



Government of Pakistan
Utility Stores Corporation of Pakistan
Ministry of Industries & Production

**EOI FOR HIRING OF FIRM FOR THIRD PARTY VALIDATION,
SCRUTINY, FINANCIAL AND OPERATIONAL AUDITS OF GOVERNMENT
GRANT TO USC DURING YEAR ENDED 30 SEPTEMBER 2020**

Utility Stores Corporation of Pakistan (Private) Limited (USC) which is principally engaged in providing daily consumption items at comparatively cheaper prices through its retail chain store operations across Pakistan. USC intends to invite sealed proposals for the engagement of Audit Firm to conduct a 3rd party validation, Scrutiny, Financial and operational audit of Govt. Grant to USC during year ended 30 September 2020. The External Auditors should be an Audit Firm enlisted in Category-A of the Auditors issued by the State Bank of Pakistan and should have satisfactory QCR rating by ICAP.

USC will use "Quality and Cost Based Selection Method" under single stage-two envelope procedure. One envelope containing technical detail etc. of bidders shall clearly be marked "Technical Proposal" and the other containing the fee structure shall clearly be marked "Financial Proposal". The outer envelope should clearly be marked "Engagement of External Auditors".

The quotes/bids should be addressed to the Chief Internal Auditor (USC) and should reach the office before **03-12-2020 at 15:00** hours and will be opened on the same day at 15:30 hours in the presence of authorized representatives of the firms, who wish to participate at USC Head Office, Plot No.2039, G-7/F-7, Jinnah Avenue, Blue Area, Islamabad.

Only Technical Proposals including profile of Audit Firm will be opened in the presence of Firms' authorized representatives; on the bids opening date. Technically compliant proposals will qualify for opening of financial bids.

USC reserves the right to accept or reject any or all the bids as per PPRA rules. Details RFP Document and other requirements can be downloaded from USC website (www.usc.org.pk) and PPRA website (www.ppra.org.pk)

**Chief Internal Auditor
Utility Stores Corporation of Pakistan
USC Plaza, Plot No.20-E, 2nd floor,
G-9 Markaz, Karachi Company, Islamabad.
051-9260114**

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UTILITY STORES CORPORATION OF PAKISTAN (PRIVATE) LIMITED
HEAD OFFICE, ISLAMABAD

**REQUEST FOR PROPOSAL (RFP) FOR THIRD PARTY VALIDATION, SCRUTINY,
FINANCIAL AND OPERATIONAL AUDITS OF GOVERNMENT GRANT TO USC DURING
YEAR ENDED 30 SEPTEMBER 2020**



Utility Stores Plaza, behind PSO Petrol Pump,
G-9 Markaz, Islamabad
Tel: +92 51 9260114

DISCLAIMER

The Utility Stores Corporation of Pakistan (Pvt) Ltd ("**The USC**"), has prepared this Request for Proposal (RFP) to invite bids from well reputed Chartered Accountant Firms ("**The Bidders**").The interested bidders shall carry out Third party validation, scrutiny, financial and operational audit of the funds granted to USC during year ended 30 September 2020.

This RFP does not claim to contain all the necessary information related to this Assignment. However, efforts have been made to incorporate and provide all the available information relevant to the project, if bidders have any query related to this assignment then they may contact at the address provided below for resolution. The USC does not make any representations or warranties, express or implied as to the adequacy, accuracy, completeness or reasonability of the information contained in this RFP.

No decision should be based solely on the basis of the information provided in this RFP. The USC has no liability for any statement, opinion, information provided in this RFP. The USC shall have no liability for any statement, opinion, information or matter (expressed or implied) arising out of, contained in or derived from, or for any omission in, this RFP. Furthermore, the USC will not be liable for any written or oral communication transmitted to third parties regarding this RFP.

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1. GENERAL INFORMATION

1.1. Letter of Invitation

Utility Stores Corporation of Pakistan (Private) Limited (hereinafter referred "USC") is registered as Private Limited Company under the Companies Act, 1913 (Subsequently called Companies Ordinance 1984, now called Companies Act, 2017). At present USC is operating more than 4,000 stores throughout the Country. Basic objective of the USC is to protect the real income of the people by selling essential consumer items at prices lower than those prevailing in the open markets; to act as a price moderator in market and deterrent to profiteering, hoarding and black marketing by the private sector.

USC invites proposals from the Financial Expert/ Audit Firms to provide Financial Expert Services to carry out Third party validation, scrutiny, financial and operational audit of the funds granted to USC during 2019-2020. More information about the eligibility criteria & services are provided in the Terms of Reference (TORs) annexed with the RFP documents. Interested bidders should provide information indicating that they are qualified to perform the services on the prescribed forms given in the RFP documents.

