

OIL & GAS DEVELOPMENT COMPANY LIMITED

TERMS OF REFERENCE (TOR) SCOPE OF WORK(SOW)



TENDER ENQUIRY NO: PROC-SERVICES/CB/FINANCE-4360/2019

HIRING OF SERVICES FOR ENGAGEMENT OF CONSULTANT FOR ASSIGNMENT OF IMPACT ASSESSMENT OF IFRS-9 ON COMPANY'S FINANCIAL STATEMENTS

Note: Master set of tender documents (services) uploaded on OGDCL's website (www.ogdcl.com) is the integral part of this TOR/Tender.

TERMS OF REFERENCE (TOR)

FOR

ENGAGEMENT OF CONSULTANT FOR ASSIGNMENT OF IMPACT ASSESSMENT OF IFRS-9 ON COMPANY'S FINANCIAL STATEMENTS

1. Objective

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation became effective for annual periods beginning on or after 1 July 2018. However, Securities and Exchange Commission of Pakistan vide S.R.O. 229(I)/2019 dated 14 February 2019 has modified the effective date as "Reporting period/ year ending on or after 30 June 2019". IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries the guidance on recognition and de-recognition of financial instruments from IAS 39.

OGDCL ('the Company') is required to analyze the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard. For this, a consultancy firm is required to be engaged for assessment of the impact of revised requirements of IFRS-9 on the Company's financial statements for the year ending June 30, 2019. The detailed information about the Company can be obtained from the website www.ogdcl.com.

2. Scope of Work

The scope of work of the Consultant for the purpose of this assignment is to analyze and assess impact of IFRS-9 on the Company and will include:

- i) Identification of the Company's financial assets, receivables/liabilities and other items falling under the scope of IFRS-9.
- ii) Classification/categorization and measurement of items mentioned in 2(i) as per IFRS-9.
- iii) To work out the impact of IFRS-9 on the Company's trade debts, Term Finance Certificates and other receivables, financial assets/liabilities.
- iv) To work out estimated credit losses as described in IFRS-9 by developing an unbiased and probability weighted ECL model. The ECL model shall take time value of money into account as required in IFRS-9.
- v) Report providing assessment, suitable data sources, calculation and conclusion of applicable assumptions to be used in ECL Model.
- vi) Present and provide ECL Model as per the recommended approach and assumptions. The financial model shall contain detailed guidance, controls checks etc. for updating the same on periodic basis i.e. monthly, quarterly etc.
- vii) The ECL model shall contain the input data cells for periodic true-up based on actual cash inflows and assumption should be separately identifiable and clearly explained in guidance.

- viii) The assessment and the model will cover all the reporting periods of the Company as required under IFRSs.
- ix) The probability of default for financial assets backed by Government of Pakistan is required to be determined.
- x) The consultant will be required to conduct discussion session with statutory auditors of the Company and incorporate their suggestions/recommendations before the report is finalized.

3. CUT-OFF DATE

The cut-off date for the assignment will be **30 June 2019** or any other date mutually agreed with the consultant.

4. TIMELINE / CONTRACT DURATION / COMPLETION PERIOD:

4.1 Contract duration: Contract validity will be six weeks from the date of issuance of service order by OGDCL unless earlier terminated under the provisions hereof. Any extension in the term of Contract will be subject to mutual consent of both the parties.

4.2 Completion Period/Time Line: The consultant will start the work immediately from the date of issuance of Service Order by OGDCL and complete the assignment within a period of **six (6)** weeks from the date of issuance of Service Order by OGDCL. The time period of assignment will be calculated as under:

- a) The Consultant will submit the draft report as per deliverables within four (04) weeks starting from the date of issuance of Service Order by OGDCL.
- b) Upon receipt of draft report, OGDCL management shall review the report within reasonable time, the time period spent for review will not be included in the total six (06) weeks period of assignment.
- c) The last two (02) weeks of assignment are for review of the deliverables, discussions with consultant and submission of final report by the consultant after approval by OGDCL.
- d) The total six (06) weeks period of the assignment may be extended by OGDCL Management in writing in case where delay would occur due to unavoidable circumstances on the part of OGDCL.

5. STAFFING

The assignment shall be conducted under the overall supervision of engagement partner of the consulting firm. Suitable trained and experience staff will be deputed on the assignment. The partner and his/her staff shall co-ordinate with Manager (Accounts) of OGDCL for this assignment on at least weekly basis. Consultant is to provide list of staff separately mentioning qualifications and experience in relevant field/assignment.

6. RESPONSIBILITIES OF OGDCL

- a) OGDCL will provide all the data/information/schedules that will be required for the assignment as demanded by consultant.
- b) OGDCL will provide boarding, lodging and transportation at field locations only, in case it is needed.

