



# **PEDO**



**PAKHTUNKHWA ENERGY DEVELOPMENT**

**ORGANIZATION**

**Government of Khyber Pakhtunkhwa, PAKISTAN**

# **Request for Proposal**

**From**

**Chartered Accountant Firms  
For the following Assignments**

- **Audit of Consolidated Financial Statements of PEDO and individual financial statements of each segment (project/business unit) for the year ended June 30, 2018**

**Proposal Submission Date: 25 June 2018**

## 1. **Pakhtunkhwa Energy Development Organization (PEDO):**

Government of Khyber Pakhtunkhwa has embarked upon an ambitious journey to eliminate load shedding by way of fast track development of hydro energy projects and exploring other renewable energy avenues. Pakhtunkhwa Energy Development Organization (PEDO) is leading this initiative of the provincial government by engaging and encouraging private sector investment.

Pakhtunkhwa energy development organization (PEDO) is a Statutory body of the Government of Khyber Pakhtunkhwa and responsible for fast track development of the energy sector of the province. PEDO is working to explore all possible energy avenues including renewables like hydro, solar and wind energy. As the province of Khyber Pakhtunkhwa has immense potential for development of hydro power and so this area is being given the top priority, and private sector investment is being encouraged. Thermal power generation based on natural gas or coal also comes within the purview of PEDO.

## 2. **Scope of Services:**

PEDO intends to hire a professional Audit firm for the provision of the following services.

- A) Audit of consolidated and individual financial statements of each segment (projects/business unit) for the year ended June 30, 2018.
- B) Audit report to express an opinion on the consolidated financial statements and individual financial statements of each segment (project/business unit) based on the audit conducted in accordance with International Standards on Auditing as applicable in Pakistan, pronouncement issued by Institute of Chartered Accountants of Pakistan and other applicable laws to the Organization.

DELIVERABLE: Audit report on consolidated financial statements  
 Audit report on individual financial statements of each segment  
 Letter of weaknesses separately for each segment and  
 Organization as a whole for the year ended June 30, 2018.

Currently PEDO have the following major segments (Business Unit/Projects).

Major segment	Location	Capacity (MW)	Remarks
Malakand-III	Malakand	81.00	
Pehur	Swabi	18.00	
Shishi	Chitral	1.80	
Reshun	Chitral	4.2	
Machai	Mardan	2.6	
Ranolia	Kohistan	17.00	
Daral Khwar	Swat	36.60	
Jabori	Mansehra	10.20	
Karora	Shangla	12.00	
Koto	Dir	40.80	

Matiltan	Swat	84.00	
Lawi	Chitral	69.00	
Mini Micro hydel projects			
Solar Projects			

Payment of invoices will be made within 30 days after provision of the initialed audit reports and letter of weaknesses.

### **3. Term of the Contract:**

The selected firm will be required to enter into a contract (the “**Contract**”) with Pakhtunkhwa Energy Development Organization (PEDO) for a term of three years (Subject to the approval of Board of Director for each year).

### **4. Eligibility Criteria:**

Proposals of only those firms will be considered which fulfill the following criteria;

- a. The Firm should be duly qualified and enrolled under the Chartered Accountants Ordinance, 1961 with the Institute of Chartered Accountants of Pakistan (ICAP) to provide professional services.
- b. The Firm must have secured at least three consecutive satisfactory Quality Control Reviews (QCR) issued by the ICAP. The latest being currently applicable to the firm.
- c. None of the Partners of the firm should have been reprimanded by name or otherwise by ICAP or penalized by the Securities and Exchange Commission of Pakistan (SECP) in the last five years.

### **5. Proposal Evaluation Criteria:**

Interested firms will be engaged following a two-envelope hiring method.

Selection of the firm will be carried out in accordance with the procedure of Quality and Cost Based Selection (QCBS) method.

- i. Weights for the evaluation of the proposal are given below
  - i. 60% weight will be given to the Technical Score (T).
  - ii. 40% weight will be given to the Cost Score (C).
- ii. A Bid having secured at least 60% in Technical stage will be considered responsive for opening of the Financial Bid i.e. weighted average 36 marks out of 60.

### **iii. EVALUATION OF PROPOSALS UNDER QCBS**

For those Firms who have passed the technical evaluation (minimum score of 60%), following methodology will be used to determine the proposal with the highest total score (TS):

**Step 1 – Quality (Technical) Weighting**

Quality Score “Q” = S1 x q1.

