

Request for Proposal

To Conduct Special Audit of Pakistan Nursing Council
Financial Statements for the Financial Year Ended on 30th June
2019 till 30th June 2021.

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1) Proposal Preparation Instructions

1 Firm's Understanding of the RFP

In responding to this RFP, the firm accepts full responsibility to understand the RFP in its entirety, and in detail, including making any inquiries as necessary to gain such understanding. PNC reserves the right to disqualify any firm who demonstrates insufficient or faulty understanding. Further, PNC reserves the right to determine, at its sole discretion, whether the firm has demonstrated such understanding. That right extends to cancellation of award, if award has been made. Such disqualification and/or cancellation shall be at no fault, cost, or liability whatsoever to PNC.

1.1 Good Faith Statement

All information provided by PNC in this RFP is offered in good faith. Individual items are subject to change at any time. PNC makes no certification that any item is without error. PNC is not responsible or liable for any use of the information or for any claims asserted there from.

1.2 Communication

Verbal communication shall not be binding unless formally confirmed in writing by a specified PNC official in charge of managing this RFP process. In no case shall verbal communication govern over written communication.

1.3 Firms' Inquiries.

Applicable terms and conditions herein shall govern communications and inquiries between PNC and firms as they relate to this RFP. Inquiries, questions, and requests for clarification related to this RFP are to be directed by email to:

Attention: Treasurer, PNC

Telephone: 051 9255097

E-mail: pncfinance30@gmail.com

1.4 Formal Communications shall include, but are not limited to:

- Questions concerning this RFP must be submitted in writing.
- Errors and omissions in this RFP. Firms shall inform to PNC any discrepancies, errors, or omissions that may exist within this RFP. With respect to this RFP, Firms may recommend to PNC any enhancements which might be in PNC best interests.

1.5 Proposal Submission

The Proposal will comprise of single package containing two separate sealed envelopes. One envelop will contain the "Financial Proposal" and the second envelop will contain the "Technical Proposal". Proposals under the "Single Stage Two Envelop Procedure" shall reach to this office within 15 days from the date of issuance of advertisement and will be opened at the same day at 3pm. First Technical proposals will be opened at PNC Secretariat. Only technically short listed firms will be informed of the date of opening of financial bids.

1.6 Criteria for Selection

The proposals shall be evaluated under "Quality & Cost base Selection" as given at regulation 3(B) of PPRA Consultancy Services Regulations. The evaluation of each response to this RFP will be based on its demonstrated competence, compliance, format, and organization. The purpose of this RFP is to identify those firms that have the interest, capability, and good rating to do audit.

Evaluation Criteria:

- i. Technical proposals will have 70% weightage in evaluation. Marks will be awarded as per the criteria given at Annex-D. Minimum qualifying marks are 60% i.e; firms obtaining at least 60% marks in technical evaluation shall be eligible for financial evaluation
- ii. Financial proposals will have 30 % weightage in evaluation. Marks for financial evaluation will be awarded as per the criteria given at Annex-D.
- iii. Only technically qualified firms will be informed to attend the financial bid opening. The financial bids of technically disqualified bidder will be returned un-opened.

Bidders are encouraged to structure their proposal generally along these evaluation criteria.

Information provided that does not pertain to these evaluation criteria will not be taken into account.

1.7 **Selection and Notification**

Firm who gets the maximum marks after technical & financial evaluation will be awarded the contract. In case the firm which secured the maximum marks is not willing to conduct audit then PNC will approach the firm who secured second position and so on.

2) Sample Letter of Intent

2.1 Proposal for External Audit of PNC:

This will express willingness to carry out the audit of PNC

2.2 Introduction of Firm

- a. Brief description of International presence
- b. Brief description of Pakistan presence
- c. Brief description of Islamabad/Rawalpindi presence

2.3 Capability of the firm to do audit

Please explain why you are capable to perform the assignment.

2.4 Following information along with supporting documents must be accompanied with Technical Proposal:

S. No.	Description
1	Firm's profile
2	Number of clients in autonomous organizations
4	Office in Islamabad/Rawalpindi
5	01 months' time bound audit assurance
6	Number of present clients in Islamabad/Rawalpindi
7	No. of Partners in firm in Pakistan
8	Affiliation with an international firm
9	Satisfactory QCR by ICAP

3) Terms of Reference (ToR) for Annual Audit 2018-21

Introduction

PNC is established to regulate the Nurse, Midwives and LHVs of Pakistan, it gives licenses to practice in Pakistan, and it regulates the Nursing Education throughout the country including AJ&K and GB.

Vision & Mission

The aims of PNC include monitoring for implementation of national standards in Nursing, Health Visitors, Midwifery education and practice by providing Registration/infrastructure and arranging continued educational opportunities for registered member.