7. DELIVERABLES BY CONSULTANT

The consultant shall provide following documents/information/items along with the report:

- a) Identification of the Company's financial assets/liabilities falling under the scope of IFRS-9.
- b) Classification and measurement of financial assets of the Company.
- c) Probabilistic/expected credit loss model for estimating expected credit losses in hard as well as soft form.
- d) Input data cells for periodic true-up based on actual cash inflows and assumption should be separately identifiable and clearly explained in guidance.
- e) The report will cover all the reporting periods required to be reported under IFRSs.
- f) Any other information necessary to be included in the report.

8. TECHNICAL PROPOSAL

Technical Proposal should be submitted covering the following:

- a. Company Profile with detail of Partner(s) who will be responsible to supervise the assignment and detail of his expertise for completion of similar assignment.
- b. Details layout plan to carry out the assignment containing information about understanding of project objectives/ scope, methodology, timelines, milestones, deliverables, submission of reports, project teams etc.
- c. List of similar assignment completed, indicating names of the organizations, extent of work carried out, list of deliverables and also provide recommendation letter of customers.
- d. List of team members to be deployed on the assignment with education, certifications, expertise, roles and responsibilities (CVs of proposed team members to be enclosed). Also provide detailed Responsibility Matrix providing information about the task distribution.
- e. The Consultant shall also provide any additional information (which they feel relevant) not covered in the above requirement list.
- f. Technical Proposals will be opened first and technical evaluation will be evaluated as per criteria given at para 16.

g. Technical Evaluation Criteria

The technical evaluation will be carried out based on following criteria.

S. No.	Item	Marks	Criteria
1.	Year of establishment. Total experience of firm in years	15	15 years and above 15 marks less than 15 years will get marks on prorated basis
2.	Affiliation with International Audit firms	5	International Affiliation will carry 5 marks
3.	No. of offices in Pakistan	10	Each office will get 2 marks
4.	No. of partners and Managers	20	Following marks will be given: Maximum marks will be 20. FCA/ACA 2 marks each
5.	Impact assessment of IFRS-9	30	Each similar assignment with an assets value of: 1. Up to Rs 1 billion zero mark. 2. More than Rs 1 billion and up to Rs 10 billion 5 marks. 3. More than Rs 10 billion 10 marks. Maximum marks will not exceed 30.
6.	Rating of quality Assurance by ICAP	5	5 marks for satisfactory Rating during last 5 years (1 mark for each year)
7.	Impact assessment of IFRS-9 conducted: i) E&P/Oil & Gas Companies. ii) Companies facing energy sector circular debts issue.	6 9	i) 3 marks of each assignment up to 6 marks ii) 3 marks of each assignment up to 9 marks
Total Marks		100	
Qualifying Marks		70	

The bidders obtaining less than 70% points/ marks in technical evaluation shall not be considered for the assignment.

9. FINANCIAL BID FORMAT & FINANCIAL EVALUATION CRITERIA

Bidders shall quote the price on lump sum basis (Extra cost except total lump sum fee shall not be considered) and financial evaluation will be carried out on lump sum basis for complete job as per Scope of Work inclusive of all taxes except PST/ICT/GST:-

Sr No	Description	Price in PKR (Lump Sum) inclusive of all taxes except PST/ICT/GST
01	assignment of impact assessment of IFRS-9 on company's financial statements	
Total Price in PKR inclusive of all taxes (Except Provincial Sales Tax/ ICT Tax on services and GST on Material in Pakistan), duties, levies, charges etc.		

10. BID PRICE:

- (i) Bid price must be quoted in PKR otherwise the bid will be rejected.
- (ii) Bid price shall be inclusive of all taxes, duties, levies, charges etc., except Provincial Sales Tax (PST)/ Islamabad Capital Territory Sales Tax (ICT) on services in Pakistan.
- (iii) PST/ICT wherever applicable shall be borne by OGDCL at actual.
- (iv) The prices quoted by the successful bidder (contractor) for required services shall remain firm and final throughout contract period. The price charged by the successful bidder (contractor) for required services shall not vary from the prices quoted by the service company.

(This clause shall prevail instead of Master Tender document "ITB" clause # 06 'BID PRICE')

11. PAYMENT TERMS:

100% of the fee will be paid after finalization of the assignment, submission of report by consultant and approval by BoD, OGDCL against invoice verified by OGDCL.

(This clause will prevail instead of Master Tender document "ITB" clause # 07 'PAYMENT').

12. PRE-BIDDING MEETING

A pre-bidding meeting will be held of interested bidders to make them fully understand the exercise and provide them the necessary details.

13. AMOUNT OF BID BOND:

Bid Bond /Bid Security amounting to **PKR: 30,000/-** is to be attached / provided with the technical bid. Please see Master Set of Tender Document for further details.

Note :-

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