

REQUEST FOR PROPOSAL
FOR AUDIT OF PRIVATISATION COMMISSION'S FINANCIAL STATEMENTS
FROM FY 2013-14 TO FY 2021-22
AND AUDIT OF SIX PRIVATISATION TRANSACTIONS

Director Administration
Privatisation Commission
4th Floor, Pak-Secretariat (Kohsar Block),
Constitution Avenue, Islamabad, Pakistan
Email: info@privatisation.gov.pk

PRIVATISATION COMMISSION

REQUEST FOR PROPOSAL (RFP)
FOR HIRING THE SERVICES OF AUDIT FIRM
FOR AUDIT OF PRIVATISATION COMMISSION FINANCIAL STATEMENTS
FROM FY 2013-14 TO FY 2021-22
AND AUDIT OF SIX PRIVATISATION TRANSACTIONS

Table of Contents

- | | | |
|----|---|-----------|
| 1) | Proposal Preparation Instructions | (Annex-A) |
| 2) | Sample Letter of Intent | (Annex-B) |
| 3) | Terms of Reference (ToR) | (Annex-C) |
| 4) | Technical and Financial Evaluation Criteria | (Annex-D) |
| 5) | Sample Financial Bid Form | (Annex-E) |
| 6) | Sample Agreement | (Annex-F) |

1) **Proposal Preparation Instructions**

1 **Auditing firm's Understanding of the RFP**

In responding to this RFP, the auditing firm accepts full responsibility to understand the RFP in its entirety, and in detail, including making any inquiries as necessary to gain such understanding. Privatisation Commission reserves the right to disqualify any auditing firm who demonstrates insufficient or faulty understanding. Further, Privatisation Commission reserves the right to determine, at its sole discretion, whether the auditing firm has demonstrated such understanding. That right extends to cancellation of award, if award has been made. Such disqualification and/or cancellation shall be at no fault, cost, or liability whatsoever to Privatisation Commission.

1.1 **Good Faith Statement**

All information provided by Privatisation Commission in this RFP is offered in good faith. Individual items are subject to change at any time. Privatisation Commission makes no certification that any item is without error. Privatisation Commission is not responsible or liable for any use of the information or for any claims asserted there from.

1.2 **Communication**

Verbal communication shall not be binding unless formally confirmed in writing by a specified Privatisation Commission official in charge of managing this RFP process. In no case shall verbal communication govern over written communication.

1.3 **Auditing firms' Inquiries**

Applicable terms and conditions herein shall govern communications and inquiries between Privatisation Commission and auditing firm as they relate to this RFP. Inquiries, questions, and requests for clarification related to this RFP are to be directed to Director Administration at Email: info@privatisation.gov.pk

1.4 **Formal Communications** shall include, but are not limited to:

- Questions concerning this RFP must be submitted in writing.
- Errors and omissions in this RFP. Auditing firms shall inform to Privatisation Commission any discrepancies, errors, or omissions that may exist within this RFP. With respect to this RFP, auditing firms may recommend to Privatisation Commission any enhancements which might be in Privatisation Commission's best interests.

1.5 **Bid Validity Period**

Bid shall remain valid for the period of 90 days from the date of bids opening.

1.6 **Proposal Submission**

The Proposal will comprise of single package containing two separate sealed envelopes. One envelop will contain the "Financial Proposal" and the second envelop will contain the "Technical Proposal". Proposals under the "Single Stage Two Envelop Procedure" shall reach to this office within 15 days

of publication of this advertisement 1100 hours and will be opened at the same day at 1130 hours. Technical proposals will be opened first. Only technically short-listed auditing firms will be informed of the date of opening of financial bids.

1.7 Criteria for Selection

The proposals shall be evaluated under “Quality & Cost base Selection” as given at regulation 3(B) of PPRA Consultancy Services Regulations. The evaluation of each response to this RFP will be based on its demonstrated competence, compliance, format, and organization. The purpose of this RFP is to identify those auditing firms that have the interest, capability, and good rating to do audit.

