



Universal Service Fund

(A company setup under Section 42 of the Companies Ordinance 1984)

Bidding Document

“Appointment of External Auditors”

Tender ID: “USF/TDRS/FIN/2023-24/02/11”

Issued at Islamabad

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1. INTRODUCTION

Universal Service Fund Company (“USF Co”) is a Guarantee Limited incorporated under section 42 of the repealed Companies Ordinance 1984 (repealed with Companies Act 2017) established by the Government of Pakistan (Ministry of Information Technology & Telecom) in pursuance of Universal Service Fund Rules, 2006 (“USF Rules”) promulgated by Federal Government of Pakistan in exercise of the powers conferred under clause (ab) of Sub Section (2) of Section 57 of the Pakistan Telecommunication (Re-organization) Act, 1996. The primary objective of USF Co is to plan, develop and execute Tele-Communication Network Projects and Services in un-served, under- served and remote areas of Pakistan, mainly through disbursement of subsidy received from the Government of Pakistan.

USF invites sealed bids / proposals for the appointment of external auditors for the FY 23-24, ending on June 30th, 2024, from capable Audit Firms registered with the Institute of Chartered Accountants of Pakistan, Federal Board of Revenue (FBR) for Income Tax and with relevant authority for Sales Tax.

2. BIDDING PROCESS

- a. An open, competitive, and transparent bidding process in accordance with Public Procurement Regulatory Authority (PPRA) Ordinance, 2002, Rules, Regulations and Guidelines made thereunder shall be adopted.
- b. The bid shall comprise of a single package containing two separate envelopes. Each envelope shall contain separately the **technical proposal** and **financial proposal** and must be properly sealed.
- c. The envelopes shall be sealed separately and marked as **“FINANCIAL PROPOSAL”** and **“TECHNICAL PROPOSAL”** as appropriate in bold and legible letters.
- d. Initially, only the sealed envelope marked **“TECHNICAL PROPOSAL”** shall be opened;
- e. The sealed envelopes marked as **“FINANCIAL PROPOSAL”** shall be retained in the custody of USF without being opened.
- f. USF shall evaluate the submitted technical proposals in accordance with eligibility and evaluation criteria of this document without reference to the price.
- g. After evaluation and approval of the technical proposals, the financial proposals of the technically qualified bidders will be opened at a time, date and venue announced and communicated to bidders in advance.
- h. A bid security (**refundable**) in the form of a CDR/Pay Order/Demand Draft, in the name of ‘Universal Service Fund’, of value PKR 50,000/- (Pak Rupees Fifty Thousand Only) **must** be provided in a separate sealed envelope along with the **technical proposal**.
- i. USF shall evaluate the technical proposals in a manner prescribed under Section 03 and 05 of this document without reference to the price and shall reject any proposal which does not conform to the specified requirements.

- j. The financial proposal of bids found technically non-responsive shall be returned un-opened to the respective bidder(s).

3. ELIGIBILITY CRITERIA

Bidders/Firms must give compliance to the below mentioned clauses as these are mandatory for being eligible for the bidding process:

Sr.no	Attributes	Ref. page no. in proposal
a.	The firm must be on State Bank of Pakistan panel of auditors in category "A" as per latest report available on website.	
b.	Valid registration with FBR for income tax purposes and with relevant tax/revenue authority and on active taxpayer list (ATL).	
c.	The firm shall provide an undertaking on letter head that it has not been blacklisted by any Government/Semi-Government institution.	
d.	Firm must have fully functional office(s) in Islamabad/Rawalpindi.	
e.	Declaration that the firm is compliant with International Federation of Accountants (IFAC) guidelines and codes of ethics as applicable in Pakistan.	
f.	Certificate of registration with Audit Oversight Board.	
g.	Registration of firm with The Institute of Chartered Accountants of Pakistan (ICAP) having valid practicing license.	
h.	Having latest satisfactory Quality Control Review (QCR) rating as per ICAP.	

4. INSTRUCTIONS /GENERAL CONDITIONS

- The firm will be selected after an open, competitive, and transparent bidding process.
- Proposals shall be submitted in English/Urdu language.
- All prices mentioned in the financial proposal shall be in Pak Rupees (PKR) **and inclusive of all applicable taxes.**
- Each page of the technical and financial proposal shall be signed by an authorized representative of the firm. The representative's authorization shall be confirmed by letter of authorization on official letter head of the firm.