The RFP includes the following documents:

- Letter of Invitation
- Instructions to Bidders
- Terms of Reference
- Evaluation Criteria
- Type of Contract

Bidder rendering financial services to USC shall be engaged via Quality and Cost Based Selection as provided for under the Public Procurement Rules 2004.

The services of the bidder will be procured under **Public Procurement Rules 2004** that may be downloaded from PPRA website www.ppra.org.pk. It is not permissible to transfer this invitation to any other bidder.

Two sets of "Technical Proposal" and "Financial Proposal" on the prescribed forms given in the RFP, separately sealed, signed & stamped, must be delivered to the address given below by no later than (3rd December 2020). The Technical Bids will be opened on the same day at (3:00 PM) in the presence of the representatives of the bidders who may wish to attend whereas Financial Bids will be retained unopened. Date of opening of financial proposal of technically qualified bidders will be announced later. Financial proposals of technically unsuccessful bidders will be returned un-opened on the financial proposal opening day.

It is mandatory that all prescribed information pertaining to the Technical and Financial bids shall be submitted in the forms provided in the RFP document. Bids that are not in the prescribed format will not be entertained and will be discarded. No points shall be given if information required is missing or written elsewhere.

RFP document is available on USC website www.usc.org.pk.

2. INSTRUCTIONS TO BIDDERS

2.1. General Instructions

The Bidders shall submit the bids which comply with the bidding documents. Alternative bids shall not be considered. The attention of bidders is drawn to the provision of this RFP Clause regarding, "**Rejection /Acceptance of Bids**", "**Technical Evaluation Criteria**", and "**Financial Evaluation Criteria**" for making their bids substantially responsive to the requirement of bidding documents.

It will be the responsibility of the Bidders that all factors have been investigated and considered while submitting the Bid and no claim whatsoever including those of financial adjustments to the contract awarded under this Bid Process will be entertained by the USC. Neither any time schedule, nor financial adjustments arising thereof shall be permitted on account of failure by the Bidder.

The Bidder shall be deemed to have satisfied itself fully before Bid as to the correctness and sufficiency of its Bids for the contract and price/cost quoted in the Bid to cover all obligations under this Bid Process.

It must be clearly understood that the Terms and Conditions and Specifications are intended to be strictly enforced. No escalation of cost except arising from increase in scope of work by the Bidder on the demand and approval of the USC will be permitted throughout the period of completion of the contract. The Bidder should be fully and completely responsible for all the deliveries and deliverables to the USC.

Bidders should note that during the period from the receipt of the bid and until further notice from the Primary Contact, all queries should be communicated via the Primary Contact and in writing only through Registered mail / E-mail.

The detail of Primary Contact is as follow:

Primary Contact:

Chief Internal Auditor (CIA)

Utility Stores Corporation of Pakistan (Pvt) Ltd
Utility Stores Plaza behind PSO Pump
G-9 Markaz Islamabad
051-9260114

Bidders are also required to state, in their proposals, the name, title, contact number (landline, mobile), fax number and e-mail address of the bidder's authorized representative through whom all communications shall be directed until the process has been completed or terminated.

The USC will not be responsible for any costs or expenses incurred by bidders in connection with the preparation or delivery of bids.

Failure to perform the required Third Party Validation services within the specified time period will invoke penalty as specified in this document.

2.2. Definitions:

- (a) "**Applicable Law**" means the laws of Islamic Republic of Pakistan, as they may be issued and in force from time to time.

