proposal you receive.

We remain,

Yours sincerely,

Authorized Signature [In full and initials]: _____

Name and Title of Signatory: _____

Name of Firm: _____

Address: _____

FINANCIAL BID PROFORMA

SR.NO.	PARTICULARS	AMOUNT (PKR)
1.	External Audit Fee	
	TOTAL (in words)	

Notes:

- Quoted Rate must be inclusive of all kind of taxes and quoted in figure as well as in words.
- No out of the pocket expenses will be paid.
- 2% Bid Security of estimated price of Rs. 500,000/- which is Rs. 10,000/- must be submitted in the favor of CEO, PEC along with the tender.

Signature of the Bidder with seal

Address: _____

Annex-D

Sr. No	SCHEDULE OF ACTIVITIES	
1	Floating of Tender	Thursday 2 nd March, 2017
2	Opening of Technical Bid	Thursday , 16 th March , 2017
3	Announcement of Technical Evaluation	Monday, 20 th March , 2017
4	Opening of Financial Bid	Tuesday, 21 st March , 2017
5	Award of Work/Contract	Wednesday , 22 nd March , 2017
6	Initiation of work after signing of Contract	Friday, 24 March 2017
7	Submission of Audit Report	Monday, 24 th April , 2017