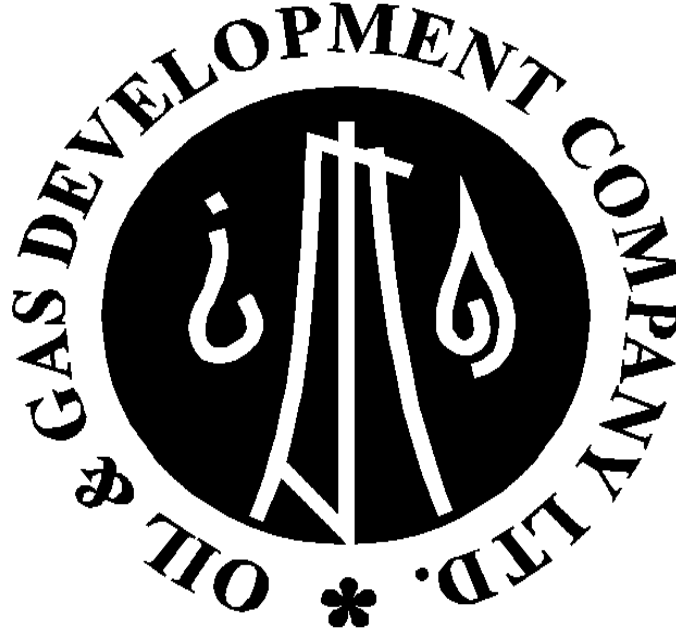


# OIL & GAS DEVELOPMENT COMPANY LIMITED



## TENDER ENQUIRY NO: SERVICES/CB/IA- 640000029/2022 CO-SOURCING OF INTERNAL AUDIT FUNCTION TO ASSIST THE COMPANY IN THE IMPLEMENTATION OF ITS INTERNAL AUDIT MANUAL

**Note:**

- i) Tender is to be processed on **single stage two envelope bidding procedure**.
- ii) **Bid bond of PKR: 450,000/- (Pak Rupees Four Hundred Fifty Thousand Only)** to be submitted with the technical bid. Please see tender documents for further detail.
- iii) The master set of tender documents (services) uploaded on OGDCL website ([www.ogdcl.com](http://www.ogdcl.com)) is the integral part of this TOR.

**TERMS OF REFERENCE (TOR) / SCOPE OF WORK**  
**CO-SOURCING OF INTERNAL AUDIT FUNCTION TO ASSIST  
 THE COMPANY IN THE IMPLEMENTATION OF ITS INTERNAL  
 AUDIT MANUAL**

**1. BACKGROUND/ PREAMBLE**

Oil and Gas Development Company Limited (OGDCL) was incorporated on 23 October 1997 under the Companies Ordinance, 1984 (now the Companies Act, 2017). OGDCL is Pakistan’s leading E&P sector company, having operations at about 50 locations and fields in all the four provinces. The Company was established to undertake exploration and development of oil and gas resources, including production and sale of oil and gas and related activities formerly carried on by Oil and Gas Development Corporation, which was established in 1961. The Company is listed and traded on Pakistan Stock Exchange with highest market capitalization. The Company is also listed on London Stock Exchange. The head office of OGDCL is located at OGDCL House, Plot No. 3, Jinnah Avenue, Blue Area, Islamabad. More details about the Company can be obtained from its website [www.ogdcl.com](http://www.ogdcl.com).

The Company intends to utilize the services of a firm of Chartered Accountants (“the Bidder”) to assist the Company in the implementation of its Internal Audit Manual under the guidance of the Audit Committee of the Board and will directly report to Head of Internal Audit (HIA) via a combination of utilizing the Bidders own resources and OGDCLs Internal Audit Personnel. Major work description is defined in Section 2 (“Scope of Work”) below.

