



PAKISTAN HORTICULTURE DEVELOPMENT AND EXPORT COMPANY



**REQUEST FOR PROPOSAL
(RFP)
FOR APPOINTMENT OF EXTERNAL AUDITORS
2019-20**



**Ministry of Commerce & Textile
(Commerce Division)
Government of Pakistan**



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INVITATION TO BID:

Pakistan Horticulture Development and Export Company (PHDEC) is Not for Profit Company Created in 2009, **under section 42 of the Companies Ordinance 1984** working under the Ministry of Commerce & Textile (Commerce Division).

The Authority intends to appoint its external auditors to audit the financial statements of the Authority for the period 1st **July** to 30th **June** 2020 in accordance with the International Standards on financial reporting & Auditing and other applicable **regulations** and standards. The auditor shall be a Chartered Accountant firm i.e. comprising of Chartered Accountants within the meaning of the Chartered Accountants Ordinance, 1961. Interested parties are invited to submit their proposals in respect of external audit after obtaining and understanding the relevant information for assignment purposes.

OBJECTIVE:

The objective of this assignment is to conduct a comprehensive financial, performance, compliance and risks-based audit to find out:

1. The financial statements are presented in true and fair manner.
2. Management has performed its work according to IAS.
3. The authority is following International Financial Reporting Standards (IFRS) and International Auditing Standards (IAS).
4. The operations of the authority are not subject to such risks as can lead to misappropriation of funds, financial embezzlements and are not in the best interest of its stakeholders.

SCOPE OF WORK:

The scope of work is to conduct external audit of Pakistan Horticulture and Export Company for the period **1st July 2019 to 30th June 2020**. The overall scope of the audit is as follows:

1. The audit will cover the period from **1st July 2019 to 30th June 2020**
2. Estimated duration of the audit assignment is 4 weeks.
3. The selected audit firm shall conduct the audit in accordance with International Standards on Auditing and any other applicable regulations and standards.



AUDIT REPORT:

The auditors' report should be in accordance with applicable auditing standards.

MANAGEMENT LETTER:

The auditor should submit a letter to the Board at the completion of the audit. This letter may include internal control weaknesses noted in the financial management and recommendations to resolve/eliminate the internal control weaknesses.

AUDITOR INDEPENDENCE AND QUALIFICATION:

The auditor must be completely impartial and independent of all aspects of management or financial interests in the entity being audited. The auditor should neither during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as director for, or have any financial or close business relationships with any senior participant in the management of PHDEC. The auditor should disclose any relationship that might possibly compromise his/her independence. The auditor should be experienced in applying either ISA or National audit standards; whichever is applicable for the audit. The auditor must employ adequate staff with appropriate professional qualifications and suitable experience with IFRS, IAS, ISA or National standards, including experience in auditing the accounts of entities comparable in size and complexity to PHDEC

DELIVERABLES:

A draft audit report should be submitted initially following a final signed audit report with certified statements within a week after completing the audit process and a management letter within two weeks after completion of audit of the period under review. External Auditor shall have to present the annual audit report to the PHDEC Board and/or the Finance & Audit Committee during its Session to be held after audit and provide any clarifications required by Members. The audit firm shall provide 3 hard copies of the Audit Report and Management Letter and the same in soft form as well.

TIMELINE:

External Auditors are required to complete their audit within 30 working days from the date of deployment of their team.

THE BIDDING PROCESS:

Bids shall be selected in accordance with the PPRA Rules, as a Single Stage – Two Envelope procedure. The bidding process shall 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. The envelope No. 2 (Financial Proposal) shall contain the Financial Bid and the Financial Bid Performa.
3. Both the above mentioned envelopes should be put in one large envelope marked as “Proposal for External Audit”.
4. Technical proposal should not mention any price quoted in financial proposal. Price Schedule shall only be submitted with the sealed Financial Proposal and in case of more than one bids each financial bid should be presented separately.
5. The bidder must quote his price as per format. The rate 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 bidder’s official stamp.
7. In the first stage, only the envelope marked “TECHNICAL PROPOSAL” shall be opened and the envelope marked “FINANCIAL PROPOSAL” shall be retained unopened.
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 financial proposals of selected bidders shall be opened at a time, date and venue announced and communicated to the bidders already. The financial proposals of the rejected bidders shall be returned unopened.
12. Technical /Financial proposals shall be evaluated according to the evaluation criteria. Written contract shall be made with the successful bidder after the opening of financial proposals.

EVALUATION CRITERIA:

The Authority will use “Least Cost Selection Method” for selection of External Auditors under evaluation method. Passing marks are 60% of total marks for technical evaluation.

Scores shall be allocated based on evidence available in the technical proposal only. Bidders who pass the technical qualification shall be eligible for financial opening. Contract shall be awarded to lowest qualified and responsive bidder.

TECHNICAL EVALUATION:

1) **Initial Screening:**

The following documents/ certificates are the pre-requisite and shall be used for initial screening. The applicant audit firm shall go in the next stage if it fulfills all the requirements 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. The most recent Satisfactory QCR Rating of ICAP.
4. Taxpayer registration certificate of 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 is complete, true and correct in all aspects.
7. Functional office in Islamabad
8. The firm should be minimum category "B" on state Bank panel.

Technical Evaluation: The firms cleared from initial screening shall be further evaluated, as per following criteria:

1. Number of offices in Pakistan
2. Clientage
3. Experience of government / semi-government organization audits
4. Number of partners
5. Number of audit staff
6. Number of qualified accountants
7. Experience of Engagement Partner
8. Affiliation with one of the well-reputed international audit firms
9. Financial soundness The financial proposal of only those audit firms shall be opened which secure a score of **70%** or more in the technical evaluation.

The bidders must submit supporting documents in respect of each criterion.

Marks Evaluation Table

| Offices in Pakistan | Number of Offices | Marks | Total Marks |
|----------------------------------|-------------------|-------|-------------|
| At least Three | 3 | 5 | 10 |
| | More than 3 | 10 | |
| Audit client | Range | Marks | Total Marks |
| At least 20 | 20 | 15 | 20 |
| | More than 20 | 20 | |
| Public sector Audit Experience | Range | Marks | Total Marks |
| Govt/Semi Govt/Public | At least 5 | 5 | 10 |
| | more than 5 | 10 | |
| Partners | Range | Marks | Total Marks |
| At Least 3 | 3 | 15 | 20 |
| | more than 3 | 20 | |
| No of Audit staff | Range | Marks | Total Marks |
| At least 25 | 25 | 15 | 20 |
| | more than 25 | 20 | |
| Experience Of Engagement Partner | Range | Marks | Total Marks |
| At least 10 year | 10 year | 15 | |
| | more than 10 | 20 | 20 |



BIDDING PROCESS:

The proposals should reach us latest by 20th August, 2019 before 12:00 pm sharp. The bids will be opened on the same day at 2:30 pm in the presence of bidders or their representatives who want to be present.

Manager (Admin & HR)

PHDEC, 3rd Floor, FPCCI Capital House, Aiwan-e-Sanat-o-Tijarat Road, Mauve Area, G-8/1, Islamabad. 051-9107381-87