- e. For clarification on any item of this bidding document, the firm may send written queries, up till five (05) days before the proposal submission date.
- f. All clarifications will be communicated to the firms through e-mail.
- g. USF may reject all bids or proposals at any time prior to the acceptance of a bid or proposal.
- h. The firm shall bear all costs associated with the preparation and submission of their respective bids and USF will, in no case, be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.
- i. Firms are under obligation to read and understand complete information package/bid documents, USF shall not be responsible towards the firm for any of their claim or complaint which may arise because of non-reading or misreading the bid documents/information package by firms.
- j. USF is the originator of information package/bidding documents, any clarification or interpretation communicated by USF, whether in response of a query or otherwise, shall be deemed final, conclusive and will remain unquestioned.
- k. Most Advantageous bidder will be issued Letter of Intent (LoI) and it shall submit Letter of Acceptance (LoA). Upon submission of LoA by Most Advantageous bidder, Contract will be signed for a period of one (01) year.
- l. USF may reject all bids or proposals at any time prior to the acceptance of a bid or proposal. USF shall, upon request, communicate to any firm who submitted a bid or proposal, the grounds for its rejection of all bids or proposals, But USF is not required to justify those grounds as per Rule 33 of the Rules.
- m. USF requires that firms, observe the highest standard of ethics during the procurement and execution of such contract. In pursuit of this policy, the USF:
 - I. Defines, for the purposes of this provision, the terms set forth below as follows:
 - II. "Corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
 - III. "Fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
 - IV. "Collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
 - V. "Coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
 - VI. "Obstructive practice" is deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators to materially impede USF investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to

prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation.

- n. USF will reject a proposal for award if it determines that the firm recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for the contract in question.
- o. Only registered suppliers/service providers who are on Active Taxpayers List (ATL) of FBR are eligible to supply goods/provide services to the USF. Bids/Proposals/applications of all those suppliers/service providers who are not found on ATL on the date of bid opening shall be rejected.
- p. Any proposal received by the USF after the deadline for submission of proposal prescribed in these documents will be returned unopened to such applicant. Delays in the mail or courier, delays of person in transit, or delivery of a proposal to the wrong office shall not be accepted as an excuse for failure to deliver a proposal at the proper place and time. It shall be the applicant's responsibility to determine the manner in which timely delivery of his proposal will be accomplished either in person, by messenger or by mail.
- q. If there is more than one qualified firm i.e. they have quoted equal prices in financial bid, the tied qualified firms shall be notified by USF and they will submit revised financial proposals in compliance with the bidding document. The revised bid amount must be either equal to the original submitted bid or less than previous bid amount. The revised financial proposal shall be submitted in a sealed envelope that is securely closed and it is not possible to be opened without visual evidence thereof.
- r. In case, the most advantageous bidder, at any stage prior to the execution of the contract/PO fails for timely completion of all applicable processes, or the USF procurement committee is not satisfied from the provided services, USF reserves the right to obtain the services from second most advantageous bidder. In case the second most advantageous bidder fails to provide the required services or the USF procurement committee is not satisfied from the provided services, the USF reserves the right to obtain the services from third most advantageous bidder.
- s. The Blacklisted service provider(s) declared by USF, are barred from participating in this tender.

5. Evaluation Criteria:

- a) USF will evaluate the proposals on the basis of their compliance with the bidding document and evaluation criteria, and the point system as specified below. (Table I)
- b) A proposal shall be rejected during technical evaluation if it does not comply with the bidding document.

***Table I- Evaluation Criteria**

S/N	Evaluation Criteria	Max Marks	Ref Page# in Proposal
1	Experience of public sector audit clients (Number of Annual Audits) (Evidence in the form of a signed and stamped year wise list of clients)	40	
2	Experience of telecommunication sector audits (Number of Annual Audits) (Evidence in the form of a signed and stamped year wise list of clients)	25	
3	Firm established in Pakistan (Established since) (Proof in the form of registration with The Institute of Chartered Accountants of Pakistan)	10	
4	Number of partners (Provide detail as per annex-I to this Invitation)	10	
5	Number of staff (Qualified Accountants) (Provide detail as per annex-II to this Invitation)	10	
6	Firms coverage in Pakistan (Number of Cities) (Provide certified list of office locations with complete address)	05	

***Marking will be done on a relative basis. The highest number score for each category will be given 100% marks and all else will be marked relative to that base.**

For technically responsive bidder, the final scoring shall be done as per following:

- a. technical score (St) shall be calculated as follows:

$$St = \frac{\text{technical score obtained by bidder}}{\text{total technical score}} * 80$$

- b. financial score (Sf) shall be calculated as follows:

$$Sf = \frac{\text{lowest bidder's cost}}{\text{bidder's cost}} * 20$$

- c. total score shall be the sum of both technical score and financial score:

$$\text{total score} = St + Sf$$

6. BID SECURITY:

- a. A bid security in the form of a CDR/Pay Order/Demand Draft, in the name of 'Universal Service Fund', of value PKR 50,000/- (Pak Rupees Fifty Thousand Only) **must** be provided in a separate sealed envelope along with the **technical proposals**.

- b. Payment of bid security in form other than that is specified at clause 6(a) shall not be entertained and accepted. USF shall return such bids unopened to respective firms.
- c. Bid security of non-responsive firms, shall be returned unopened after the result announcement of technical evaluation report.
- d. Bid security of technically responsive (qualified) firms will be released after ten (10) days of the signing of the contract with the successful firm.

7. TECHNICAL PROPOSAL

Technical proposals to be submitted by the firms shall be in compliance with the requirements laid down in the bidding document and Tor's.

