



Institute of
Business Administration
Karachi

**APPOINTMENT OF AUDIT FIRM
AS EXTERNAL AUDITOR**

FOR

**IBA KARACHI FINANCIAL STATEMENTS
FY-2019-20 to FY-2021-22**

**Request for Proposal (RFP)
September 16, 2020**

Tel #: 021-111-422-422 / 021-99261510 (8 lines)

Fax #: 021-99261508

E-mail: info@iba.edu.pk

Website: www.iba.edu.pk

LETTER OF INVITATION (LOI)

You are invited to submit Proposal on QCBS basis.

PURPOSE

The purpose of this Request for Proposal is to select a competent Audit Firm to audit and express a professional opinion on the financial statements of the authority at the end of each fiscal year (June-30).The audit would be carried out for the 03 years (FY-2019-20 to 2021-22). The audit should be carried out in accordance with appropriate professional standards of auditing (International Auditing Standards) and other standards as applicable in Pakistan.

To enable you to submit a proposal, please find enclosed:

- A. Background
- B. Audit Scope
- C. Auditor Independence and Qualification
- D. Evaluation of Proposal
- E. Financial Proposal
- F. Access to Facilities and Documents
- G. Mode of Payment
- H. Guidelines
- I. Guidelines for Evaluation of Proposals
- J. Integrity Pact

The proposal should follow guidelines given in the enclosed documents of Letter of Invitation for Bidders. Method of evaluation to be adopted in evaluating the proposals will be based on enclosed Evaluation of Proposals (refer part D):

Please note that IBA is not bound to select any or all of the firms submitting proposals.

The last date of submission of proposal is October 01, 2020 till 3:00 pm and will be opened the same day at 3:30 pm, in the presence of those who wish to be present.

Stamp & Signature

A. Background

Institute of Business Administration (IBA) Karachi

IBA is the oldest business school outside North America. It was established in 1955 with initial technical support provided by the world famous Wharton School of Finance, University of Pennsylvania; later, the University of Southern California set up various facilities at the Institute and several prominent American professors were assigned to the IBA. The course contents, the curriculum, the pedagogical tools and the assessment and testing methods were developed under the guidance of reputed scholars from these two institutions. IBA has zealously guarded the high standards and academic traditions it had inherited from Wharton and USC while adapting and adjusting them with the passage of time.

In 1994 year, the Sindh Assembly elevated the Institute's status to that of a degree-awarding institution. Despite a rapid increase in the number of business schools, the IBA has maintained its position as the premier Institution of higher learning in the field of Management and Business Administration.

Accounting and financial management practices of IBA are governed by the IBA Act 1994. Financial Statements of IBA are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) or, where no such standards have yet been formulated, International Financial Reporting Standards (IFRS).

- Dr. S. Akbar Zaidi (Executive Director)

Personnel responsible for accounting and financial management is

- Mr. Moeid Sultan Latif, Director Finance (+92 21 38104700)

IBA offices are based in Karachi at the following addresses:

Main Campus

University Road, Karachi- 75270
Pakistan

Phone : 92-21-38104700

Fax : 92-21-99261508

Fax : 92-21-38103008

IBA's website is located at <http://www.iba.edu.pk/>

City Campus

Plot # 68 & 88 Garden / Kayani
Shaheed Road, Karachi - 74400

Pakistan

Phone : 92-21-38104701

Staff Provident Fund (SPF)

A Staff Provident Fund (SPF) of IBA is established for the exclusive purpose of providing participating staff members of the IBA participating in the SPF. Currently 450 approx. members are registered in SPF trust. The SPF is established as a segregated fund within the Institute with a distinct governance structure. The assets of the SPF shall be segregated from all other assets of the Institute, and are received, invested and disbursed wholly and exclusively for the purpose of the SPF. The operations of the SPF are managed by the SPF Trustees. The financial statements are separate from IBA financial statements and are to be audited by the external auditors of the Institute.

Friends of IBA Trust (FIBAT)

The IBA created a Trust to enable the donors to become Trustees of the Funds that they donate and thereby to enable such Donors to play a role in the decision making process of how such funds are utilized for the benefit of the beneficiaries of the Trust. The Trust is formed to provide better material, financial help and facilities to students, faculties and staff of IBA. Donors who donate more than Rs.30,000,000/- (rupees thirty million only) or more serve as Trustee /nominee to FIBAT.

Hamid D. Habib Endowment Fund

IBA create an endowment fund by the name of "Hamid D. Habib Endowment Fund shall be created from the Grant amount of Rs. 50,000,000/- (Rupees Fifty million only) paid to IBA by the Donor dated May 27, 2009. The Parties agree that the Endowment Fund shall be invested by IBA in the best possible manner and only the income earned from the Fund.

B. Audit Scope

1. These terms of reference address the requirement for external audit of financial statements (consolidated & unconsolidated) of IBA, SPF, FIBAT and Hamid D. Habib.
2. Audit term for all entities described in No. 1 will be for the year each ending from 01 July to 30th Jun.
3. A final signed audit report with certified statements and a management letter should be submitted by last week of August of the year following the end of period under review.
4. External Auditor will have to present the annual audit report to the Audit & Finance Committee and IBA Board of Governors (BoG) meeting during its September Session and provide any clarifications required by Members.
5. Audit firms must provide breakdown of their fee in respect of all mentioned entities for each of these years by year.
6. The audits should be carried out in accordance with the national and International Standards of Auditing (ISA).
7. Sufficient audit evidence should be gathered to substantiate in all material respects for the accuracy and true and fair view of financial statements of the institute.
8. The independent auditors of IBA would also be required to examine the internal control procedures to ensure transparency and accountability in IBA's overall operations.
9. Appointment of auditors according to these terms will be for period of (3) three financial years, (2019-20 to 2021-22). Three years extendable to five years with the approval of the Board.

 Stamp & Signature

C. Auditor Independence and Qualification

The auditor must be completely impartial and independent from all aspects of management or financial interests in the entity being audited. The auditor should not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as director for, or have any financial or close business relationships with any senior participant in the management of IBA. The auditor should disclose any relationship that might possibly compromise his/her independence.

The Audit firm should be registered with the Institute of Chartered Accountants of Pakistan and should appear on satisfactory QCR rating firm of ICAP." The auditor should be experienced in applying either ISA standards, whichever is applicable for the audit. The auditor must employ adequate staff with appropriate professional qualifications and suitable experience with ISA standards, including experience in auditing the accounts of entities comparable in size and complexity to IBA.

Audit firms must provide appropriate information regarding their partners who would be responsible for signing the opinion, together with manager and audit supervisors to indicating capability and capacity to undertake the audit and experience in auditing financial statements.

Stamp & Signature

D. Evaluation Criteria - Technical

- a) *Maximum marks for Technical Proposal: 80*
- b) *Minimum qualifying percentage is 60%. Applicant who secured less than 60% will be categorically disqualified for further process.*
- c) Each Technical Proposal will be evaluated according to the Criteria given below:
(Attach all supporting documents for below mention information)

(a)	Number of Statutory Audits Clients in last 2-3 years (Govt. entities, Listed & public companies)	15
	301 or more	15 marks
	250-300	07 marks
	100-249	03 marks
(b)	Panel of State Bank of Pakistan	15
	Category A	15 marks
	Category B	07 marks
	Category C or Lower	03 marks
(c)	Number of Professional Employees (ICAP/ACCA/ICMAP) of audit firm	15
	100 or more	15 marks
	50-99	10 marks
	10-49	07 marks
	Less than 10	03 marks
(d)	Number of registered ICAP student trainees	15
	350 or more	15 marks
	250-349	10 marks
	100-249	07 marks
	Less than 100	03 marks

 Stamp & Signature

(e)	International Association	10
	Membership with any International Audit Firm	10 marks
	Affiliation/Network of any International Firm	05 marks
(f)	Availability of Audit Software	05
	Yes	05 marks
	No	00 marks
(g)	Experience in IS/ERP Audit	05
	Yes	05 marks
	No	00 marks

* Provide documentary evidence of all above qualification criteria

Minimum eligible technical score is 60%

E. Financial Proposal

Financial Proposal shall be submitted on following template

S.#	Name of Entity	Amount
1	Institute of Business Administration (IBA) Karachi	
2	Staff Provident Fund of IBA	
3	Friends of IBA Trust	
4	Hamid D. Habib Endowment Fund	
	Subtotal	
	Sales Tax on Services	
	Total	

The Financial Proposal will carry a Bid Security of 1% of total amount in the form of Pay Order.

Successful bidder should provide 5% Performance Security of total value of Work Order in the form of Pay Order or bank guarantee. The Performance Security shall extend at least three months beyond the Date of Delivery/Completion of work / Contract / Warranty, whichever is longest.

Stamp & Signature

F. Access to Facilities and Documents

The IBA financial systems are partly automated in PeopleSoft Financials system and partly manual. All financial records are kept at the Main Campus Karachi.

The auditor will have full and complete access at any time to all records and documents (including books of account, legal agreements, minutes of committee meetings, bank records, invoices and contracts etc.) and all employees of the entity. The auditor will have a right of access to banks and depositories, consultants, contractors and other persons or firms engaged by the management over the period under the audit review.

G. Mode of Payment

The assignment is on fixed fees.

Fees will be paid after financial statements approved by IBA BoG (Board of Governors) Meeting through cheque.

H. Guidelines

IBA will select a firm on purely merit on the basis of Technical and financial proposals submitted by the firms, based on QCBS (Quality and Cost Based Selection).

Audit firm(s) who meet the requirements of the TORs and the commercial and contractual conditions, and if the auditor find any ambiguity, omission or internal contradictory, or any feature that is unclear or that appears restrictive, they should seek clarification before the closing date of submission;

The Firms are invited to submit the Proposal, clearly indicating ***‘Proposal for the Provision of External Audit Services’***.

Audit firms (s) must provide breakdown of their fee in respect of all mentioned entities for each of these years by year.

Client’s policy requires that firm provide professional, objective, and impartial advice and at all times hold the Client's interests paramount, strictly avoid conflicts with the assignments or their own corporate interests.

