



OIL AND GAS DEVELOPMENT COMPANY LIMITED
Supply Chain Management & Finance Department

TERMS OF REFERENCE (TOR)
FOR
THE ENGAGEMENT OF AUDIT FIRMS
FOR THE ASSIGNMENT OF
PERFORMANCE AUDIT OF PROCUREMENT SYSTEM

TE # PROC-SERVICES/CB/SCM-4862/2020

OIL AND GAS DEVELOPMENT COMPANY LIMITED

TERMS OF RECURRENCE (TOR)

FOR THE ASSIGNMENT OF

PERFORMANCE AUDIT OF PROCUREMENT SYSTEM

OBJECTIVE

1. Oil and Gas Development Company Limited (OGDCL) is the national E&P Company which is engaged in the exploration, development and production of oil and gas resources to meet the energy demand of the nation. In October 2003, the Company (OGDCL) was listed on Pakistan Stock Exchange and its Global depository Share started trading on London stock exchange from December 2006. The Company is having operation in all the four provinces of the country.

2. OGDCL is a public limited company, therefore OGDCL has developed a Procurement Procedure/manual approved by the BOD, following PPRA for its entire Procurement Process. Procurement Department is divided into three major wings.

- i. Foreign.
- ii. Services.
- iii. Local.

The above mentioned wings are responsible for procurement of material/services falling under respective categories. OGDCL's procurement for the year 2019-2020 stood around Rs. 15 billion. Procurement Department is using Oracle's procurement module since 2003.

3. The management of the company intends to acquire the services of Audit firm hereinafter referred to as consultant for Performance Audit of Procurement System. The detailed information about the company can be obtained from its website www.ogdcl.com.

4. **SCOPE OF WORK**

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

- 4.1) Assess the overall effectiveness and efficiency of the Procurement department and processes for the implementation of PPRA rules and company's procurement manual. The assessment will include review of the following

Pre-Bid

- i. Indent/TOR preparation.
- ii. IRC clearance.
- iii. Indent Scrutiny/SOR preparation.
- iv. Press advertisement.

Post-Bid

- i. Bid opening
- ii. Technical evaluation & endorsement.
- iii. Financial Evaluation & endorsement.

Approval phase

- i. Executive Summary for Management approval.
- ii. Check List.
- iii. Time sheet.

Post-Award

- i. Letter of Intent.
- ii. Purchase order/Contract.
- iii. LC.
- iv. Payment Process.

- 4.2) Perform a GAP analysis of the Company's procurement. The GAP analysis will include but is not limited to:

- a) Compliance with PPRA
- b) Compliance with Company's procurement manual

- 4.3) Review of the Company's procurement manual to ensure compliance with PPRA

- 4.4) Identifying improvements to enhance the effectiveness and efficiency of the procurement process in line with best industry practices

- 4.5) Review "Structure" of Procurement Department.

- 4.6) Review "Delegation of Powers" of Procurement Department.

- 4.7) Review the current utilization of ERP system.

- 4.8) Review of SAP ERP Ariba Module

CUT-OFF DATE

5. The cut-off date for the project will be of 4-6 months from the date of signing of contract or any other date mutually agreed with the consultants.

TIME SCHEDULE

6. The consultant will start the work immediately after signing of contract with OGDCL and complete the assignment within a period of 4-6 months from the date of signing of contract. The time period of assignment will be calculated as under:

- 6.1 The Consultant will submit the draft report as per deliverables within 3-4 months starting from the date of signing of Contract.

- 6.2 Upon receipt of draft report, OGDCL management shall review the report within a reasonable time period, the time period spent for review will not be included in the total period of assignment.

- 6.3 Final report shall be submitted within 1-2 months after review & finalization of draft report by OGDCL management.

- 6.4 The total 4-6 months period of the assignment for undertaking Performance Audit of Procurement System by the Consultants may be extended by OGDCL Management in writing in case where delay would occur due to unavoidable circumstances on the part of OGDCL.

STAFFING

7. 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 staff shall coordinate with General Manager (SCM) of OGDCL for this assignment on a weekly basis. Consultant is to provide list of staff separately mentioning qualifications and experience in relevant field/assignment.