About Pakistan Nursing Council

PNC was established for the regulation of health sector as part of Government of Pakistan in looking and fairly promoting the health sector. The office of PNC is in Islamabad; FNC works as an independent entity (autonomous body) and control its finances by itself.

PNC collects various dues including Nurse initial registration fee, License renewal fee, license entry fee, License late fee, Application fee, Inspection fee and Pre-registration fee in respect of services being provided by PNC and makes all expenditure with these accumulated fees.

As per PNC regulations 13(i) the local Chartered Accountant shall conduct audit of the accounts of the Council.

Audit Objectives

To carry out annual financial audit of PNC, review its system of internal control, identify weak areas, and improve reporting of financial statements.

Scope of Work

The Audit shall be carried out in accordance with the International Standards of Auditing (ISA) and shall include such tests and controls that the auditor considers necessary under the circumstances. The Auditors shall also consider the adequacy of controls necessary to secure propriety and transparency in all areas. The comprehensive audit shall be undertaken to cover but not limited to the following areas:

- Licensing and Billing

The audit work shall cover the adequacy and compliances with policy guidelines for issuance of licenses, charging of fees, revision of rates and application of unit of measurement.

- Accounting

The audit work shall cover the adequacy and compliances of the accounting and financial operations and reporting systems. These include budget control, cash management, receipt of funds, and disbursement of funds, recording of all financial transactions in expenditure reports, records maintenance and control.

- Procurements

The audit work shall ensure that the equipment and services purchased meet the PPRA requirements.

The work shall include the delegations of authorities for procurements, procurement thresholds, call for bids and proposals, evaluation of bids and proposals and approval/signature of contracts and purchase orders. Management and control over the variation orders.

- Information and communication

The audit work shall cover the information and communication, security of data and equipments.

- General Administration

The audit work shall cover vehicles and fuel management, office security and records maintenance. Overall control

environment and related risks with recommendations for further strengthening

Methodology

To be determined by auditor.

Pre audit briefing:

- Treasurer PNC

Access

- To all records/materials of the related transactions, planning and management.
- PNC's policies and Financial Guidelines.
- Licensing and other agreements and files.
- Stock and documentation,
- Financial and administration related records.

Final Report

The auditor shall document the details of the audit with financial statements, which shall be completed in English, by the final day of the assignment. The report shall include:

1. Audit Opinion

The audit firm shall give its opinion on Financial Statements as per International Standards on Auditing.

2. Management Letter

In addition to the Financial Statements together with the audit opinion thereon, the Auditor shall prepare a "Management Letter" (to be provided along with Audit Report) which shall cover the shortcomings, weaknesses and allied observation that come across during conduct of audit, for improvement of the systems and procedures.

Time Schedule

Audit reports and financials are required till March 25, 2022.

Audit Firm Criteria

The evaluation criteria have been mentioned in detail in "Technical and Financial Evaluation Criteria" sheet.

Submission of Proposals

Both financial and technical proposals can be submitted to:

Registrar

Pakistan Nursing Council,

NIH, Chak Shahzad, Islamabad. Pakistan

Phone # 051-9255803

Last date for submission of proposals is 15 days from issuance of advertisement

4) Technical and Financial Evaluation Criteria

i. TECHNICAL EVALUATION CRITERIA

a. Mandatory Requirements:

- i. Firm has a QCR rating by ICAP.
- ii. Minimum experience of five (05) years of audit of autonomous bodies.

If any of the above mentioned mandatory mentioned criteria is not fulfilled then the proposal will not be evaluated further.

b. If an audit firm has fulfilled all of the above mentioned requirements then the technical proposal will be further processed as follows:

No.	Criteria	Marks	Comments
1	Firm's Audit Experience of autonomous bodies	20	<ul style="list-style-type: none"> • 2 marks for each year of experience beyond five years of mandatory experience.
2	Number of clients in autonomous bodies	5	<ul style="list-style-type: none"> • 5 marks for 10 or more clients. • Deduct 0.5 mark each client if less than 10 clients in relevant sector
3	Office in Islamabad/Rawalpindi	5	<ul style="list-style-type: none"> • 5 marks if office in Islamabad/Rawalpindi • Nil marks if no office in Islamabad/Rawalpindi
4	01 months' time bound audit assurance	15	<ul style="list-style-type: none"> • 15 marks if assurance is given • Nil marks if no assurance given
5	No. of Partners in firm in Pakistan	20	<ul style="list-style-type: none"> • 20 marks for 40 or more partners • Deduct 0.5 mark each client if less than 40 clients
6	Affiliation with an international firm	5	<ul style="list-style-type: none"> • 5 marks if firm is affiliated with international firm • Nil marks if no affiliation with international firm

Note: Minimum qualifying marks are 60% i.e; firms obtaining at least 60% marks in technical evaluation shall be eligible for financial evaluation

ii. FINANCIAL EVALUATION CRITERIA:

Marks will be awarded as per the following formula:

$$\text{Financial score} = 30 \times \frac{\text{Amount quoted by the lowest bidder}}{\text{Amount quoted by the bidder whose financial score is to be calculated}}$$

iii. SELECTION OF FIRM:

Firm who gets the maximum marks after technical & financial evaluation will be awarded the contract

6) Financial Bid Form

From,

.....