The key resources required from the Bidder to be considered for technical evaluation are tabulated as under:

<b>Level</b>	<b>Qualification</b>	<b>Post Qualification Experience</b>	<b>Expected Number of Resources Required</b>
Partner	FCA/FCMA	At least 15 Years	01
Manager (Full Time Secondment)	FCA/ACA/FCMA	At least 07 years (preferably undertaken internal audit assignments of E&P Companies or large Group of Companies)	01

<b>Level</b>	<b>Qualification</b>	<b>Post Qualification Experience</b>	<b>Expected Number of Resources Required</b>
Internal Auditors (Full Time Secondment)	ACA/ACMA (At least one of these professionals should be a Certified Information Systems Auditor & Certified Internal Auditor each)	Atleast 02 years	04
Specialists (on requirement basis if required and advised by Head of Internal Audit of OGDCL)	i. Certified Fraud Examiner; & ii. HSEQ Lead Auditor.	Atleast 02 years	01

## **2. SCOPE OF WORK:**

The scope of work, in consultation and co-ordination with the HIA, would encompass, but not limited to, the following:

- i. Bidders seconded personnel shall undertake the following:
  - a. conduct detailed risk assessment of the Company including strategic and process level risks. This activity will include preparation of internal audit universe, risk register and annual audit plan covering all aspects of the company's business in line with Internal Audit Manual;
  - b. Planning and performance of audit with regards to all risks identified at both the strategic and process levels, within a three-year cycle. Internal audits, as determined in the Annual Audit Plan, will primarily be performed by a combination of Internal Audit Personnel of the Company along with the secondees. Specific areas as desired by the

Audit Committee may also be undertaken solely by the seconded team of the Bidder;

- c. Guide and evaluate the work carried out by the Internal Audit Department to ensure compliance with Internal Audit Manual and International Internal Auditing Standards
  - d. Identify and evaluate suitable Internal Audit software's to ensure effective and efficient performance of audits. Since the Company is implementing SAP, due consideration should be given to audit software's which may be compatible with SAP;
  - e. preparation of Annual Resource Plan and clearly devising methodology of deployment of resources to accomplish the annual audit plan and other functional tasks.
  - f. Senior level review of reports to high risk area's before discussion with the Management of the Company
- ii. Mentor and develop the Company's Internal Audit personnel in order for them to enhance their skill set in line with international standards.
  - iii. Maintenance of Audit Trail / Activity Logs and its working papers in line with the requirement of Internal Audit Manual of the Company based on IIA Standards.
  - iv. Work with Internal Audit Teams for conducting special assignments and investigations on behalf of the Internal Audit to identify fraud and irregularities.
  - v. Provide trainings on guidelines and standards of Institute of Internal Auditors, Institute of Information Systems Audits and Institute of Fraud Examiners for better management of in-house resources.
  - vi. Bidder shall be responsible for achieving all the deliverables mentioned in the Deliverables' Section.

In addition to the above, the Bidder is expected to ensure the following:

- i. Build communication protocols with Internal Audit Department of the Company through direct meeting, phone, and email. Co-sourcing firm shall provide weekly report on the last working day of the week regarding the tasks

performed during the week including but not limited to planning, data collection, execution, reporting and documentations/formats/registers/plans prepared etc.

- ii. Provide timely feedback on all detailed assignments and instructions provided by the Company, via letter, phone or email.
- iii. Consult with the Company, regarding any changes in personnel assigned to this assignment, provide adequate justification and secure prior approval from the Company.
- iv. Seek guidance from Company's Internal Audit Department before troubleshooting any sensitive/complex problems that arise during the course of the assignment.
- v. Strictly comply with all general independence, confidentiality, and professional integrity codes. Seek advice from the Company's Internal Audit Department when uncertain about requirements and expectations in this regard.
- vi. Permit the Company's Internal Audit Department to monitor and inspect selected components or all of the process, as and when required, including office premises.