RESPONSIBILITIES OF OGDCL

8. OGDCL will nominate a focal person from SCM department who will coordinate with the consultant for provision of record of all procurement wings available in Oracle Procurement Module along with physical procurement files to the consultant after signing of contract.

9. Manager of the respective wing will be responsible to provide required information and documents.

DELIVERABLES BY CONSULTANT

10. The consultant shall provide following documents/information along with draft report.

10.1) Comprehensive report with respect to scope defined at 4.1. Identify the bottlenecks, loopholes in Procurement Procedure and Tender document, Conduct GAP analysis and suggest improvements / amendments wherever required.

10.2) Submit report on “Restructuring / Reorganization of Procurement Department” in relation to other companies of similar size & strength. Identify bottlenecks and suggest improvements/modifications, keeping in view all Government procedural requirements.

10.3) Submit report on “Delegation of Powers” in relation to other companies of similar size, strength and line of business. Identify bottlenecks and suggest improvements/modifications.

10.4) Submit report on utilization of Oracle Procurement Module in relation to other E&P companies. Identify bottlenecks and suggest improvements.

PROPOSAL

11. The Consultant is required to send Consultancy Proposal (Technical and Financial) separately under two envelope bidding system. Proposal having exceptions and caveats will not be accepted.

11.1) TECHNICAL PROPOSAL.

Technical Proposal should be submitted covering the following:

11.1.1) 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.

11.1.2) 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.

11.1.3) List of similar assignment completed in last ten (10) years indicating names of the organizations, extent of work carried out, list of deliverables and also provide recommendation letter of customers.

11.1.4) 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.

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

11.1.6) Technical Proposals will be opened first and technical evaluation will be evaluated as per criteria given at Para 19.

12 **FINANCIAL PROPOSAL/BID AND PROFESSIONAL FEES**

12.1) **PRICES**

The consultant will submit a financial proposal/bid in separate 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 sales tax (PST)/ICT. PST/ICT applicable shall be borne/paid by OGDCL at actual.

PAYMENT TERMS

13.1) 20% of the fee will be paid at the time of commencement of assignment against bank guarantee. The Bank Guarantee issued by scheduled Bank of Pakistan or a branch of foreign operating in Pakistan, except NIB & Summit Bank and valid for one (01) year.

13.2) 30% of the fee will be paid upon submission of first draft reports as mentioned at Para 12.

13.3) 50% of the fee will be paid after approval of Final Report from Management.

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

PRE-BIDDING MEETING

15. A pre-bidding meeting will be held of interested bidders on **October 19, 2020** to make them fully understand the exercise and provide them the necessary details.

16 (A): **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 in years.	10	10 years and above 10 marks 05-10 years will get marks on pro rata basis. Less than 05 years will get zero marks
2.	Affiliation with International Audit firms	10	International Affiliation will carry 10 marks
3.	Chartered Institute of Procurement & Supply (CIPS) Certified Staff	20	04 marks for each CIPS certified professional. Maximum marks will be 20.
4.	No of Partners/Managers	20	Minimum five (05) Partners / Managers. Following marks will be given: FCA / ACA = 04 Marks for each Maximum marks will be 20
5.	Assignment of Performance Audit of Procurement System completed during last Ten (10) years.	40	i) E&P / Oil & Gas Company. 10 marks for each assignment. Maximum 40 marks. OR ii) Government owned E&P Companies. 20 marks for each assignment. Maximum 40 marks.

16 (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.

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

18. **BID BOND:**

Bid Bond/Bid Security amounting to **PKR 180,000/-** (Pak Rupees One Hundred Eighty Thousand only) is to be attached/provided **with Technical bid**. Please see Master Set of Tender Document for further details.

19. **MODE OF PROCUREMENT:**

Bids against this tender are invited on “**Single Stage Two Envelope Bidding Procedure**” through press tendering therefore, the bidders shall submit one original technical and financial bid. Soft copy of technical bid is also to be submitted. Unpriced commercial proposal should be the part of technical bid.

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