



OIL AND GAS DEVELOPMENT COMPANY
INTERNAL AUDIT DEPARTMENT
ISLAMABAD

**SUBJECT: TORs FOR HIRING OF EXTERNAL CONSULTANT FOR CARRYING OUT
A DIAGNOSTIC/ ASSESSMENT OF INTERNAL AUDIT DEPARTMENT:**

1. PURPOSE

The purpose is to hire services of an independent external consultant for assessment/diagnostic study of Internal Audit function and to develop a future road map of the Internal Audit Department of the OGDCL.

2. OBJECTIVE

The objectives of the external assessment are:

- a. To assess Internal Audit Department's conformance with the IIA Standards, Code of Ethics, applicable local laws/regulations and industry best practices; and
- b. To assess the efficiency and effectiveness of Internal Audit Department activities in meeting the objectives and mission as defined in the OGDCL's Financial Regulations and Rules and the Charter of Internal Audit.
- c. To develop a future road map of the Internal Audit Department of the OGDCL.

3. SCOPE OF WORK

The scope of work of the Consultant for the purpose of this assignment is as under:

- i) Evaluation of OGDCL IA's compliance with IIA Standards, Code of Ethics and other applicable local laws / regulations and industry best practices.
- ii) Evaluation of steps taken to ensure independence and objectivity of internal auditors.
- iii) Review the Charter of Internal Audit (IA) function, mission statement, objective and annual internal audit plan (including evaluation of risk based audit plan and risk assessment approach) for updating in light of regulatory, legal and applicable standards and best practices which will include but not limited to reviewing the working papers to assess whether:
 - a) Planning process has been followed and documented;
 - b) Procedures are designed to address audit risk;
 - c) Work performed is appropriately documented;
 - d) Conclusion drawn are supported by adequate evidence;

- e) Follow up processes are documented.
- iv) Evaluation of existing audit manual to update it on the fundamentals of Process-based risk assessment, operational workflows & standards operating procedures of various technical and non-technical departments, best industry practices and in compliance of standards of the institute of internal Audit.
- v) Evaluation of management efforts and response towards the internal audit observations, recommendations and value addition thereof.
- vi) Evaluations of Internal Audit functions, its structure, staffing/organogram, methodology, processes and reporting lines as per best industry practices;
- vii) Assessment of IA manpower skills and capacity in line with Oil and Gas Industry, best internal audit practices and standards of Institute of the Internal Auditor.
- viii) Assessment of Internal Audit infrastructure it's level of automation and required skill level and the requirements for capability enhancement through training.
- ix) Assessment of the quality of reporting and follow up with regard to audit findings, their impact and recommendations to management;
- x) Assessment of overall efficiency and effectiveness of Internal Audit in the improvement of governance, risk management and internal control process of the organization;
- xi) Benchmark OGDCL IA against best industry practices to assess its level of conformance and recommend certain short/mid/long term measures for Audit Committee consideration to reform IA over the next few years and to develop a future road map of the Internal Audit function of the OGDCL.

4. TIMEFRAME

The consultant will start the work immediately after signing of the contract with OGDCL and complete the assignment within **twelve (12)** weeks from the date of signing of the contract. The period of the assignment will be calculated as under:

4.1 The Consultant will submit the draft report as per the scope of work and deliverables within **nine (09)** weeks starting from the date of signing of Contract.

4.2 Upon receipt of the draft report, the MD/CEO OGDCL shall review the report within a reasonable time, the time spent for review will not be included in the total period of assignment.

4.3 The last three (03) weeks of the assignment are for review of the deliverables, discussions with Management and submission of the final report by the consultant after

approval by OGDCL.

4.4 The total twelve (12) weeks period of the assignment may be extended by OGDCL Management in writing in the case where delay would occur due to unavoidable circumstances on the part of OGDCL.

5. STAFFING

5.1 The assignment shall be conducted under the overall supervision of the engagement partner of the consulting firm. Suitably trained and experienced staff will be deputed on the assignment. The partner and his/her staff shall coordinate with Chief Internal Auditor of OGDCL for this assignment on at least a weekly basis. Consultant is to provide a list of staff separately mentioning qualifications and experience in relevant field/assignment.

5.2 The Assessment team must demonstrate competence in at least two areas:

- (i) the professional practice of internal auditing, and;
- (ii) the external quality assessment process.