### **3. REQUIREMENTS FOR QUALIFICATION**

The interested registered firms must attach the following documents with their applications in addition to completely filling the forms:

- i. Documentary proof of valid legal entity of the firm;
- ii. Registration of firm/consortium with relevant professional body;
- iii. Proof of income tax and sales tax;
- iv. Audited Statements of Accounts for last 3 years;
- v. Undertaking that the firm has not been blacklisted or debarred by any government organization;

- vi. A capacity statement on available manpower and resources relevant to the assignment.
- vii. List of key members of proposed team, with detailed CVs showing qualification and experience.

#### **4. TERM OF SERVICES**

The term of contract shall be for an initial period of 06 months extendable to another 06 months' time period on same terms and conditions subject to satisfactory performance. However, this does not give any guarantee that OGDCL shall acquire services for the whole period of contract. The services can be discontinued at one-month notice by OGDCL.

#### **5. PAYMENT TERMS**

Payment will be made on the basis of monthly invoice of the Bidder after verification by Internal Audit Department that the bidder is on target to achieve its deliverables which are defined for accomplishing during the contract period of 06 months and during the mutually agreed/extended period, as the case may be. Deduction for absent period of any appointed/nominated staff personnel on pro-rata basis shall be made. However, replacement for designated team member/internal auditor can be made by the Bidder with proper justification and prior approval in writing from Head of Internal Audit. Any such replacement shall be technically evaluated and accepted if backed by equivalent or higher qualification and experience.

Travelling, boarding and lodging for the outstation visits shall be provided by the Company. No separate out of pocket expenses shall be payable to the team members/internal auditors other than the quoted monthly personnel charges as per Financial Bid.

#### **6. DELIVERABLES:**

Any payment under the contract shall be subject to completion, submission of required reports and approval/acceptance of due completion of the assigned deliverables by the Head of Internal Audit.

Submission of duly prepared;

- a. Risk assessment report supported by planning, execution and reporting documents showing the risk assessment procedures planned and executed for identifying risks which may be documented and recorded for carrying out audits of the Company's processes.
- b. Audit universe identifying organizational processes.

- c. Risk register as per the company's approved Internal Audit Manual for the identified audit universe showing classification of risks, risk appetite for the processes, controls in place, residual risks, risk rating through preparation of impact and likelihood ratings framework for each risk, stating the frequency and type of audit.
- d. Risk based process based annual audit plan for three years covering all auditable process identified in the audit universe;
- e. Internal Audit Reports for the audits of the quarters falling in the contract period based on the approved Audit Plan. Proper supporting documentation and audit working papers prepared during the individual audit engagement planning, execution and reporting stages.
- f. Report on the consulting engagements and other audit related engagements covered under the scope of the IAD's Manual to be executed during the period of contract.
- g. Risk based audit programs for the auditable processes
- h. Report complete profile of different economical non-cloud based Internal Auditing Softwares/Solutions & CAATs options which may be synchronized with the existing Company's SAP System for use by IAD to conduct the process based audits as per the Audit Manual;
- i. Annual Resource Plan and clearly devising methodology of deployment of resources to accomplish the annual audit plan.
- j. Report on risk assessment methodology to be used for the preparation of a three-year internal audit plan which shall be reviewed on an annual basis.
- k. Guide of formats to be used covering all workings at different stages of the audits and consultancy engagements for standardizing audit documentation.

## **7. EVALUATION CRITERIA**

### **i. Evaluation Criteria for Technical Proposals**

<b>Sr.</b>	<b>Evaluation Criteria</b>	<b>A. SUB CRITERIA FOR TECHNICAL PROPOSALS Evaluation Sub Criteria</b>	<b>Points</b>
<b>A</b>	Experience of the Consultant	Number of Successful Internal Audit assignments completed in the last 10 years of Listed private and public sector companies with an asset base above Rs 25 billion (10 points for each; maximum 50 points) Additional 10 points will be awarded for internal audit undertaken of E&P Companies in Pakistan	60
<b>B</b>	Competence of Proposed Team	<u>Additional Qualification Holders Employed by Bidder.</u> If the firm has more than one certification holder for CIA, CISA, CFE and HSEQ Lead Auditor, maximum 1 points for each additional certification holder shall be awarded.	5