Evaluation Criteria:

- i. Technical proposals will have 70% weight age in evaluation. Marks will be awarded as per the criteria given at Annex-D. Minimum qualifying marks are 70% i.e. auditing firms obtaining at least 70% marks in technical evaluation shall be eligible for financial evaluation.
- ii. Financial proposals will have 30% weight age in evaluation. Marks for financial evaluation will be awarded as per the criteria given at Annex-D.
- iii. Only technically qualified auditing firms will be informed to attend the financial bid opening. The financial bids of technically disqualified bidder will be returned un-opened. Bidders are encouraged to structure their proposal generally along these evaluation criteria. Information provided that does not pertain to these evaluation criteria will not be considered.

1.8 Selection and Notification

Auditing firm who gets the maximum marks after technical & financial evaluation will be awarded the contract. In case the auditing firm which secured the maximum marks is not willing to conduct audit then Privatisation Commission will approach the auditing firm who secured second position and so on.

2) Sample Letter of Intent

2.1 Proposal for External Audit of Privatisation Commission:

This will express willingness to carry out the audit of Privatisation Commission Financial Statements for FY 2013-14 to FY 2021-22 and six Privatisation Transactions completed during said period.

2.2 Following information along with supporting documents must be accompanied with Technical Proposal:

S. No.	Description
1	Auditing firm's profile with complete history of auditing firm existence: The profile of the auditing firm shall include: <ul style="list-style-type: none">- Detail of Partners with their membership number and interests, if any, in any other auditing firm(s)/business(es)
2	No. of public sector audit clients
3	No. of Chartered Accountants (other than partners) in auditing firm <ul style="list-style-type: none">- Detail of Chartered Accountants employed by the auditing firm and number of years' experience with the auditing firm and their interest in other auditing firm(s)/ business(es) if any
4	Investigations pending with ICAP or in court of law against auditing firm or partners <ul style="list-style-type: none">- List of pending investigation(s) with ICAP/NAB/FIA/any other agency against auditing firm or any of its partner or employees- List of case pending in the court of law filed by or against the auditing firm/partner or employees
5	International affiliation or networking status of auditing firm <ul style="list-style-type: none">- Proof of current status of international networking/association (current letter from international office)
6	An affidavit conformity that the information given by the auditing firm or its authorized representatives is correct and depicting true and fair view

3) **Terms of Reference (ToR)**

Audit Objectives

To carry out audit of financial statements of Privatisation Commission for FY 2013-14 to FY 2021-22 and six Privatisation Transactions completed during the said period, review its system of internal control, identify weak areas, and improve financial reporting.

Scope of Work

Financial Statements

The Audit shall be carried out in accordance with the International Standards of Auditing (ISA) and standards of Financial Statements guidelines applicable in Pakistan and shall include such tests and controls that the auditor considers necessary under the circumstances.

Privatisation Transactions

The transaction audit will be in accordance with Privatisation (Modes and Procedure) Rules-2001, RFP of the Transaction and rules and regulations made under Privatisation Commission Ordinance 2000.

Methodology

To be determined by auditor.

Pre-audit briefing:

- Director General Admn & Finance
- Consultant Finance

Access

- All financial, administration, and other related records
- To all records/materials of the related transactions
- Privatisation Commission's policies and Financial Guidelines

Final Report

The report shall include:

1. Audit Opinion

The auditing firm shall give its opinion on Financial Statements.

Further, the auditing firm shall give its separate opinion on each Privatisation Transaction Completed.

2. Management Letter

In addition to the Financial Statements together with the audit opinion thereon, the auditing firm shall prepare a "Management Letter" (to be provided along with Audit Report) which shall cover the

shortcomings, weaknesses and allied observation that come across during conduct of audit, for improvement of the systems and procedures.