- (b) **"Applicable Rules"** means the Public Procurement Rules 2004 governing the selection and agreement award process as set forth in this RFP.
- (c) **"Authorized Representatives"** means any representative appointed, from time to time, by the client, or the Bidder.
- (d) **"Agreement"** means the Agreement enforceable by law and signed by the Parties and includes all the attached documents.
- (e) **"Client"** means Utility Stores Corporation of Pakistan (Pvt) Ltd with which the selected Bidder signs the Agreement for the Services.
- (f) **"Bidder"** means a firm of Chartered Accountants duly registered with Institute of Chartered Accountants of Pakistan that may provide or provides the Services to the Client under the Agreement.
- (g) **"Day"** means calendar day.
- (h) **"Government"** means the Federal Government and all its associated departments, agencies, autonomous/semi-autonomous bodies, local governments, boards, universities and similar other organizations.
- (i) **"Instructions to Bidders"** means the document which provides Bidders with all information needed to prepare their Proposals.
- (j) **"LOI"** means the Letter of Invitation included in the RFP being sent by the Client to the shortlisted Bidders.
- (k) **"Personnel"** means professionals and support staff provided by the Bidder and assigned to perform the Services or any part thereof; **"Foreign Personnel"** means such professionals and support staff who at the time of being so provided had their domicile outside Pakistan; **"Local Personnel"** means such professionals and support staff who at the time of being so provided had their domicile inside Pakistan.
- (l) **"Proposal"** means the Technical Proposal and the Financial Proposal.
- (m) **"RFP"** means the Request for Proposal to be prepared by the Client for the selection of Bidders, based on the Standard RFP.
- (n) **"Services"** means the work to be performed by the Bidder pursuant to the Agreement.
- (o) **"SRFP"** means the Standard Request for Proposals, which must be used by the Client as a guide for the preparation of the RFP.
- (p) **"Terms of Reference"** (TOR) means the document included in the RFP which explains the objectives, scope of work, activities, tasks to be performed, respective responsibilities of the Client and the Bidder, and expected results and deliverables of the assignment.

2.3. General Provisions:

- a) Company Detail and Profile showing experience in similar field.
- b) Copy of registration with ICAP.
- c) Copy of certificate with regard to satisfactory QCR Rating of ICAP.
- d) Copy of list of approved Auditors having Category "A" as per State Bank of Pakistan.

- e) Copy of NTN certificate.

2.4. Special Provisions:

- a) Evidence of number of partners working in the Chartered Accountant Firm (names & addresses etc. of partners).
- b) Evidence of number of qualified Chartered Accountants hired by the firm (Provide list)
- c) Evidence of Conflict of Interest
- d) Evidence of similar services provided in last 03 years to clients within Fast Moving Consumer Goods (FMCG) (Relevant evidence)
- e) Profile of Staff Deployed including their qualification & experience
- f) Proposals should be addressed to the Chief Internal Auditor, USC, Utility Stores Plaza, behind PSO Petrol Pump, G-9 Markaz, Islamabad.
- g) Affidavit on Rs.100/- stamp paper to the effect that the firm is not blacklisted and has no dispute with any Government Organization shall be furnished.
- h) All the pages of Bidding documents and in case having any Erasing/ cutting/ crossing or over writing etc., therein, must be properly signed by the signing person of the bidder by the authorized signatory, who have been given power of attorney on stamp paper of relevant value (be enclosed with bidding documents, if any), along with attested copy of his CNIC. Format attached as **Annexure "F"**.
- i) Offer shall not be considered if received after the time and date fixed for its receipt.
- j) A Bidder (including its Personnel and Sub-Contractor) or any of its affiliates shall not be hired for any assignment that, by its nature, may be in conflict with another assignment of the Bidder to be executed for the same or for another Client.

2.5. Form of bid and the bidding process

Bids will be selected in accordance with the clause (b) of Para 36 of Public Procurement Rules 2004, as a Single Stage – Two Envelope procedure. The bidding process will be as under:

- a) The bid shall comprise a single package containing two separate envelopes. The envelopes shall be marked as **"TECHNICAL PROPOSAL"** and **"FINANCIAL PROPOSAL"** in bold and legible letters;
- b) The envelope No.1 should contain the complete Technical Bid and undertaking for technical proposal submission. The Technical Proposal should be submitted as per **Annexure "A"**.
- c) The envelope No. 2 will contain only the financial bid.
- d) Both the above-mentioned envelopes should be put in one large envelope, super scribed **"This envelope contains two duly sealed envelopes containing Tender Document and the Price Bid for providing Third Party Validation Services – in two separate duly sealed envelopes clearly marked so"**.
- e) The bidder must quote his price as per format **Annexure "B"**. The rate(s) quoted should be inclusive of all kind of taxes and must be quoted in figure as well as in words. Out of pocket expenses for the assignment shall be quoted separately.

- f) The standard offer letter for submission of Technical Proposal is attached as **Annexure "C"** while standard offer letter for submission of Financial Proposal is attached as **Annexure "D"**. Checklist provided as **Annexure "E"** should be filled in in order to ensure that all the required information / documentation are provided or attached therewith.
- g) In the first stage, only the envelope marked **"TECHNICAL PROPOSAL"** shall be opened and the envelope marked as **"FINANCIAL PROPOSAL"** shall be retained without being opened;
- h) The technical proposals of all the bidders shall be evaluated. The proposals which meet all the technical eligibility criteria laid down in this document shall be accepted for the second stage;
- i) During technical evaluation no amendments in the technical proposal shall be permitted;
- j) The financial proposals of selected bidders shall be opened publicly on working day after three working days of the opening of the technical proposal. The financial proposals of the rejected bidders shall be returned un-opened;
- k) Both the proposals will be evaluated according to the evaluation criteria and the bidder scoring highest points shall be declared as successful and a written Contract Offer will be made to the successful bidder after a minimum of 10 working days of the evaluation of bids.
- l) Client will not entertain or be liable for any claim for costs and expenses in relation to the preparation of the bid / proposal to be submitted in terms of this document.

2.6. Opening of Bids

- a) Bids shall be opened at 3 PM on the last date of submission of bids as mentioned in the RFP in the presence of the Bidder (s) for which they shall ensure their presence without further invitation, as per provision of Rule-28 of Public Procurement Rules, 2004.
- b) The Bidder's name, modifications, withdrawal, security, attendance of the Bidder and such other details as the USC may, at its exclusive discretion, consider appropriate, shall be announced and recorded.
- c) No Bidder or its representative will be allowed to keep any digital device (camera, audio recorder, cell phone etc.) during Bid opening meeting at given time and location. Noncompliance will cause the rejection of respective bidder.

2.7. Bid Validity

The bid validity period shall be 90 days from the last date for submission of the bid.

2.8. Extension of Validity Period

- d) The Client will make its best effort to complete the negotiations within the proposal's validity period. However, should the need arise, the Client may request, in writing, all Bidders who submitted Proposals prior to the submission deadline to extend the Proposals' validity.
- e) If the Bidder agrees to extend the validity of its Proposal, it shall be done without any change in the original Proposal and with the confirmation of the availability of the Key Experts.

- f) The Bidder has the right to refuse to extend the validity of its Proposal in which case such Proposal will not be further evaluated.

2.9. Withdrawal of Bids

No bid may be withdrawn in the period between submission of bids and the expiration of the period of bid validity specified as above. Withdrawal of bid after submission and the before the period of bid validity may result in forfeiture of the Bid Security submitted by the Bidder.

2.10. Rejection / Acceptance of the Bid

- a) The Client shall have the right, at his exclusive discretion, to increase / decrease the range of services required without any change in prices or other terms and conditions, at the time of awarding of contract. The client may cancel/reject all bids or proposals at any time prior to the acceptance of a bid or proposal. The client shall upon request communicate to any bidder, the grounds for its rejection of all bids or proposals, but shall not be required to justify those grounds. The client shall incur no liability, solely, by virtue of its invoking sub-rule (2) of Rule-33 of Public Procurement Rules, 2004 towards the bidders. However, bidders shall be promptly informed about the rejection of the bids, if any (As per sub-rule 3 of Rule 33 of Public Procurement Rules, 2004).
- b) The Bid shall be rejected if it is:
- i. Substantially non-responsive in a manner prescribed in this tender document;
 - ii. Submitted in other than prescribed forms, annexes, schedules, documents / by other than specified mode;
 - iii. Incomplete, partial, conditional, alternative, late;
 - iv. Bid security is not submitted against as required in the Tender Document;
 - v. Subjected to interlineations / cuttings / corrections / erasures / overwriting;
 - vi. The Bidder refuses to accept the corrected Total Tender Price;
 - vii. The Bidder has conflict of interest with the Client;
 - viii. The Bidder tries to influence the Bid evaluation / Contract award;
 - ix. The Bidder engages in corrupt or fraudulent practices in competing for the Contract award;
 - x. The Bidder fails to meet all the requirements of Bid Eligibility / Qualification Criteria;
 - xi. The Bidder fails to meet the evaluation criteria requirements;
 - xii. The Bidder has been blacklisted by any public or private sector organization;
 - xiii. The Bidder has been served any legal notices or displeasure letters by any public sector organization on serious failures to provide satisfactory services;
 - xiv. The Bidder has mentioned any financial implication(s) in the proposal that is in contradiction to this document and Government rules and regulations;
 - xv. There is any discrepancy between bidding documents and bidder's proposal i.e. any non-conformity or inconsistency or informality or irregularity in the submitted bid;

- xvi. The Bidder submits any financial conditions as part of its bid which are not in conformity with tender document;
- xvii. Non-submission of verifiable proofs against the mandatory as well as general documentary, qualification and eligibility related requirements; or
- xviii. If the rates quoted by the Bidder are not workable or are on higher side.