**Step 2 – Cost Score Weighting**

Cost Score (C) = FL / TC \* 40%

**Step 3 – Total Score**

Total Score (TS) = Q + C

**Where:**

- Q is Quality Score - Technical  
 S 1 is Score given out of 100 for Technical (quality)  
 q 1 is Criteria of Quality Weighting (60%) – as decided by the Procuring Entity  
 C is Cost Score  
 FL is lowest financial bid  
 TC is financial bid of the proposal under consideration

- iv. The Technical Proposal shall not include any financial information. A Technical Proposal containing financial information will be declared not valid.

Following criteria shall be used for the selection of the firm:

**Technical Evaluation Criteria**

S. No.	Description	Max. Marks	Criteria for marks	
i.	Methodology for undertaking the assignment	35	<ul style="list-style-type: none"> <li>• Risk Based Audit approach (max. marks 10)</li> <li>• Quality of Risk Based audit (max. marks 15)</li> <li>• Independent Engagement Quality Control Review</li> <li>• IT &amp; GAAP specialist</li> </ul>	10 15 05 05
ii.	International affiliation of firm	10	<ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> </ul>	10 0
iii.	Qualification and experience of team proposed for the task	20	<ul style="list-style-type: none"> <li>• Engagement Partner               <ul style="list-style-type: none"> <li>– FCA</li> <li>– ACA</li> </ul> </li> <li>• Senior Manager, FCA               <ul style="list-style-type: none"> <li>– FCA</li> <li>– ACA</li> </ul> </li> </ul>	10 05 05 03

			<ul style="list-style-type: none"> <li>• Manager/Assistant Manager <ul style="list-style-type: none"> <li>– ACA</li> <li>– CA Intermediate</li> </ul> </li> </ul>	05 02
iv.	Experience of auditing power sector entities	25	<ul style="list-style-type: none"> <li>• 5 marks for each entity to the maximum of 25</li> </ul>	25
v.	Number of Partners in a firms	10	<ul style="list-style-type: none"> <li>• 5</li> <li>• 4</li> <li>• 3</li> <li>• 2</li> <li>• 1</li> </ul>	10 8 6 4 2
<b>Total Technical</b>		<b>100</b>		

*Firms with total quality (technical) criteria with more than 60% aggregate marks shall be considered responsive and shall be evaluated for further processing / opening of Financial Bids.*

### **Financial Proposal**

- i. Financial proposal should be provided in the attached Financial Proposal Form 1.
- ii. The Financial proposal will be inclusive of out of pocket expenses.
- iii. The firm selected and awarded the Contract shall be liable for the consequences of errors or omissions on his part, which will be twice the remuneration of the firm excluding Out of Pocket Expenses.

### **Final Evaluation**

A combined evaluation of technical and financial proposals shall follow and the applicant with the highest marks will be selected.

Total Score = Q + C

#### **Where:**

Q is Quality Score  
C is Cost Score

### **7. Bidding Process:**

A single stage two envelope bidding process will be adopted. The interested firms will submit a technical proposal and a financial proposal. Each proposal will be sealed and marked separately.

Firms fulfilling the eligibility criteria and scoring at least 60% in the Quality Evaluation Criteria will be considered responsive and financial proposals of only technically

responsive bidders will be opened in the presence of their representatives on the date and time, as notified by PEDO to the technically responsive bidders.

**Contents of Technical Proposal:**

- i. Firm's complete profile.
- ii. CVs of the proposed team members having relevant experience with details of assignments undertaken.
- iii. A summary table along with detailed description of assignments under taken and supporting documents substantiating previous experience.
- iv. Office address with information on contact person and contact numbers in Islamabad Or Peshawar
- v. Evidence of ICAP registration.
- vi. Evidence of QCRs for past three consecutive periods
- vii. Copy of NTN of the firm
- viii. Evidence of Foreign Affiliation.
- ix. Affidavit by the Engagement Partner that none of the Partners of the firm have been reprimanded by name or otherwise by ICAP or penalized by the Securities and Exchange Commission of Pakistan (SECP) in the last five years.