Time Schedule

Separate audit reports and financials for each financial year are required as per following schedule:

Sr.	FY	Deadline
1	2013-14 & 2014-15	30 th September 2022
2	2015-16 & 2016-17	31 st October 2022
3	2017-18, 2018-19 & 2019-20	30 th November 2022
4	2020-21 & 2021-22	31 st December 2022

Separate audit reports for each transaction are required as per following schedule:

Sr.	Unit Name	Date of Transaction	Deadline
1	UBL ~19.6% SPO (241,921,931 shares)	Jun-14	31-Oct 2022
2	PPL Offering (~70.05 million shares)	Jun-14	
3	ABL Offering (~131.3 million shares)	Dec-14	
4	HBL Offering (~610 million shares)	Apr-15	
5	NPCC (88% GOP shares)	Sep-15	30-Nov 2022
6	Sale of Properties	May-21	31-Dec-2022

Evaluation Criteria

The evaluation criteria has been mentioned in detail in "Technical and Financial Evaluation Criteria" Annex-D.

Submission of Proposals

Both financial and technical proposals should be submitted to:

Director Administration
Privatisation Commission
4th Floor, Pak-Secretariat (Kohsar Block), Constitution Avenue,
Islamabad, Pakistan, Email: info@privatisation.gov.pk

Last date for submission of proposals is 15 days from publication of advertisement.

4) Technical and Financial Evaluation Criteria**i. TECHNICAL EVALUATION CRITERIA****a. Mandatory Requirements:**

- i. Auditing firm shall be on ATL of provincial/ICT sales tax and income tax of FBR;
- ii. Auditing firm shall have a satisfactory QCR rating by ICAP as on 20th May 2022.
- iii. Auditing firm is listed in Category “A” of SBP
- iv. Auditing firm shall submit an undertaking that ICAP Code of Ethics will be followed.

b. Technical proposal will be further processed as follows:

No.	Criteria	Details	Marks
1	Existence of auditing firm	More than 25 years	20
		15-24 years	15
		5-14	10
		Less than 5	Zero
2	No. of Public Sector Clients	More than 10	20
		6-10	15
		1-5	10
		Less than 5	Zero
3	No. of Chartered Accountants in auditing firm other than partners	More than 10	20
		6-10	15
		1-5	10
		If no chartered accountant	Zero

4	Investigations pending with ICAP and in court of law against auditing firm/partner	No	20
		1	15
		2	10
		More than 2	Zero
5	International Affiliation/Networking auditing firm	Networking	20
		Affiliation	10
		Otherwise	Zero

Note: Minimum qualifying marks are 70% i.e.; auditing firms obtaining at least 70 marks in technical evaluation shall be eligible for financial evaluation.

ii. **FINANCIAL EVALUATION CRITERIA:**

Marks will be awarded as per the following formula:

Financial score = $30 \times \frac{\text{Amount quoted by the lowest bidder}}{\text{Amount quoted by the bidder whose financial score is to be calculated}}$.

iii. **SELECTION OF:**

Auditing firm who gets the maximum marks after technical & financial evaluation will be awarded the contract.

5) **Financial Bid Form**

From:

.....
.....
Contact No. (Mobile and Landline)

To, Director Administration,
Privatisation Commission
4th Floor, Kohsar Block,
Pak Secretariat, Islamabad

Having read and understood the contents of detailed advertisement, instructions, terms and conditions, I/we hereby submit (in separate sealed cover) our **Financial Bid for the audit of Privatisation Commission for FY 2013-14 to FY 2021-22 and Privatized Transactions Completed during FY 2013-14 to FY 2021-22.**

Sr	Audit Assignment	Audit Fee	Out of Pocket	Total
1	FY 2013-14			
2	FY 2014-15			
3	FY 2015-16			
4	FY 2016-17			
5	FY 2017-18			
6	FY 2018-19			
7	FY 2019-20			
8	FY 2020-21			
9	FY 2021-22			
Total				

Sr	Assignment: Audit of Transaction	Audit Fee	Out of Pocket	Total
1	UBL ~19.6% SPO			
2	PPL Offering			
3	ABL Offering			
4	HBL Offering			
5	NPCC			
6	Sale of Properties			
Total: -				

Note: All applicable taxes shall be included in the above figure.