The technical proposal shall be clearly marked with the following :-

"TECHNICAL PROPOSAL"

The technical proposal shall include;

- a. A covering letter from the head of the Firms / Companies or an authorized representative of the applicant entailing the objectives and the executive summary.
- b. All the documents mentioned in bidding document shall be part of technical proposal except financial proposal.
- c. Compliance, which is mandatory, shall be given by signing & stamping each page of bidding document by authorize representative of the firm.
- d. Non-compliance to any clause and sub clause of RFP and ToR shall lead to disqualification.
- e. Additional Information (If Any)

8. FINANCIAL PROPOSAL

- a. The firm shall submit financial proposals in separate sealed envelope. Envelop shall be clearly marked with the following: -

"FINANCIAL PROPOSAL"

- b. The Financial Proposal shall include the following;

Sr	Service	Fee	Services sales tax	Total
1.	Annual audit			
2.	Bi-annual audit			
3.	Review & certification of PSCG rules compliance statement			

4	Out of pocket expenses (if any) capped to a level (in rupees)			
	Total Quote			

- c. The proposal must remain valid for a period of 120 days after the bid submission date.
- d. Taxes will be deducted at the time of the payment as per government rules and regulations.
- e. All payments will be subject to the active taxpayer status of the service provider at the time of release of payment. If service providers status is not active on ATL (Income and Sales Tax); no payment shall be made till their status becomes active on ATL (Income and Sales Tax) of FBR/relevant authority.
- f. The service provider shall pay all such taxes, Stamp duty or other duties, fees and other impositions levied under the applicable law, the amount of which is deemed to have been included in the financial bid.
- g. All prices shall be in Pak Rupees. Any exchange rates fluctuations shall be the responsibility of the firm and USF shall not allow any price escalation.
- h. The firm shall mention the amount in financial proposal, which shall be inclusive of all applicable taxes, levies, duties and fees as per prevailing laws.

9. **SUBMISSION, OPENING AND RECEIPT OF PROPOSALS**

- a. The original proposal (Technical and Financial Proposal) shall be prepared without any interlineations or overwriting.
- b. One original proposal along with “one soft copy”(to be provided in USB) for each technical and financial proposal.
- c. The envelopes shall be marked separately as “Technical Proposal” and the “Financial Proposal” in bold and legible letters to avoid confusion.
- d. Technical and Financial proposals must be delivered at the address given below on or before 11:00 am. (PST), 14th Dec 2023.

Head of Procurement Department

Universal Service Fund,
Office # 310-312, 3rd Floor, Evacuee Trust Complex,
Sector F-5/1, Islamabad, Pakistan
Tel: (92-51) 9212308-09
Fax: (92-51) 9214261
Email: procurement@usf.org.pk

- e. Proposals shall be opened the same day i.e. 11:30 AM. (PST), 14th Dec 2023 (PST), in presence of all the applicants who chose to be present.

10. AWARD OF CONTRACT

- a. The firm with the lowest bid (most advantageous bid), if not in conflict with any other law, rules, regulations, or policy of the Federal Government shall be awarded the contract, within the original or extended period of bid validity.
- b. A letter of Intent (LoI) will be issued to the Most Advantageous bidder who shall submit Letter of Acceptance (LoA) within period stipulated under LoI.
- c. After submission of the Letter of Acceptance, it is expected that the contract will be signed within minimum possible time, failing which USF may proceed accordingly.
- d. The initial term of the contract shall be one year which may be extended for another term as may be mutually agreed between the parties.

11. PAYMENT TERMS:-

The payment of fee will be made after issuance of final audit reports.

12. Penalty Terms

The assignment completion period is 3 weeks for bi-annual and 5 weeks for annual audit and reviews. The period will be counted from deputation of audit team till initialed report date. In case of delay (excluding any delay on part of USF in providing the information/documents) in assignment beyond stipulated period, LD at the rate of 0.15% per day (of fee payable) shall be imposed for each day of delay beyond the delivery date.

13. TERMS OF REFERENCE / SCOPE OF ASSIGNMENT

- 1- Audit of the interim financial statements of the company for six months ending on 31st December 2023.
- 2- Audit of the annual financial statements of the company for the year ending on 30th June 2024.
- 3- Review and certification of public sector corporate governance rules, 2013 compliance statement.
- 4- Attend meetings of USF board, committees, and annual general meeting, as required.
- 5- Any other related matter in compliance with SECP rules and regulations.

Annexure I

<i>Sr.No.</i>	<i>Name</i>	<i>ICAP Membership No.</i>	<i>ACA/FCA</i>	<i>Tax Partner/Audit Partner/Others</i>	<i>Office</i>

Authorized Signature:

Name and Title of Signatory:

Annexure II

<u><i>Sr.No.</i></u>	<u><i>Name</i></u>	<u><i>Membership/Registration No.</i></u>	<u><i>ICAP/CIMA/ICMA/ACCA</i></u>	<u><i>Designation</i></u>	<u><i>Office</i></u>

Authorized Signature:

Name and Title of Signatory: