

**EXPRESSION OF INTEREST FOR APPOINTMENT OF
EXTERNAL AUDITOR AND INTERNAL AUDITOR
FOR THE AUDIT OF INSTITUTE OF FINANCIAL MARKETS OF PAKISTAN FOR THE
YEAR ENDING JUNE 30, 2017**

1. Institute of Financial Markets of Pakistan (IFMP) intends to appoint a firm of Chartered Accountants for the statutory, half yearly and compliance of PSCG Rules 2013 audit for the financial year 2016-2017, and
2. An internal audit service is required to assist the institute on an ongoing basis in evaluating and testing the design and effectiveness of its internal controls and risk management processes for the financial year 2016-2017.
3. The Audit firms should be registered with the Institute of Chartered Accountants of Pakistan and should appear on Satisfactory QCR rating firm of ICAP. A single stage (2 envelopes) procedure will be adopted. One envelope for each service containing technical detail etc., of bidders shall clearly be marked “**TECHNICAL PROPOSAL**” and the other containing the fee structure shall clearly be marked as “**FINANCIAL PROPOSAL**”. The outer envelope should clearly be marked “**Appointment of External Auditors**” and a separate envelope should clearly be marked “**Appointment of Internal Auditors**”.
4. Eligible and interested firms should submit their technical and financial bids in sealed envelopes to the below address on or before **September 19, 2016**. The Tender will be opened on the **next day at 10.00 a.m.** in presence of the representatives wish to attend on the same day at the address provided below.
5. Particulars of this Invitation together with detail TORs can also be downloaded from the website of IFMP (www.ifmp.org.pk) and Public Procurement and Regulatory Authority (PPRA) (www.ppra.gov.pk)
6. For any queries/clarification please contact the office of the undersigned during the office hours. Further the firm selected any one from the both services will be automatically disqualify for the other assignment

For Contact/Queries and bid submission:

Mr. Shahid Naseer

Sr. Programme Manager

Institute of Financial Markets of Pakistan (IFMP), Suite No. 1009, 10th Floor, Park Avenue Building, PECHS Block 6, Shahrah-e-Faisal, Karachi, Tel: 021-34540843-45

TERMS OF REFERENCE FOR EXTERNAL AUDITOR

Institute and its operations

Institute of Financial Markets of Pakistan (IFMP) formerly Institute of Capital Markets (ICM) is a public sector entity registered with SECP. It has been declared as Non-Profit Organization (NPO) under section 42 of the companies ordinance and under section 2(36) of Income Tax Ordinance, 2001 and the approval granted shall remain enforce until it has been withdrawn under rule 217 of Income Tax Rules 2002.

Objective of Audit

The objective of the audit of the Financial Statements is to enable the auditor to express an independent professional opinion on:

- ✓ Whether the financial position at the end of the reporting period and of the funds/receipts received and expenditures for the reporting period, are presented fairly in all material respects in accordance with the applicable accounting framework;
- ✓ Whether, in all material respects, the funds/receipt has been used in conformity with the provisions of the approved budget and work plan.

Scope of Audit

Chartered Accountant firm appointed will conduct the audit of the financial statements of IFMP. IFMP requires the services of "A" Category Audit Firms (under Circular No.5/2014 of SECP) in respect of the following services as per the provisions of Companies Ordinance, 1984, and relevant rules including Public Sector Companies (Corporate Governance) Rules, 2013:

For the years 2016-17¹

- i. Annual Audit of IFMP
- ii. Review of Financial Statement of IFMP
- iii. Review of Regulatory Returns
- iv. Half Yearly Review
- v. Review on Company's Compliance with the requirements of PSCG.
- vi. Any other audit / review required under Companies Ordinance, 1984 and Corporate Governance Rules/Code.

¹ IFMP Audit Committee and Board can re-appoint the selected firm for another term with maximum fee increase of 10% p.a.

False and Misleading statements

If any information provided by the respondent is found to be inaccurate at any stage of the selection process, IFMP may, at its discretion, reject the offer of the respondent and no correspondence will be entertained in this regard. Submission of wrong and/or false information may also disqualify the POTENTIAL FIRM from any future work for IFMP.