Sign and seal of officer with date

AGREEMENT

THIS AGREEMENT is made at Islamabad on this the ____ day of July 2022.

BETWEEN:

THE PRIVATISATION COMMISSION, Government of Pakistan, having its office at 4th Floor, Kohsar Block, Pak Secretariat, Constitution Avenue, Islamabad (hereinafter called the “Client”);

OF THE FIRST PART

- and -

(hereinafter referred to as Auditing firm)

OF THE SECOND PART

WHEREAS Privatisation Commission desire that the auditing firm performs certain audit services;

AND WHEREAS the auditing firm has represented to Privatisation Commission a willingness to provide the services required by Privatisation Commission;

AND WHEREAS the parties wish to formalize their relationship.

NOW THEREFORE the parties covenant and agree as follows:

SECTION 1 - TERM OF AGREEMENT

1.1 This Agreement comes into effect on the date of signing and shall continue in force until December 31, 2022, unless terminated before or extended beyond that date as hereinafter provided.

SECTION 2 - SERVICES TO BE PROVIDED

2.1 The auditing firm shall perform the auditing services as outlined in the audit scope in Appendix.

SECTION 3 - PERFORMANCE OF AUDITING FIRM OBLIGATIONS

3.1 The auditing firm represents and warrants that the auditing firm possesses the necessary skills, expertise and experience to perform the required services in accordance with the provisions of this Agreement.

SECTION 4 - FEES

4.1 Subject to the following subsections, in consideration of services performed to the satisfaction of Privatisation Commission, the auditing firm will invoice the Privatisation Commission and the Privatisation Commission shall pay to the auditing firm a fee of Rs. _____ for the services outlined in Appendix.

4.2 The auditing firm must provide to the Privatisation Commission a detailed written request of the records required to complete the audit three days prior to the date the records are required. Where the auditing firm is unable to complete the audit due to not receiving the required records in time to complete the audit it may proceed under section 5.1.

4.3 Where all conditions of this Agreement are met and Privatisation Commission has not received the audited financial statements including all the required reports and certifications by due dates as specified in Request for Proposals, the PC may extend the period for submission of these documents on the written request of the auditing firm.

4.4 All invoices shall be satisfactory to the Privatisation Commission in both form and content.

4.5 The Privatisation Commission shall endeavor to pay the auditing firm any fees due within 30 days after the receipt of an invoice.

SECTION 5 - ASSISTANCE FROM THE PRIVATISATION COMMISSION

5.1 The Privatisation Commission agrees to make available to the auditing firm documents, records and assistance from officers and employees of the Privatisation Commission as may be reasonably necessary to assist the auditing firm in the performance of services under this Agreement. In case of any dispute in this regard, the decision of Board shall be final. The auditing firm may refer the matters of any alleged non-cooperation to the PC Board through Chairman of the Board's Audit Committee.

SECTION 6 - OWNERSHIP OF INFORMATION

6.1 All information, data, research, documents, photographs and materials other than audited financial statements, management letter, audit report and certificate produced by the auditing firm, or any officers, employees or agents of the auditing firm, in the performance of this Agreement, and all copyright therein, shall be the property of the auditing firm.

6.2 The auditing firm agrees to lend its audit files to Privatisation Commission or its nominee upon request without cost to the Privatisation Commission.

6.3 The Audited Financial Statements, Management Letter, Audit Reports and Certificates shall be owned by the Privatisation Commission but the auditing firm may retain a copy of these documents to be used as per law and professional ethics.