Contact No. (Mobile and Landline)

To,

Registrar,
 Pakistan Nursing Council
 Islamabad

Having read and understood the contents of detailed advertisement. , Instructions, terms and conditions,
 I/we hereby submit (in separate sealed cover) our Financial Bid for the audit of PNC :

Year	2018-19	2019-20	2020-21
	Rs.	Rs.	Rs.
Audit fee excluding Out of pocket expenses	XXX	XXX	XXX
Out of pocket expenses	XXX	XXX	XXX
Total	XXX	XXX	XXX
Note: All applicable taxes shall be included in the above figure.			

Sign and seal of offerer(s) and date

5) Sample Engagement Letter

ENGAGEMENT LETTER

The purpose of this letter is to confirm our understanding of our mutual responsibilities arising as a result of our engagement as auditors of Pakistan Nursing Council, Islamabad for the year ended June 30, 2019 to June 30, 2021. These terms will remain effective until amended, in writing, with the agreement of both parties.

1. Basic objective of the engagement

We will conduct the audit of financial statements of the Council which comprise the balance sheet as at June 30, 2019 to June 30, 2021 and the related income and expenditure account, the statement of comprehensive income and the cash flow statement together with the notes forming part thereof for the year ended June 30, 2019 to June 30, 2021, prepared in accordance with approved accounting standards as applicable in Pakistan, notified under the Companies Ordinance, 1984.

Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as and as notified under the Companies Ordinance, 1984 (the 'Ordinance').

2. Scope of the audit

The objective of an audit is the expression of an opinion on the financial statements. Our audit will be conducted in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs as applicable in Pakistan.

3. General responsibilities of the management with respect to the financial statements

Our audit will be conducted on the basis that the management acknowledges and understands that it has the responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with the IFRSs as applicable in Pakistan;
- b. for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- c. to provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation of the financial statements such as original records, documentation and other matters;
 - ii. additional information that we may request from management for the purpose of

the audit; and

- iii. Unrestricted access to persons within the Council from whom we determine it necessary to obtain audit evidence.

As required by the applicable auditing standards, we will make specific inquiries of management and others about the representations embodied in the financial statements and the effectiveness of internal control over financial reporting. Auditing standards also require that we obtain a representation letter covering matters material to the financial statements from certain members of management together with information of uncorrected misstatements in the financial statements that are immaterial. The results of our audit tests, the responses to our inquiries and the written representations of management comprise the evidential matter upon which we intend to rely in forming our opinion on the financial statements. The audit of financial statements does not relieve management of their responsibilities.

4. Responsibility for preventing and detecting fraud and errors and non-compliance with laws and Regulations.

The management is responsible for safeguarding the Council's assets and for the prevention and detection of fraud and error. The management is also responsible for identifying and ensuring that the Council complies with the laws and regulations applicable to its activities. We will design our audit to obtain reasonable, but not absolute, assurance of detecting errors or fraud that would have a material effect on the financial statements as well as other illegal acts having a direct and material effect on the financial statements. Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement of the financial statements. It is important to recognize that there are inherent limitations in the auditing process. Audits are based on the concept of selective testing of the data underlying the financial statements, which involves judgment regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Audits are, therefore, subject to the limitation that error, fraud or other illegal acts having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion and falsified documentation, an audit designed and executed in accordance with generally accepted auditing standards might not detect a material fraud. Further, while effective internal control reduces the likelihood that errors, fraud or other illegal acts will occur and remain undetected, it does not eliminate that possibility. For these reasons we cannot ensure that errors, fraud or other illegal acts, if present, will be detected. However, we will communicate to you any illegal act, material errors, or evidence that fraud may exist which is identified during the audit.

5. Identifying and reporting internal controls deficiencies

Our audit is not designed to identify all significant deficiencies in the Council's system of internal financial controls. In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our review of internal financial control systems is performed only to the extent required to express an opinion on the Council's financial statements. This consideration will not be sufficient to enable us to provide assurance on the effectiveness of internal control over financial reporting.

However, we shall communicate to you in writing any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit. Any such report may not be provided to a third party without our prior written consent. Such consent will be granted on the basis that such reports are not prepared.