As such, the team should meet the following minimum qualifications described herein.

The team leader has to be a duly certified professional auditor, with at least 10 years of post-qualification audit experience (internal and external auditing combined) at a senior managerial level and has led at least three external quality assessments.

Collectively, the Assessment team should possess

- (i) experience in conducting external quality assessment of entities comparable in size and complexity to OGDCL;
- (ii) the necessary technical skills (e.g. information technology, risk management, governance and strategic management, internal auditing and audit management); and
- (iii) Vast knowledge of internal audit function in the public sector.
- (iv) Extensive experience of E&P Sector.

6. RESPONSIBILITIES OF OGDCL

OGDCL will provide all the data/information/schedules that will be required for the assignment as required by the consultant.

OGDCL will provide boarding, lodging and transportation at field locations only, in case it is needed.

7. DELIVERABLES BY CONSULTANT

At the conclusion of the engagement, the required deliverable shall be a formal report that addresses, at a minimum, the following:

- i) Opinion on Internal audit activity's conformance with International Standards on Auditing (issued by IIA) /applicable local laws and other regulations/code of ethics and international/industry best practices. It shall include an opinion on existing and proposed organogram of the IA Department.
- ii) Recommendations for improvement in the IA Department's existing functioning, audit methodology, the scope of Internal Audit, implementation and reporting of audit observations.
- iii) Provide an Internal audit manual based on fundamentals of process-based risk assessment, operational workflows & standards operating procedures of various technical and non-technical departments, best industry practices and in compliance of standards of the institute of internal Audit. This Audit Manual must contain section wise detailed checklists of each technical and non-technical department.
- iv) Benchmark OGDCL IA Department functionality against best industry practices to assess its level of conformance and recommend certain short/mid/long term measures for the consideration of Audit Committee of the Board to reform IA over the next few years. A clear roadmap shall be developed for this and made part of its final assessment report.
- v) Specific commentary on ways in which Internal Audit can enhance the value delivered to its key stakeholders, including the Audit Committee, Senior Management and other key stakeholders.
- vi) Report on the usage of the risk-based audit plan, risk assessment, risk management approaches, sufficiency and capacity, level of automation of IA department of Internal audit in line with Oil and Gas Industry and recommendations thereon.
- vii) Assessment of the existing Quality Assurance and Improvement Plan for OGDCL Internal Audit Department.

8. PROPOSAL

8.1.1 TECHNICAL PROPOSAL

Technical Proposal should be submitted covering the following:

8.1.1) Company Profile with detail of Partner(s) who will be responsible to supervise the assignment and detail of his expertise for the completion of a similar assignment.

8.1.2) Details layout plan to carry out the assignment containing information about the understanding of project objectives/ scope, methodology, timelines, milestones, deliverables, submission of reports, project teams etc.

8.1.3) 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.

8.1.4) 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.

8.1.5) The Consultant shall also provide any additional information (which they feel relevant) not covered in the above requirement list.

8.1.6) Technical Proposals will be opened first and technical evaluation will be carried out as per criteria given at Clause 13.

9. FINANCIAL PROPOSAL/BID AND PROFESSIONAL FEES

9.1 The financial Bid of Technical responsive bidder(s) shall only be opened.

9.2 PRICES

The consultant will submit a financial proposal/bid in separate sealed envelope quoting lump sum cost for carrying out the assignment as per scope of work at serial 3. The quoted lump sum fee shall be inclusive of all taxes, duties, levies, etc. except provincial sales tax (PST)/ICT. PST/ICT wherever applicable shall be borne/paid by OGDCL at actual.

10. PAYMENT TERMS

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

11. PENALTIES

11.1 If the consultant fails to deliver any or all of the deliverables within the time as specified in Clause 7 of this document, the Company shall, without prejudice to other remedies under the contract, deduct from the contract price, as liquidated damages, 2% per week of delay up to a sum not more than 10% of the contract price.

11.2 In case the Company is satisfied that the delay was due to circumstances beyond the control of the consultant and the consultant has not intentionally or negligently contributed in the delay, the Company may, after approval by the competent authority, waive off the liquidated damages or part thereof.