**Terms and Conditions:**

1. The proposals submitted by the firm should be valid for three months period (after closing date) for the purposes of evaluation and selection of a firm by PEDO;
2. Proposal should reach this office by **25 June 2018 at 14.30hrs** and will be opened on the same day at **15.00hrs** in the presence of bidders or their representatives.
3. No proposal shall be accepted after due date and time.
4. The PEDO reserves the right to reject any or all proposal(s).
5. The Technical Proposal shall be placed in a sealed envelope clearly marked "TECHNICAL PROPOSAL". Similarly, the Financial Proposal shall be placed in a sealed envelope clearly marked "FINANCIAL PROPOSAL" followed by a warning "DO NOT OPEN WITH THE TECHNICAL PROPOSAL." If the Financial Proposal is not submitted in a separate sealed envelope duly marked as indicated above, this will constitute grounds for declaring the Proposal non-responsive. Both the envelope should be then placed in one large envelope

clearly marked "PROPOSAL FOR AUDIT SERVICES" and must reach the PEDO office within the stipulated date and time. The proposal must be sent to Chief Financial Officer, PEDO by means of courier. However, PEDO does not take any responsibility of its receipt and being delivered.

6. The DECLARATION ON STAMP PAPER BY AN AUTHORIZED SIGNATORY OF THE BIDDER as given in Annex-A of this RFP should be duly signed and attached with the Technical Proposal.
7. Any proposal not reaching the PEDO office within the stipulated time and date, shall be returned unopened and shall not be part of the competitive bid.
8. Financial bids for the bidders qualifying the technical criteria will be opened on a date communicated to the bidders who would qualify the technical round.
9. Bidders shall bear all costs associated with the preparation and submission of their proposals and contract signing. PEDO is not bound to accept any proposal, and reserves the right to annul the selection process at any time prior to Contract award, without thereby incurring any liability to the Bidders or giving any reason.
10. From the time the Proposals are opened to the time the Contract is awarded, the Bidders should not contact PEDO on any matter related to its Technical and/or Financial Proposal. Any effort by Bidders to influence PEDO in the examination, evaluation, ranking of Proposals, and recommendation for award of Contract may result in the rejection of the Bidders' Proposal.
11. Evaluators of Technical Proposals shall have no access to the Financial Proposals until the technical evaluation is concluded.
12. Firm should be registered with Khyber Pakhtunkhwa Revenue Authority for provision of services.

#### **a. CONFLICT OF INTEREST**

PEDO policy requires that Bidders provide professional, objective, and impartial advice and at all times hold the interest of PEDO paramount, strictly avoid conflicts with other assignments (i.e. If a firm has been engaged by PEDO (procuring entity) to provide goods or works for a project, it shall be disqualified from providing consulting services for the same project and vice versa.) or their own corporate interests and act without any consideration for future work. Bidders have an obligation to disclose any situation of actual or potential conflict that impacts their capacity to serve the best

interest of PEDO. Failure to disclose said situations may lead to the disqualification of the Bidder or the termination of its Contract. A Bidder (including its Personnel and Sub-Bidders) that has a business or family relationship with a member of the PEDO staff who is directly or indirectly involved in any part of the preparation of this RFP document, the selection criteria and the Contract, may not be awarded the Contract for this assignment, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the appropriate authority within PEDO.

**Proposal Submission Deadline**

*Proposals to be submitted in sealed envelope at following address before:*

**Last date & time for submission of Proposal:**

**Time: 14:30 hours 25 June 2018**

**Chief Financial Officer**

**PEDO House, 38-B/2, Phase V, Hayatabad, Peshawar, Pakistan**

**Tel: 091 921 7300 Fax: 091 921 7277**

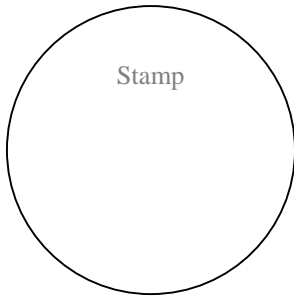


**FINANCIAL PROPOSAL FORM: 1**

***(Fill and Attach all costs associated with providing audit services mentioned in the scope of services and terms of reference with the Financial Bid)***

S/No	Financial Bid	
	Required	Detail (to be filled in by the Bidders)
1	Name of the Bidder / Firm _____ _____	
2	Professional remuneration	
3	Add: Out of pocket expenses	
4	Add: taxes	
	<b>Total Fee</b>	

\_\_\_\_\_  
Authorized Signatory



**DECLARATION BY AN AUTHORIZED SIGNATORY OF THE BIDDER/Consortium****Only One person per the Bidder/Firm****Annex-A**

I, (Name) \_\_\_\_\_  
 (Designation) \_\_\_\_\_ Of  
 (Firm's Name, if any) \_\_\_\_\_

Am an authorized signatory of the Firm, mentioned in the Technical and Financial proposal and above, I attest that I am competent to sign this declaration and execute this RFP document;

1. I have carefully read and understood all the terms and conditions of the PEDO RFP for hiring of "Chartered Accountant Firms for the following Services;
  - A) Audit of consolidated and individual financial statements of each segment (projects/business unit)
  - B) Audit report to express an opinion on the consolidated financial statements and individual financial statements of each segment (project/business unit) based on the audit conducted in accordance with International Standards on Auditing as applicable in Pakistan, pronouncement issued by Institute of Chartered Accountants of Pakistan and other applicable laws to the Organization.

DELIVERABLE: Audit report on consolidated financial statements  
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Jabori	Mansehra	10.20	
Karora	Shangla	12.00	
Koto	Dir	40.80	
Matiltan	Swat	84.00	
Lawi	Chitral	69.00	
Mini Micro hydel projects			

Solar Projects			
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Payment of invoices will be made within 30 days after provision of the initialed audit reports and letter of weaknesses.

2. The information/ documents furnished along with the Technical & Financial Proposals are true and authentic to the best of my knowledge and belief. I/we am/ are well aware of the fact that furnishing of any false information/ fabricated document would lead to rejection of this bid at any stage besides liabilities towards prosecution under appropriate law.
3. I/we understand that Pakhtunkhwa Energy Development Organization (PEDO) may require further information and we will duly provide that information in the time stipulated by PEDO, and that any non-supply of such information would lead to rejection of this bid at any stage besides liabilities towards prosecution under appropriate law.

Signature of authorized person & Stamp

Full name:

Date:

Seal:

**NOTE: Please attach the above DECLARATION BY AN AUTHORIZED SIGNATORY OF THE BIDDER to the Technical Proposal.**

**Compliance Checklist**

<b>S No.</b>	<b>Requirement</b>	<b>Reference</b>
01	<ul style="list-style-type: none"> <li>Firm/company Name</li> </ul>	
03	<ul style="list-style-type: none"> <li>Legal Address</li> </ul>	<ul style="list-style-type: none"> <li>Address _____</li> <li>City _____</li> <li>Phone No _____</li> <li>Contact Person _____</li> <li>Contact Person Mobile _____</li> </ul>
04	<ul style="list-style-type: none"> <li>Registration with the Institute of Chartered Accountants of Pakistan (ICAP)</li> </ul>	<ul style="list-style-type: none"> <li>Provide Certificate of registration</li> </ul>
05	<ul style="list-style-type: none"> <li>satisfactory Quality Control Reviews (QCR) issued by the ICAP</li> </ul>	<ul style="list-style-type: none"> <li>QCR certificates</li> </ul>
06	<ul style="list-style-type: none"> <li>None of the Partners of the firm have been reprimanded by name or otherwise by ICAP or penalized by SECP in the last five years</li> </ul>	<ul style="list-style-type: none"> <li>Affidavit by the engagement partner</li> </ul>
07	<ul style="list-style-type: none"> <li>Methodology for undertaking the assignment</li> </ul>	<ul style="list-style-type: none"> <li>Provide detail methodology on audit approach and experts involved</li> </ul>
08	<ul style="list-style-type: none"> <li>International Affiliation of firm</li> </ul>	<ul style="list-style-type: none"> <li>Provide proof of International affiliation</li> </ul>
09	<ul style="list-style-type: none"> <li>Qualification and experience of team</li> </ul>	<ul style="list-style-type: none"> <li>CV along with proof of qualification</li> </ul>
10	<ul style="list-style-type: none"> <li>Experience of auditing power sector entities</li> </ul>	<ul style="list-style-type: none"> <li>Provide copies of audit reports issued</li> </ul>
11	<ul style="list-style-type: none"> <li>Number of partners in firm</li> </ul>	<ul style="list-style-type: none"> <li>Provide details of partner with CNIC &amp; ICAP Registration</li> </ul>