<b>Sr.</b>	<b>Evaluation Criteria</b>	<b>A. SUB CRITERIA FOR TECHNICAL PROPOSALS Evaluation Sub Criteria</b>	<b>Points</b>
		Minimum 5 partners (FCA/ACA) are required and there will be zero points for partners below 5. However, 5 points will be awarded for 5 partners and for every additional partner, there will be one additional point subject to a maximum of 15 points	15
<b>C</b>	Company Profile: i. Firm age in years	Minimum 15 years of experience is required and there will be zero point for experience below 15 years. (04 points)	16
	ii. Number of offices in Pakistan	Each office will carry single point. (04 points)	
	iii. Managerial staff in advisory services bearing professional qualification.	Each manager will carry single point. (04 points)	
	iv. Rating of quality assurance by ICAP	"Satisfactory Rating" during QCR by ICAP since 1 July 2015 (02 points for each satisfactory rating of QCR up to maximum of 04 points)	
<b>D</b>	Affiliation with International Audit Firm	International Affiliation	4
<b>Total</b>			<b>100</b>

*Note: In addition to individual minimum technical qualification points given in the above table, at least 60 points in aggregate are mandatory to be technically qualified.*



## ii. Financial Bid Format and Financial Evaluation Criteria for Financial Proposals

The bidders should provide their monthly rates in relation to the positions mentioned under Section 1 of the Terms of Reference. OGDCL shall calculate the fee for 06 months, based on the rates quoted by the bidders, which will be considered for financial evaluation. The following is the table for calculating the bid value:

Level	Unit of Measurement (Hourly/ Daily/ Monthly)	Anticipated Requirement days/months	Quantity	Unit rate (in PKR) (Inclusive of all taxes except PST/ICT)	Total (in PKR) (Inclusive of all taxes except PST/ICT)
Partner	Daily (working days)	55 days	01		
Manager	Monthly	6 months	01		
Internal Auditors	Monthly	6 months	04		
Specialists (on requirement basis if required and advised by Head of Internal Audit of OGDCL)	Monthly	6 months	01		
<b>Grand Total (in PKR)</b> (Inclusive of all taxes except PST/ICT)					

**Bidders are advised to quote strictly as per above format. Bid quoted on other than this format or with deviations / exceptions will be rejected.**

## iii. Bid Score Evaluation

Technical Bid Score will get a weightage of 70% and Financial Bid Score will get a weightage of 30% 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.

$$\text{Score}^t = \text{Cost}^{\text{lowest}} / \text{Cost}^i \times 30\% + \text{Technical Score}^i / \text{Technical Score}^{\text{highest}} \times 70\%$$

Score<sup>t</sup> = Evaluated Score of the Bidder i

Cost<sup>i</sup> = Evaluated Bid Price of the bidder i

Cost<sup>Lowest</sup> = Lowest evaluated bid price amongst all responsive bids

Technical Score<sup>i</sup> = Technical score of bidder

Technical Score<sup>Highest</sup> = Highest technical score amongst all bidders

**NOTE:** (Please read carefully).

Bidders are required to provide rates inclusive all applicable Taxes, duties, Levies etc. except PST/ICT on above financial format. PST/ICT where applicable shall be borne/paid by OGDCL at actual.

## **OTHER IMPORTANT INFORMATION**

### **BIDDING METHOD:**

Bids against this tender are invited on 'Single Stage Two Envelope Basis'

### **AMOUNT OF BID BOND:**

**Bid Bond /Bid Security amounting to PKR: 450,000/- (Pak Rupees Four Hundred Fifty Thousand Only)** to be submitted with the technical bid. Please see tender documents for further detail.

### **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.
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](http://www.ogdcl.com)) is an integral part of this TOR alongwith clarification uploaded via following link:

<https://ogdcl.com/sites/default/files/TENDER%20DOCUMENT-SERVICES-%20amended%20as%20per%20PPRA%20amendment%20dated%2010-05-22%20uploaded%20on%2021-06-22.pdf>

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