11.3 Even after imposition of LDs, if the consultant fails to materialize the deliverables, the Company reserves the right to cancel the contract after intimating the consultant for such cancellation.

12. Evaluation Criteria

A. Technical Evaluation

The technical proposal shall not include any financial information and a technical proposal containing financial information will be declared non responsive. The bidders obtaining less than 70% points/ marks in technical evaluation shall not be considered for the assignment. The technical evaluation will be carried out based on the following criteria.

S.No	Item	Marks	Criteria
1.	Year of establishment. Total experience of the firm in years	15	Minimum 10 years of experience is required and there will be zero marks for experience below 10 years. 10 marks will be awarded for the experience of 10 years and for every additional year of experience there will be one additional mark subject to a maximum of 15 marks.
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 (FCA/ACA)	20	Minimum 10 partners are required and there will be zero marks for partners below 10. However, 10 marks will be awarded for 10 partners and for every additional partner, there will be one additional mark subject to a maximum of 20 marks.
5.	External Assessment of the Internal Audit Function	20	Each similar assignment with an asset's value of: 1. Up to Rs 5 billion zero mark. 2. More than Rs 5 billion and up to Rs 25 billion 2.5 marks each. 3. More than Rs 25 billion 5 marks.

			Maximum marks will not exceed 20.
6.	Rating of quality Assurance by ICAP	5	5 marks for satisfactory Rating during the last 5 years (1 mark for each year)
7.	External Assessment of the Internal Audit Function conducted in E&P/Oil & Gas Companies.	25	Assignment with asset value up to 25 Billion 5 marks Assignment with asset value above 25 billion. 10 marks Maximum marks will not exceed 25.

B. Financial Evaluation Criteria

Total lump sum fee quoted in the financial bid will only be considered for financial evaluation.

C. Bid Score Evaluation

Technical Bid Score will get a weightage of 60% and Financial Bid Score will get a weightage of 40% in Award Decision. The Contract will be awarded to the bidder securing the highest evaluated score. Total bid score will be calculated in the following manner.

$$Score^i = \frac{Cost^{Lowest}}{Cost^i} \times 40\% + \frac{Technical\ Score^i}{Technical\ Score^{Highest}} \times 60\%$$

Scoreⁱ = Evaluated Score of the Bidder i

Costⁱ = Evaluated Bid Price of the bidder i

Cost^{Lowest} = Lowest evaluated bid price amongst all responsive bids

Technical Scoreⁱ = Technical score of bidder

Technical Score^{Highest} = Highest technical score amongst all bidders


Hafeez-ur-Rehman

HIA

OTHER IMPORTANT INFORMATION

BIDDING METHOD:

Bids against this tender are invited on 'Single Stage Two envelop'

AMOUNT OF BID BOND:

Bid Bond /Bid Security amounting to PKR: **140,000/=** is to be attached / provided with the technical bid. Please see Master Set of Tender Document for further details.

BID PRICE:

- i. Bid price shall be inclusive of all taxes, duties, levies, charges etc., except Provincial Sales Tax (PST)/ Islamabad Capital Territory Sales Tax (ICT) in Pakistan.
- ii. The prices should be quoted in PKR.

(This clause will be prevailing instead of Master Tender document "ITB" clause # 06(ii) 'BID PRICE')

- iii. 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.

MANDATORY REQUIREMENT

For online payment to vendors/contractors through (IBFT & LFT). Following info is required from your company: -

1. IBAN (INTERNATIONAL BANK ACCOUNT NUMBER 24 DIGITS).
2. VENDOR NAME AS PER TITLE OF THEIR BANK ACCOUNT.
3. NTN NO WITH INCOME TAX CERTIFICATE
4. CONTACT # OF COMPANY CEO/OWNER (MOBILE & LANDLINE).
5. POSTAL ADDRESS.
6. BANK NAME.

7. BANK BRANCH NAME & ADDRESS.

The master set of tender documents (services) uploaded on OGDCL's website (www.ogdcl.com) is the integral part of this TOR.

Bidders are requested to read TOR & Master Set to Tender Documents (Services) and provide complete information / documents including tender annexures with the bid.

Following is the link for Master Set of Tender Documents for Services:

<https://ogdcl.com/sites/default/files/Tender%20Document%20Services%20Press%20for%20Webloading%20dated%202018-03-2019-N.pdf>