SECRECY

The parties shall not at any time during or after the term of the agreement, divulge. Or allow to be divulged, to any person, any confidential information contractual arrangement, products, business or affairs of the parties). Notwithstanding anything contained in the paragraph, no party shall be precluded from disclosing any information to the extent required in the legal proceedings.

Clarification of EOI

IFMP reserves the right to obtain clarification of any point in an EOI or to obtain additional information necessary to properly evaluate. Failure of a participant to respond to such a request for additional information or clarification may result in rejection of said EOI.

Selection Criteria

Following criteria will be used for the selection of the;

✓ *Assignment undertaken;*

Similar assignment by the audit firm shows the experience of the firm. The firm with better and relevant experience will be awarded more points and this will give them an edge during the final selection.

✓ *Reputation of the Firm in the market;*

The reputation and experience of the Audit Firm in the market will be considered for appointment of the firm. Firms ranked as Category' A' firm by State Bank of Pakistan are eligible to apply. Big four firms will be given preference.

✓ *Capabilities and Credibility of the firm;*

IFMP desires to select the audit firm with relevant human resource having proven practical experience & qualified staff.

Evaluation Criteria

IFMP will resort to "Single stage – two envelope procedure" for the award of contract as per PPRA's Rules, 2004. Technical Approval shall be based on Firm's criteria mentioned below for comparative technical evaluation. Firms not fulfilling minimum criteria shall not be considered. A 60:40% weightage shall be attributed to Technical & Financial Evaluation each. Only those financial bids will be opened who obtained 70% marks in technical bid evaluation.

Technical Evaluation

- ✓ In first stage, only Technical proposals will be opened in the presence of bidder's representatives. The technical bids will be evaluated and minimum score for selection/opening of financial bids is 70%.
- ✓ Technical evaluation of the firms shall be based on information provided in Technical Proposals and presentation by firm's representative.
- ✓ As part of technical evaluation, bidders may be asked to conduct presentation / demonstration.

Criteria, sub-criteria, and point system for the evaluation of Technical Proposals/Bids are;

Sr No.	Assessments / Criteria	Points Allocated	Maximum Points
1	Number of Years the firm has been in practice in Pakistan.(Certificate of registration requires)		10
	Established during 1995-2000	10	
	Established during 2001-2010	06	
	Established during 2011 - 2016	04	
2	Experience of recent audits of Govt. sector / educational sector & other reputable public sector organizations (with documentary proof).		10
	Educational sector experience	03	
	Public sector experience	07	
3	Number of fully qualified Chartered Accountants working full time in firm and with functional office in Karachi. (preference will be given to functional office)		05
4	Qualification and experience of the manager, supervisor & job in charge who is assigned the said task on selection.		10
5	Quality Control Review of ICAP. (Latest QRC report is required).		05
6	Reputation of firm in Market/SBP Ranking.		10
	Ranked "A"	10	

7	IT System & Control Audits.(No. of IT audit conducted)	05	
8	International affiliation / membership with high ranked firm.	10	
	Big four		10
	Ranked 5 – 6		06
	Ranked 7 – 10	04	
9	Firm on panel of other organizations/AGP. (Consultancy or financial services etc.).	05	
	10 or more organizations		05
	7 - 9		04
	5 - 6	03	
10	Use of CAAT's through Latest Audit Software e.g. Audit Command Language-ACL,IDEA etc.	05	
11	Methodology/approach/Scope of Audit.	10	
12	Presentation of firm before Evaluation/procurement committee.	15	
	TOTAL	100	

Financial Evaluation

The financial offer shall be made in attached format "Annexure A". Firm will quote the audit fee (including out of pocket expenses) in Pak Rupees. Criteria for the evaluation Financial Proposals/Bids are;

- ✓ On the basis of technical evaluation, the financial proposal of only technically responsive bidders will be opened.
- ✓ 40% weightage shall be attributed to Financial Evaluation (full marks for lowest fee quoted).
- ✓ Financial proposals of bids found substantively technically non-responsive will be returned un-opened.
- ✓ Bids found with highest score by technical and financial evaluation will be accepted.

Documents Required

Technical and financial proposals should be submitted in separately sealed envelopes. Firm's profile shall be accompanied by the following documents:

- ✓ Copy of NTN of the firm
- ✓ Certificate/Material evidence of recent audits carried out of previous three big clients mentioning duration and names of the auditors engaged in audit activities.
- ✓ Proof of firm's establishment.

- ✓ Detailed technical skill level (CVs) of available principal/lead, manager & supervisor who is assigned the said task on selection. The CVs should mention the nationality and status of the auditors that is registered/coordinator/lead auditor/associate.
- ✓ Provide audit methodology, audit fee and period of conducting and submitting complete audit reports.
- ✓ The selected firm will be required to comply with the instructions, if any issued by the IFMP. In case of non-fulfillment of any instructions issued by IFMP, IFMP will be entitled to cancel the audit work without any obligation.
- ✓ No TA/DA will be borne by the IFMP for the CA firms undertaking audit work and this will be borne by the audit firm.
- ✓ Firms are required to provide the undertaking/affidavit on stamp paper of Rupees:100 about following:
 - a) There is no litigation pending against the firms or its partners.
 - b) All information/documents provided by the IFMP shall be kept strictly confidential.
 - c) Firm is never blacklisted by the Govt. of Pakistan and any other organization.
- ✓ Income Tax will be deducted as per Government rules.

Disqualification

The firm shall be disqualified in the following circumstances;

- ✓ Category "B" and "C" firms on the panel of Auditors maintained by the State Bank of Pakistan.
- ✓ The Audit Firm does not have three registered auditors, each having at least three years' experience.
- ✓ Firm failing to provide documentary evidence / regional partner holding practice license to carry out audit.
- ✓ Audit partner firm or any of its affiliated entity is declared blacklisted by the Government of Pakistan or any other organization in any origin.

Expenses for responses

Potential firm is solely responsible for their expenses, if any, in preparing a response to this advertisement. This would include any costs incurred during initial presentation or subsequent negotiations.

Deliverables and Payment to the Audit Firm

Payment shall be made within 15 days after the delivery of audit report, financial statements and management letter (includes suggestions and discussion with the top management of IFMP on improving internal controls and financial system of IFMP) by the audit firm. Firm will also provide the soft data of above deliverables on CD along with five sets of hard copy.

ALL PROPOSALS SHOULD ACCOMPLISH THE ABOVE REQUIRMENTS.

Dated:

Financial Offer

Annual audit fee including out of pocket expenses shall be PKR. _____.

Note:

Income tax will be deducted as per Income Tax Rules prevails at the time of payment.

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The objective of internal audit services is to assist the institute on an ongoing basis in evaluating and testing the design and effectiveness of its internal controls and risk management processes

Scope of Audit

Chartered Accountant firm appointed will conduct the internal audit of the IFMP. IFMP requires the services of "A" Category Audit Firms (under Circular No.5/2014 of SECP) in respect of the following services as per the provisions of Companies Ordinance, 1984, and relevant rules including Public Sector Companies (Corporate Governance) Rules, 2013:

For the years 2016-17²

The scope of the engagement is to develop and audit plan, focused on following key areas of the institute:

- Procurement
- Admissions and Fees Management
- Human Resource Management
- Treasury, Finance and Administrative & General Expenses
- Fixed Assets Management
- Compliance Audit:
 - Review of Compliance with Companies ordinance 1984.
 - Review of Compliance with PSCG.
 - Review of the operation/programs planning and compliance with it
- Prepare the audit plan to identify and priorities the auditable areas:
- Perform risk assessment of the selected areas of the institute; and
- Propose an internal audit plan and submit the same to internal audit coordinator for obtaining approval from the Audit Committee.

² IFMP Audit Committee and Board can re-appoint the selected firm for another term with maximum fee increase of 10% p.a.

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