SECTION 7 - LIABILITY

7.1 Privatisation Commission shall not be liable for any injury to the auditing firm, or to any officers, employees or agents of the auditing firm, or for any damage to or loss of property of the auditing firm, or of the officers, employees or agents of the auditing firm, caused by or in any way related to the performance of this Agreement.

7.2 Subsection 7.1 does not apply if the injury, damage or loss was caused by the wrongful or negligent act of any officer or employee of Privatisation Commission or the Privatisation Commission while acting within the scope of his or her employment.

SECTION 8 - TERMINATION

8.1 Without restricting any other remedies available, the Privatisation Commission may, at its sole option, immediately terminate this Agreement by written notice giving reasons, if:

- (i) in the opinion of Privatisation Commission's Board, the services provided by the auditing firm are unsatisfactory, inadequate, or are improperly performed;
- (ii) in the opinion of Privatisation Commission's Board, the auditing firm has failed to comply with any term or condition of this Agreement; and
- (iii) the auditing firm becomes bankrupt or insolvent.

SECTION 9 - ENTIRE AGREEMENT

9.1 This document contains the entire agreement between the parties. There are no undertakings, representations, or promises, expressed or implied, other than those contained in this Agreement.

SECTION 10 - AMENDMENTS

10.1 No amendment or change to, or modification of, this Agreement shall be valid unless it is in writing and signed by both the parties.

SECTION 11 - NOTICES

11.1 Any notice or other communication to the auditing firm under this Agreement shall be in writing and shall be sent to the auditing firm to:

11.2 Any notice or other communication to the Privatisation Commission under this Agreement shall be in writing and shall be delivered or sent to:

Director Administration
Privatisation Commission, 4th Floor, Kohsar Block, New Pak Secretariat, Islamabad.
Email: info@privatisation.gov.pk

SECTION 12 - CONFLICT OF INTEREST

12.1 The auditing firm shall not engage any person who remained significantly involved in any privatisation transaction during the years under audit, or who has dealt with accounts and internal audit of the Privatisation Commission as employee or financial consultant or who remained involved in initiating, negotiating, securing, drafting, or creating this Agreement on behalf of the Privatisation Commission as an employee or agent of the auditing firm in any capacity or a consultant to the auditing firm with respect to the subject matter of the Agreement.

SECTION 13 - CONFIDENTIALITY

13.1 The auditing firm shall respect the confidentiality of information acquired in the process of audit of the Privatisation Commission and not to disclose such information to third parties without proper and specific authority of the Privatisation Commission's Board unless there is a legal or professional right or duty to disclose. The auditing firm shall maintain professional standards with regards to confidentiality of information obtained in the process of audit conducted under this Agreement.

13.2 The auditing firm may disclose information acquired in the process of audit of the Privatisation Commission to a third party if:

- (a) Disclosure is permitted by law and is authorized by the Privatisation Commission;
- (b) Disclosure is mandated by law; and
- (c) There is a professional duty or right to disclose such information by the auditing firm.

SECTION 14 - GOVERNING LAW & DISPUTE RESOLUTION

14.1 The Agreement, its meaning and interpretation, and the relation between the Parties shall be governed by the laws of the Islamic Republic of Pakistan.

14.2 The Parties shall seek to resolve any dispute in relation to this Agreement amicably by mutual consultation. If either Party objects to any action or inaction of the other Party, the objecting Party may serve a written notice of dispute to the other Party providing in detail the dispute and the basis of the dispute. The Party receiving the notice of dispute will consider it and respond in writing within fourteen (14) days after its receipt. If the other Party fails to respond within fourteen (14) days, or the dispute cannot be amicably settled within fourteen (14) days following the response of the other Party, any Party may be initiate the process of settlement of dispute through arbitration.

