

OIL & GAS DEVELOPMENT COMPANY LIMITED



TENDER ENQUIRY # PROC-SERVICES/CB/FINANCE-4576/2019

**HIRING OF CONSULTANTS FOR IMPACT ASSESSMENT OF IFRS-16
LEASES**

**Date and Time for Bid Submission: December 09, 2019 at 1030 Hrs
Amount of Bid Bond = PKR: 30,000/- Only**

TERMS OF REFERENCE (TOR)

HIRING OF CONSULTANTS FOR IMPACT ASSESSMENT OF IFRS-16 LEASES

1. OBJECTIVE

IFRS-16 “Leases” sets out the principles for the identification, recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. IFRS 16 supersedes IAS 17 'Leases' and related interpretations. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. It is effective for annual periods beginning on or after 1 January 2019.

The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts.

OGDCL (‘the Company’) is required to analyze the potential impact of changes required in classification, measurement and disclosure/presentation of arrangements falling under the scope of IFRS-16. For this, the Company desires to engage an accounting consultancy firm for assessment and preparation of required disclosures under IFRS-16 on the Company’s financial statements for the half year ending December 31, 2019 and for the year ending June 30, 2020. 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-16 on the Company and may include, if applicable:

- i) Classification/categorization and measurement of Company’s contractual arrangements falling under the scope of IFRS-16.
- ii) To work out the impact of IFRS-16 on the Company’s assets/liabilities.
- iii) Report providing assessment, suitable data sources, calculation and conclusion of applicable assumptions to be used in financial model.
- iv) The financial model shall contain detailed guidance, controls checks etc. for updating the same on periodic basis i.e. monthly, quarterly and annual basis.
- v) The financial model shall contain the input data cells for periodic true-up.
- vi) The assessment and the model will cover all the reporting periods (comparatives) of the Company as required under IFRSs.
- vii) 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.
- viii) Highlight tax impact of the above adoption.

3. CUT-OFF DATE

The cut-off date for completion of the assignment will be **15 January 2020** or any other date mutually agreed with the consultant.

4. TIMELINE

The consultant will start the work immediately after signing of contract with OGDCL and complete the assignment within a period of four **(4)** weeks from the date of signing of contract. The time period of assignment will be calculated as under:

4.1 The Consultant will submit the draft report and deliverables within three (03) weeks starting from the date of signing of Contract.

4.2 Upon receipt of draft report, OGDCL management shall review the report within reasonable time and hold discussion sessions which may include statutory auditors as well. Time period spent for review will not be included in the total four week period of assignment. Consultant may be required to give presentation(s) to the management and the auditors regarding the assignment.

4.3 The last one (01) week of assignment is for submission of final report and deliverables by the consultant after approval by OGDCL.

4.4 The total four (4) 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 experienced 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 required to provide list of staff separately mentioning qualifications and experience in relevant field/assignment.

6. RESPONSIBILITIES OF OGDCL

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

7. DELIVERABLES BY CONSULTANT

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

- i) A report detailing all assets/liabilities of the Company required to be recognized in accordance with IFRS-16.
- ii) Classification and measurement of leases.
- iii) Calculation of financial impact and related disclosures in the financial statements.
- iv) Impact of IFRS-16 on joint venture accounting of the Company and vice versa on corporate accounting
- v) The financial model in both hard and soft form with formulae for future updation by the Company staff.
- vi) Input data cells for periodic true-up.
- vii) The report will cover all the reporting periods (comparatives) required to be reported under IFRSs.
- viii) Highlight tax impact of the adoption of IFRS-16.
- ix) Any other information necessary to be included in the report.

8. TECHNICAL PROPOSAL

Technical Proposal should be submitted covering the following:

8.1) 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.

8.2) 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.

8.3) 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.

8.4) 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.

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

8.6) Technical cum Financial Bid Proposal will be opened together under single stage single envelope bidding procedure. Technical Evaluation will be carried out as per Technical Evaluation Criteria given below.

9. FINANCIAL PROPOSAL/PROFESSIONAL FEES

The consultant will submit technical cum financial proposal/bid in single sealed envelope quoting lump sum cost for carrying out the assignment. The quoted lump sum fee shall be inclusive of all taxes, duties, levies, etc. except provincial/ICT sales tax. PST/ICT ST wherever applicable shall be paid/refunded by OGDCL at actual.

10. PAYMENT TERMS

10.1 100% of the fee will be paid after finalization of the assignment, submission of final report by consultant and approval by OGDCL.

10.2 OGDCL will provide boarding, lodging and transportation (other than air tickets) at field locations only, in case it is needed.

11. PRE-BIDDING MEETING

A pre-bidding meeting can be held with the interested bidders on their request to make them fully understand the exercise and provide them the necessary details on or before November 27, 2019. For any query, clarification and Pre-bid meeting, following official may be contacted:

Mr. Wasim Ahmad

Deputy Chief Accountant (Final Accounts)

Ph: 051 – 92002 4069

E-mail: wasim_ahmad@ogdcl.com

Mobile: 0320 - 8001242

13. A. Technical Evaluation Criteria

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

S. No	Item	Max. Marks	Criteria
1.	Year of establishment. Total experience of firm in years.	10	10 years and above 10 marks. 5-10 years will get marks on prorate basis. Less than 5 years will carry no marks.
2.	Affiliation with International Audit firms.	5	International Affiliation will carry 5 marks.
3.	No. of offices in Islamabad /Rawalpindi/ Pakistan.	10	Each office will be given 2 marks (maximum upto 6 marks). Islamabad/Rawalpindi office with full time Partner will get 4 additional marks.
4.	No. of Partners and Managers.	20	Following marks will be given: Maximum marks will be 20. FCA/ACA 2 marks each.
5.	Assignment for first time implementation of IFRSs during last 5 years.	10	2 marks for each assignment.
6.	Assignment of implementation of IFRS-16.	10	5 marks for each assignment.
7.	Rating of quality Assurance by ICAP.	10	10 marks for satisfactory Rating during last 5 years (2 mark for each year).
8.	Experience of audit or accounting services provided to Energy Sector.	15	3 marks for each company.
9.	Approach and methodology for implementation of IFRS-16.	10	Bidders to provide their approach/methodology for the assignment.

B. Financial Evaluation Criteria

Financial evaluation will be carried out on total lump sum cost basis. Extra cost except total lump sum fee shall not be considered. Contract will be awarded to Technically qualified and Financially lowest evaluated bidder.

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

Note

The Master Set of Tender Documents for Services uploaded on OGDCL's website (www.ogdcl.com) is the integral part of this TOR.