Proposed professional staff must be qualified and have adequate experience, preferably worked under conditions similar to those prevailing in the country of the assignment.

Audit firm should ensure that they submit a full proposal including all the supporting documents requested. It is essential to ensure accuracy in the curricula vitae of key staff submitted. An authorized representative of the firm initials all pages of the proposal and dated. Noncompliance with important requirements will result in rejection of the proposal;

The original proposal shall be prepared in indelible ink. It shall contain no inter-lineation or overwriting.

From the time the bids are opened to the time the contract is awarded, if any firm wishes to contact the Client on any matter related to its proposal, it should do so in writing at the address indicated in documents. Any effort by the firm to influence the Client in the Client's proposal evaluation, proposal comparison or contract award decisions may result in the rejection of the Firm's proposal.

Once the proposals are received and opened, auditors shall not be required nor permitted to change the substance, the key staff and so forth;

The process of proposal evaluation shall be confidential;

The financial proposal should be in PKR comprising fees only;

Bidders are requested to submit below mentioned number of copies clearly marked "ORIGINAL" or "COPY" for the proposal.

Bidder should submit the proposals on or before October 01, 2020 to the following address:

Head of Procurement
IBA Karachi
Ground Floor,
Fauji Foundation Building
IBA, Main Campus
University Enclave Karachi
Tel: +92-21-38104700
Fax: +92-21-99261508

Proposals received after the above time and date, or submitted otherwise than indicated in this document shall not be considered.

Stamp & Signature

I. Guidelines for Evaluation of Proposals

This tender is based on QCBS. Proposal will consist of the Bidders own marking on Technical Criteria mentioned in clause D of this document and their supporting documents. Financial Proposal will consist of the bidders Financial Bid to complete the assignment. Assignment will be awarded on QCBS methodology which will be based on 70:30 i.e. Technical and Financial respectively.

On receipt of proposals, Consultant Selection Committee, appointed by the client, shall evaluate the proposals of all the contestants. The committee will evaluate each proposal as regards the understanding of project requirement, time schedule, experience and qualifications of personnel to be assigned and other pertinent aspects in relation to the services required of the firms. Firm with the lowest bid will be given 100 score and other bidders will be scored on relative percentage terms.

The technical and financial scores will be weighted using the weights / scaling method. For selection of firms the technical score weighted is 70% for technical factors and 30% for financial cost.

To determine the weighted scores, multiply the actual technical and financial scores by the percentage weights.

To determine the total score, simply add the weighted technical and financial scores together.

The example in the table below; the Firm 'A' technical and financial scores received are mentioned in the original score column, the weights are stated in accordance with the SBD document, the calculation of weighted scores and the total score is as follows:

	Original Scores	Weighted (e.g.)	Calculation	Results
Technical	75	70%	$75 \times 70/100$	52.5
Financial	85	30%	$85 \times 30/100$	25.5
Total				78

Stamp & Signature

J. Integrity Pact

Declaration of Charges, Fees, Commission, Taxes, Levies etc payable by the company/firm/agency for Auditors Appointment;

M/s _____, hereby declares that:

- (a) Its intention not to obtain the procurement work of any Contract, right, interest, privilege, or other obligation or benefit from the IBA or any administrative or financial offices thereof or any other department under the control of the IBA through any corrupt practice(s).
- (b) Without limiting the generality of the forgoing the company/firm/agency represents and warrants that it has fully declared the charges, fees, commission, taxes, levies etc, paid or payable to anyone and not given or agreed to give and shall not give or agree to give to anyone within the IBA directly or indirectly through any means any commission, gratification, bribe, gifts, kickback whether described as consultation fee or otherwise, with the object of obtaining or including the procurement or service contract or order or other obligations whatsoever from the IBA, except that which has been expressly declared pursuant hereto.
- (c) The company/firm/agency/ accepts full responsibility and strict liability for making any false declaration/statement, not making full disclosure, misrepresenting facts or taking any action likely to degrade the purpose of declaration, representation and warranty. It agrees that any contract/order obtained aforesaid shall without prejudice to any other right & remedies available to the IBA under any law, contract, or other instrument, be stand void at the discretion of the IBA.
- (d) Notwithstanding any right and remedies exercised by the IBA in this regard, company/firm/agency agrees to indemnify the IBA for any loss or damage incurred by it on account of its corrupt business practice & further pay compensation to the IBA in any amount equivalent to the loss of any commission, gratification, bribe, gifts, kickback given by the company/firm/supplier/agency/service provider as aforesaid for the purpose of obtaining or inducing procurement/work/service or other obligation or benefit in whatsoever from the IBA.

Note:

This integrity pact is mandatory requirement other than auxiliary services / works.

Stamp & Signature

It is hereby certified that the terms and conditions have been read, agreed upon and signed. Material Misstatement if found in the above provided information shall be grounds for disqualification from the tender proceedings and may lead to blacklisting of the firm.

Name of Representative _____

Contact Person _____

Address _____

Tel # _____ Fax _____

Mobile _____ email _____