6. Responsibility for other documents accompanying audited financial statements

ISAs as applicable in Pakistan require that we read any annual report and other documents that contain our audit opinion. The purpose of this procedure is to consider whether 'other information' (as defined in the standards) in the annual report, including the manner of its presentation, is materially consistent with information appearing in the financial statements. The inclusion of 'other information' in the annual report is the responsibility of the Council's management. Our responsibility is to read the 'other information' prior to the signing of the audit report. We assume no obligation to perform procedures to verify such 'other information' as part of the audit. To discharge our responsibility, we will require sufficient time for such 'other information' to be provided to us for our reading and comments prior to the documents being issued. In situations where the 'other information' has not been read by us at the time of issuing the initialed draft audit report, this matter may be included as a 'signing condition' in our letter to the Authority accompanying the draft financial statements and the draft initialed audit report thereon.

7. Responsibility for communicating information about facts affecting financial statements after signing of the audit report

The management will inform us of facts that may affect the financial statements and of which the management may become aware during the period from the date of the audit report to the date the financial statements are issued.

8. Electronic distribution of our opinion

If the Council intends to publish or reproduce its financial statements electronically (e.g. on an Internet Web Site), then the following note should be placed as a foot note to our report:

"In case of any discrepancy on the Council's website, the auditors shall only be responsible in respect of the information contained in the hard copies of the audited financial statements available at the Council's registered office."

9. Third party users of our opinion

Our audit opinion is intended for the benefit of only those to whom it is addressed. The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

10. Confidentiality and data protection

All data relating specifically to the Council's business and any other information which reasonably should be understood to be confidential to the Council are confidential information of the Council ('Confidential Information'). We will use the 'Confidential Information' only in relation to the provision of services provided by us to the Council ('the Services') and will not disclose such 'Confidential Information' to any third party without the Council's prior written consent save as provided in this letter. We will not be obligated to treat as confidential any information disclosed by the Council which: (i) Is rightfully known to us prior to its disclosure by the Council; (ii) is released by the Council to any other person or entity without restriction; (iii) is independently developed by us without any use of or reliance on 'Confidential Information'; (iv) is in or enters the public domain without breach of this confidentiality obligation; and / or (v) may be lawfully obtained by us from any third party.

11. Ownership of and access to audit files

The working papers and files for this engagement created by us during the course of the audit, including electronic documents and files, are the sole property of (Name of Audit Firm) and would be subject to Quality Control Review by the Institute of Chartered Accountants of Pakistan (ICAP) without any reference to the Authority.

12. Internet communication

During the engagement we may from time to time communicate with you electronically. However, as you are aware, the electronic transmission of information cannot be guaranteed to be secured or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or be incomplete or otherwise be adversely affected or unsafe to use. Accordingly, while we will use reasonable procedures to check for the then most commonly known viruses before sending information electronically, we shall not have any liability to you arising from or in connection with the electronic communication of information to you.

13. Process for assessing client satisfaction with our services

It is our desire to provide you at all times with a high quality service to meet your needs. If at any time you would like to discuss with us how our service to you could be improved or if you are dissatisfied with any aspect of our services, please raise the matter immediately with the engagement partner (Mention name of Partner and contact number) or engagement manager (Mention name of Manager and contact number). In this way we are able to ensure that your concerns are dealt with carefully and promptly.

14. Fees and expenses

Our fee for the audit of financial statements of the Council for the year ended June 30, 2019 to June 30, 2021 shall be (mention the audit fee) inclusive of out-of-pocket. Expenses incurred and exclusive of government taxes and levies, where applicable. We may add that presently there are no taxes/levies on professional services charges in Islamabad. In the event any taxes/levies are imposed these will be billed in addition to our fee.

Invoices rendered are due and payable upon receipt.

15. Other services to be subject of separate contracts

Any additional services that you may request and that we agree to provide will be the subject of separate written arrangements.

16. Independence

Independence rules impose restrictions on our partners and audit team members subsequently being employed by an audit client. You should be aware that if the Council appoints an individual, who was a partner of the firm or a member of the audit team within a two year period prior to such appointment, as The CEO, CFO, internal auditor, director or in a position to exert direct and significant influence over the subject matter of the audit, then this may create a threat to our independence so significant that we may be required to resign our audit appointment. The Council will inform us if any such appointments are made.

17. Applicable law and governing jurisdiction

The contract formed by this engagement letter, when accepted, shall be governed by, and construed in accordance with the laws of Pakistan and it is hereby irrevocably agreed and accepted that the courts of Pakistan shall have exclusive jurisdiction to settle any claim, difference or dispute.

18. Form and content of our reports

The form of our audit report will be in accordance with ISA 700 "Forming an opinion and reporting on financial statements". The form and content of our reports may need to be modified in the light of our audit findings.

19. Name of the engagement partner

The partner responsible for this engagement is (Name of partner)

Yours truly

The terms of this engagement are accepted by _____ on behalf of the Council to represent that he is authorized to accept these terms on behalf of the Council.

Signature:

Date: