

## **PUNJAB RURAL MUNICIPAL SERVICES COMPANY**



### **REQUEST FOR QUOTATIONS (RFQs)**

**For the Services of External Auditors**

**for the Financial Year 2022-23 Audit**

**&**

**Review Report to the Members on the statement of  
Compliance with Public Sector Companies  
(Corporate Governance) Rules, 2013**

**Section – I: Request for Quotation**

**Section – II: Instruction to the Applicants**

**Section – III: Technical Evaluation Criteria**

**Section – IV: Term of Reference**

### **CHIEF EXECUTIVE OFFICER**

Punjab Rural Municipal Services Company (PRMSC)  
5th Floor, KD Plaza, MM Alam Road, Gulberg-III, Lahore, Pakistan  
Telephone: +92 42 36407385 | email: [coo.prmsc@punjab.gov.pk](mailto:coo.prmsc@punjab.gov.pk)

## SECTION – I

### SPECIAL PROCUREMENT NOTICE APPOINTMENT OF EXTERNAL AUDITORS PUNJAB RURAL MUNICIPAL SERVICES COMPANY

1. Punjab Rural Municipal Services Company (PRMSC) (hereinafter referred to as “Company”) is a government-owned not-for-profit company, incorporated with the Securities and Exchange Commission of Pakistan, under Section 42 of the Companies Act, 2017. The Company has been registered as a dedicated water, sanitation, and waste management service provider for rural areas of Punjab and is envisioned to be customer-oriented and responsive to the WASH needs of rural populations.
2. The Government of Islamic Republic of Pakistan has received financing from the World Bank towards the cost of the Punjab Rural Sustainable Water Supply and Sanitation Project for improving service delivery standards of the rural water & sanitation system and has extended the said financing to Company.
3. The Company now invites quotations from eligible Chartered Accountant Firms (hereinafter referred as “The Auditor”) for external financial audit on Lump Sum Contract basis. More details on the services are provided in the Terms of Reference annexed with the RFQ documents. Interested firms must provide information indicating that they are qualified to perform the services.
4. The Auditor should be a Quality Control Rated - QCR Chartered Accountant Firm of reputable standing with documented credentials of conducting audit of comparable scale and complexity.
5. The Auditor will be selected under procedures described in the RFQ documents which can also be downloaded from the PPRA website <http://ppra.punjab.gov.pk> by following Clause 46A Selection Process of Firm of Consultants procedure in accordance with the Punjab Procurement Rules 2014.
6. Two sets of “Technical Proposal” and “Financial Proposal” on the prescribed forms given in the RFQ, separately sealed, signed & stamped, must be delivered to the address given below by no later than **May 03, 2023 before 11:00 A.M.** which will be opened on the same day at 11:30 A.M. in the presence of the representatives of the firms who may wish to attend.
7. Bid security (refundable) amounting to Rs.20,000/- in the shape of CDR or bank guarantee, must be furnished along with Technical Proposal.
8. The Fee for the appointment being External Auditor of PRMSC, for the period Financial Year 2022-23 would be restricted to Rs. 1,000,000.
9. PRMSC will not be responsible for any cost incurred on submission of documents.

**CHIEF EXECUTIVE OFFICER**  
**PUNJAB RURAL MUNICIPAL SERVICES COMPANY (PRMSC)**  
5th Floor, KD Plaza, MM Alam Road, Gulberg-III, Lahore, Pakistan  
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## **SECTION – II**

### **INSTRUCTIONS TO APPLICANT**

#### **1. Instructions to Applicant**

- i. Queries, if any, shall be responded to within due time. Any query received after closing time shall not be entertained. PRMSC may host a Q&A session, if required, at PRMSC office in office timings. All Applicant Firms shall be informed of date/time in advance.
- ii. It may be noted that compliance of General Terms and Conditions and Specifications are mandatory. No escalation of cost except arising from increase in quantum of work by the Applicant Firm on the demand and approval of the PRMSC will be permitted.
- iii. The Applicant Firm is fully and completely responsible for all deliveries/deliverables to PRMSC Office.
- iv. Applicant Firms are also required to state, in their proposals, the name, title, contact number (landline, mobile), fax number, e-mail address and registered address of the Applicant Firm's authorized representative through whom all communications shall be directed until the process has been completed or terminated.
- v. The PRMSC will not be responsible for any costs or expenses incurred by Applicant Firms in connection with the preparation or delivery of RFQs.

#### **2. Clarification of the RFQ**

The PRMSC shall have the right, at its sole/exclusive discretion, to require, in writing, further information or clarification of the RFQ, from any or all the Applicant Firm(s). No change in the price or substance of the RFQ shall be sought, offered or permitted except as required to confirm the corrections of arithmetical errors discovered in the RFQ. Acceptance of any such Correction is sole discretion of PRMSC.

#### **3. Correction of errors / Amendment of RFQ**

The RFQ price as determined after arithmetic corrections shall be termed as the Corrected Total RFQ Price which shall be binding upon the Applicant Firm.

#### **4. Rejection / Acceptance of the RFQ**

PRMSC shall have the right, at its exclusive discretion, to increase / decrease in scope of work without any change in prices or other terms and conditions, at the time of order placement. The PRMSC may cancel/reject all RFQs or proposals at any time prior to the Acceptance of a RFQ or proposal. The PRMSC shall upon request communicate to any Applicant Firm, the grounds for its rejection of all RFQs or proposals, but shall not be required to justify those grounds. The PRMSC shall incur no liability, solely, by virtue of its invoking Punjab Procurement Rules, 2014 towards the Applicant Firms. However, Applicant Firms shall be promptly informed about the rejection of the RFQs, if any, as envisaged under PP Rules, 2014.

## 5. RFQ Validity

The RFQ shall have a minimum validity period of **90 days** from the last date of opening of the technical RFQ.

## 6. Payment

- i. The supplier of services shall submit request for Payment to PRMSC. The Application for Payment shall be accompanied by invoices, receipts etc.
- ii. PRMSC shall pay the amount within **thirty (30)** days after verification of invoiced services. Payment shall not be made in **advance and against partial** deliveries. PRMSC shall make payment for the services supplied in Pak Rupees through cheque/PO/DD.
- iii. All payments shall be subject to any and all taxes and levies applicable under the laws of Pakistan & Punjab, for the whole period starting from issuance of Acceptance Letter till Delivery of services. The PRMSC can reduce the amount of tax for which the auditing firm has been given exemption by the concerned authorities

## 7. Amendment of the RFQs

- i. PRMSC may, at any time prior to the deadline for submission of the RFQ, at its own initiative or in response to a clarification requested by the Applicant Firm(s), amend the RFQ Document, on any account, for any reason. All amendment(s) shall be part of the RFQ Document and binding on the Applicant Firm(s).
- ii. PRMSC shall notify the amendment(s) in writing to the prospective Applicant Firms as per Punjab Procurement Rules, 2014.
- iii. PRMSC may, at its sole discretion, amend the RFQ Document or extend the deadline for the submission of the RFQ under PP Rules, 2014.

## 8. RFQ

- i. The quoted Fee shall be:  
Best/final/fixed & valid until completion of all deliveries/deliverables and not subject to escalation / variation.
- ii. Pak Rupees only and mentioned both in Words & Figures
- iii. Where no prices are entered against any item(s), the price of that item shall be deemed be free of charge, and no separate payment shall be made for that item(s).

## 9. Disqualification

The firm shall be disqualified in the following circumstance:

- i. Firm failing to provide documentary evidence / regional partner holding practice license (Valid Certificate of Practice -COP) to carry out audit.
- ii. Audit partner firm or any of its affiliated entity is declared blacklisted by the

Government of Pakistan or any other organization in any origin.

## 10. Criteria of Evaluation

- i. The selection will be based on "**Least Cost Selection Method**" under Punjab Procurement Rules, 2014.
- ii. Technical Evaluation Criteria are enclosed. Scores will be allocated based on evidence available in the proposal only. The Audit Assignment will be awarded to the lowest evaluated applicant firm.

## 11. Special Note

- i. At least 50% marks must be obtained from each section of Technical Evaluation, overall minimum passing marks shall be 65%.
- ii. The Contract will be made on stamp paper as per Stamp Duty Act 1899 @0.25/100RS the total value of the contract and will be signed within the bid validity period.
- iii. Any delay or quit from the services may lead to forfeiture of one remuneration (equivalent to total contract value).
- iv. The firm will furnish an undertaking on a stamp paper of RS-100/-that M/S----- will abide by all terms and conditions of this document.

## 12. Addressed

The RFQs addressed to the following address shall be submitted up to 11.00 A.M on May 03<sup>rd</sup>, 2023 and will be opened on the same date at 11.30 A.M.

To  
CHIEF EXECUTIVE OFFICER  
PUNJAB RURAL MUNICIPAL SERVICES COMPANY (PRMSC)  
5th Floor, KD Plaza, MM Alam Road,  
Gulberg-III, Lahore, Pakistan  
Telephone: +92 42 36407385 | email: coo.prmsc@punjab.gov.pk

## SECTION – III

### TECHNICAL EVALUATION CRITERIA

#### A. Initial Screening:

The following documents/ certificates are the pre-requisite and may be used for initial screening. The Audit Firm will go in the next stage if it fulfills all the requirement of initial screening which are as under:

The Audit firm is required to fulfill the following criteria:

- Registered with Income Tax department.
- Active taxpayer status.
- At least one office at Lahore.
- Registration with Sales Tax Authorities / PRA (if applicable).
- Affidavit on legal paper that firm is not blacklisted by any govt. agency / firm.
- Registered with Institute of Chartered Accountants of Pakistan (ICAP).
- Affiliated with reputable international Chartered Accountants firm.
- State Bank of Pakistan “A” category Chartered Accountant firm.
- Satisfactory QCR rating (latest) from Institute of Chartered Accountants of Pakistan.
- Evidence of registration with the Audit Oversight Board (established under SECP Act, 1997).

#### Notes:

- The firm shall attach relevant documents or certificates to validate their eligibility vis-à-vis above requirements.
- Firms not fulfilling the above eligibility criteria will not be considered for further evaluation.

#### B. Technical Evaluation:

The firm cleared from initial screening will be evaluated as per following criteria:

- i. Number of Partners
- ii. Number of ICAP qualified Chartered Accountants employed by the firm
- iii. Number of Audit Staff
- iv. Experience of Govt. / Semi Govt. Organization Audits

Sr No	Category	Total Marks
1	Number of Partners (15 marks for each partner)	45
2	Number of ICAP Qualified Chartered Accountants (10 marks for each CA)	30
3	Number of Audit Staff (1 mark for each Audit Staff/ Trainee)	15
4	Govt. / Semi Govt. Experience	10
	<b>Total Marks</b>	<b>100</b>

## **SECTION – IV**

### **TERMS OF REFERENCE**

#### **1 THE SERVICES**

Audit of Financial year 2022-2023

#### **2 SCOPE OF SERVICES**

##### **I. Objective**

- a) The major objective of the assignment is to conduct the audit of the Annual Financial Statement (AFS) of the Company for enabling the Auditor to express his opinion on the Company's financial position, its state of affairs and the funds received, income generated & expenditures incurred for the accounting period as specified in A-1.
- b) The audit opinion would enable all the stakeholders including management, government (local or provincial), funding institutions and citizens to perform oversight, decision making and accountability functions effectively.

##### **II. SCOPE OF THE SERVICES**

The audit will be carried out in accordance with Companies Act 2017 and applicable Standards on Auditing and will include such test and controls, as the Auditor considers necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

- (a) All the Company accounts, AFS and accounting records have been prepared & maintained as prescribed in accordance with applicable Accounting & Reporting Standards, Company's Regulations and the Companies Act 2017.
- (b) The financial statements together with the notes forming part thereof have been drawn up in conformity with the Companies Act 2017, the regulations/standards and are in agreement with the books of account and are further in accordance with accounting policies consistently applied as well as other laws, to the extent these are applicable; and give a true and fair view of the financial position of the Company at the end of financial year and of resources and expenditures for the year ended;
- (c) All Revenue and internal funds (OSR) have been raised as mandated; accounted for and disbursed for the intended purposes in accordance with the Memorandum & the Articles, Company's Regulations, Government Financial Rules and specific procedure governing the OSR;
- (d) All external funds have been accounted for and used in accordance with the rules & procedures and relevant financing agreements, if any, with due attention to economy and efficiency, and only for the purposes for which the financing was provided.
- (e) The internal controls are adequately & effectively designed, directed & implemented and compliance to the Companies Act 2017, Memorandum & Articles of Associations and the regulations is strictly complied during the conduct of the Company's business.
- (f) The Company is observing the code of corporate governance, ethics, and cannons of financial propriety and deriving towards the achievement of its objectives.
- (g) The auditor shall make a report to the members of the Company on the books of accounts of the Company and on statement of financial position and income statement or income and expenditure account and on every other document forming part of the statement of financial position and income statement or income and

expenditure account, including notes, statements or schedules appended thereto, which are laid before the Company in general meeting during his tenure of office, and the report shall state-

- (I) Whether or not they have obtained all the information and explanations which to the best of their knowledge and belief were necessary for the purposes of the audit;
- (II) Whether or not in their opinion the statement of financial position and income statement or income and expenditure account have been drawn up in conformity with this Companies Act 2017, and are in agreement with the books of accounts;
- (III) Whether or not in their opinion and to the best of their information and according to the explanations given to them, the said accounts give the information required by Companies Act 2017 in the manner so required and give a true and fair view
  - In case of statement of financial position, the state of the Company's affairs as at the end of its financial year;
  - In case of income statement or income and expenditure account, the profit or loss or surplus or deficit, as the case may be, for its financial year; and
  - In case of the statement of changes in equity and cash flows of a Company for its financial year;
- (IV) Whether or not in their opinion –
  - The expenditure incurred during the year was for the purpose of the Company's business; and
  - The business conducted, investments made and expenditure incurred during the year were in accordance with the object of the Company.
- (V) Whether or not in their opinion the non-current assets are properly recorded & managed and system of asset management is in place effectively.

### **III DELIVERABLE**

#### **(a) AUDITOR'S REPORT**

The Auditor shall submit Audit Reports on prescribed format along with audited AFS, accompanying notes thereto and evidences as proof of the Report in printed form, duly signed & stamped, after the completion of audit activity.

The Auditor's Report along with other deliverables should be received as per timelines. The auditor should submit the report to the designated forum of the Company.

#### **(b) MANAGEMENT LETTER**

In addition to the audit report, the Auditor will prepare and submit to the Company and designated forum a "management letter", along with Auditor's Report, in which the Auditor will:

- (i) Give comments and observations on the accounting records, systems, and internal controls of the Company as were examined during the course of audit;
- (ii) Identify specific weaknesses, bottlenecks, deficiencies, contingencies and critical areas in the operations, system & internal controls of the Company and make recommendations for their improvement;

## Request for Quotation for Appointment of External Auditor

- (iii) Comment on the financial viability and sustainability of the Company and suggest recommendations to improve the financial position of the Company.
  - (iv) Report on the degree of compliance of each of the financial covenants on the financing agreement and give comments, if any, on the internal and external matters affecting such compliance;
  - (v) Communicate matters that have come to attention during the audit which might have a significant impact on the objectives, functions & operations of the Company; and
  - (vi) Disclose and bring to the attention of the management any other matters that the Auditor consider pertinent and material.
- (c) Review Report on the statement of compliance with Public Sector Companies (Corporate Governance) Rules, 2013.
- (d) FRAUD & MATERIALITY MEMO (if necessary)

The auditor is liable to submit a written report along with evidence, in confidential, to the Board of Directors of the Company immediately, if it comes to his notice during or after the audit that there occurred or likely to occur any material & substantial deviation, variation, embezzlement, misappropriation or concealment in the books of accounts and/or in physical appearance, after getting reasonable assurance thereon.

#### IV GENERAL

- a) The Auditor would be given access to all accounting records, legal documents, correspondence, sites and any other information associated with the Company and deemed necessary by the Auditor to form an audit opinion. The Auditor should be given all opportunities to complete the assignment independently and objectively.
- b) It is highly desirable that the Auditor becomes familiar with the International Financial Reporting and Auditing Standards applicable in Pakistan, Manuals and SOPs of Company / Government and other relevant updates, which entail financial rules, procedure, reporting and auditing requirements.
- c) The Auditor should observe professional ethics and be committed with confidentiality of information and high level of integrity.

#### **Eligibility Criteria:**

The Audit firm is required to fulfill the following criteria:

- Registered with Income Tax department.
- Active taxpayer status.
- At least one office at Lahore.
- Registration with Sales Tax Authorities / PRA (if applicable).
- Affidavit on legal paper that firm is not blacklisted by any govt. agency / firm.
- Registered with Institute of Chartered Accountants of Pakistan (ICAP).
- Affiliated with reputable international Chartered Accountants firm.
- State Bank of Pakistan "A" category Chartered Accountant firm.
- Satisfactory QCR rating (latest) from Institute of Chartered Accountants of Pakistan.

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- Evidence of registration with the Audit Oversight Board (established under SECP Act, 1997).

### Notes:

- The firm shall attach relevant documents or certificates to validate their eligibility vis-à-vis above requirements.
- Firms not fulfilling the above eligibility criteria will not be considered for further evaluation.

### Timelines for Deliverables and Payment Terms:

S. No.	Activity	Duration	Payment Terms
		Week	
1	Finalization of Audit Report FY 2022-23	05 wks	100%