14.3 Any dispute between the Parties arising under or related to the Agreement that cannot be settled amicably may be referred by either Party to arbitration in accordance with the Arbitration Act 1940. The Chairman Privation Commission Board's Audit Committee shall be the sole arbitrator and his award shall be final and binding upon both the Parties. Islamabad shall be the seat of arbitration but the arbitrator may determine a different venue for arbitration after consultation with both the Parties.

This Agreement has been executed by the Privatisation Commission and by the auditing firm on the dates noted below.

SIGNED IN THE PRESENCE OF:

Witness

Witness

Privatisation Commission Signature

Date _____

Auditing firm Signature

Date _____

APPENDIX

AUDIT SCOPE

Audit of financial statements For Fiscal Years 2013-14 to 2021-22

including audit of Six Privatisation Transactions

TABLE OF CONTENTS

	PAGE
I Introduction.....	2
II Nature of Services Required	2
III Management Letter	3
IV Timing	3

I Introduction

This audit scope is provided for the auditors to perform audits and to form an opinion. The Privatisation Commission produces this document to advise the auditors. As per the Privatisation Commission's policy, an audit Agreement must be signed prior to the provision of any audit services to Privatisation Commission.

II Nature of Services Required

The auditing firm shall perform an audit for the purpose of expressing an opinion on the:

- a. Financial statements of the Privatisation Commission for the FY ending June 30 2014 to 2022;
- b. Six Privatisation Transactions completed during FY 2013-14 to 2021-22

The following is a list of reports to be submitted as a result of the audit:

Financial Statements

1. An audit report is to be issued on the examination of the financial statements. It is to report whether the financial statements present fairly the financial position and the results of operations in conformity with International Financial Reporting Standards.
2. It is Privatisation Commission management's responsibility to prepare the financial statement, we want to emphasize that it is the auditor's responsibility to ensure that the proper reporting format is used and that there are no material errors in the Audited Financial Statements, Management Letter and Audit Report.
3. Financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The notes to the financial statements should report the existence of any related party transactions, contingent events and any material subsequent events that affect the financial statement fairness to the readers.

Privatisation Transactions

4. An audit report is to be issued on the examination of the transaction record. It is to report whether the transaction was carried out fairly in conformity with Privatisation Commission Ordinance 2000 and the rules and regulations made under it.

Common

5. A management letter is to be issued by the auditing firm.

The auditing firm responsibility is towards the Privatisation Commission Board and it may make communication or provide information to the Board in confidence through the Chairman Board's Audit Committee. Contact details of the current Chairman of the Board's Audit Committee are as under:

Mr. Zafar Iqbal Sobani
Email: sobanizafar@gmail.com
Cell: 0300-8242393

III Management Letter

It is important that the Privatisation Commission follows the statutes and regulations governing its operation. The management letter, which must be submitted to the PC Board along with the audit report, is to:

- Report where a Privatisation Commission is not in compliance with provisions of the requirements of any governing legislation.
- Report where a Privatisation Commission is not following a law or policy.
- Report where a policy set for a self-administered Privatisation Commission does not provide adequate control.
- Report where a Privatisation Commission procedure does not provide adequate controls to ensure that financial Information is timely and accurate and that Privatisation Commission assets are protected.
- Report on the assessment and list any deficiencies found in management controls.

IV Timing

The following timeline is suggested in order to meet the reporting deadline:

FY	Deadline
2013-14 & 2014-15	30 th September 2022
2015-16 & 2016-17	31 st October 2022
2017-18, 2018-19 & 2019-20	30 th November 2022
2020-21 & 2021-22	31 st December 2022

<u>Sr.</u>	<u>Privatisation Transactions</u>	<u>Date of Transaction</u>	<u>Deadline</u>
1	UBL ~19.6% SPO (241,921,931 shares)	Jun-14	31-Oct 2022
2	PPL Offering (~70.05 million shares)	Jun-14	
3	ABL Offering (~131.3 million shares)	Dec-14	
4	HBL Offering (~610 million shares)	Apr-15	
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6	Sale of Properties	May-21	31-Dec-2022