2.11. Bid Security

The Bidder is required to deposit 5% of the Bid Value as Bid Security in the form of Bank Draft in favor of "Utility Stores Corporation of Pakistan (Pvt) Ltd" as required by Para 25 of Public Procurement Rules 2004. Bid security shall be refunded after successful completion of the assignment. However, deductions may be made from bid security on account of circumstances mentioned in the bidding document.

2.12. Sub-Contracting

The Bidder shall not subcontract the whole of the Services. However, partial sub-contracting is permitted.

2.13. Invoicing and Payment

- a) Invoicing and payment schedule will be made as per contractual terms and conditions agreed between the parties.
- b) All payments will be made after deduction of all applicable taxes in Pakistan, as amended from time to time.
- c) All the payments under the agreement shall be made in Pak Rupees.
- d) All the payments under the agreement shall be made through banking channel either through crossed cheque/pay order etc.

2.14. Confidentiality

- a) From the time the Proposals are opened to the time the Agreement is awarded, the Bidder should not contact the Client on any matter related to its Technical and/or Financial Proposal. Information relating to the evaluation of Proposals and award recommendations shall not be disclosed to the Bidder who submitted the Proposals or to any other party not officially concerned with the process, until the publication of the Contract award information.
- b) Any attempt by shortlisted Bidder or anyone on behalf of the Bidder to influence improperly the Client in the evaluation of the Proposals or Contract award decisions may result in the rejection of its Proposal, and may be subject to the application of prevailing Government's sanctions procedures.
- c) Notwithstanding the above provisions, from the time of the Proposals' opening to the time of Contract award publication, if a Bidder wishes to contact the Client on any matter related to the selection process, it should do so only in writing or through Email / phone as prescribed earlier.

2.15. Conflict of Interest

- a) The Bidder is required to provide professional, objective, and impartial services, at all times holding the Client's interest paramount, strictly avoiding conflicts with other assignments or its own corporate interests, and acting without any consideration for future work.
- b) The Bidder has an obligation to disclose to the Client any situation of actual or potential conflict that impacts its capacity to serve the best interest of its Client. Failure to disclose such situations may lead to the disqualification of the Bidder or the termination of its Contract and/or sanctions by the Client.

3. TERMS OF REFERENCE (TORs)

3.1. Background

- a) The USC is committed to provide clean, graded, hygienically fit, unadulterated genuine food and non-food items to the public and especially to the poorer segments of the society, at comparatively cheaper rates than the market and to offer them a pleasant environment of mutual confidence while making their purchases. It is also committed towards its obligation to provide economic relief to the public by playing its role as a price moderator and deterrent to profiteering, hoarding and black-marketing. The USC is carrying out its operations through approximate 4200 stores (Regular and Franchised) consisted of 64 Regions in 09 Zones across Pakistan.
- b) During the last eleven months (November 2019 to September 2020) various events took place which affected the poorer segment of the society to great extent. Especially the emerging of COVID-19 Pandemic put immense pressure on the poor segment of society to sustain. Government of Pakistan (GoP) provided relief to the masses through grant of Rs 31 Billion to USC in order to ensure availability of essential commodities across Pakistan through its 4200 stores. During financial year 2019-2020 GoP provided financial subsidy to USC on account of the followings:
- Subsidy against 05 regular items (Wheat Flour, Edible Oils, Rice, Pulses and Sugar)
 - Subsidy against procurement of inventory other than essential commodities
 - Subsidy against 19 essential commodities during the month of Ramazan
 - Subsidy against procurement of essential commodities during the COVID-19 pandemic in order to ensure the availability of sufficient stock across Pakistan
 - Subsidy against procurement of sufficient stock of 05 regular items during price hike.
 - Subsidy against payment of tax paid by USC on the procurement of essential commodities.

Details of Fund Disbursed

****All amounts in Million**

Amount Received on	Funds for Procurement	Funds for Procurement COVID-19	Funds for Subsidy	Funds for Ramzan Subsidy	Funds for Tax	Total
26-Nov-19	5,000	-	1,000	-	-	6,000
25-Feb-20	5,000	-	6,500	2,500	1,000	15,000
9-Apr-20	-	10,000	-	-	-	10,000
Total	10,000	10,000	7,500	2,500	1,000	31,000

3.2. Scope of Work

The overall scope and purpose of this engagements will be a third party validation, scrutiny, financial and operational audit of Rs 31 Billion funds granted to USC during the period starting on the 1st November 2019 till 30th September 2020.

The Consultant (Audit) firm's detailed Scope of Work is as follows:

1. Ascertain that all procurements have been made as per Public Procurement Rules 2004 and USC SOPs.
2. Identify cases of compromise in impartiality in procurement process. This can be done through a review of procurements to see if any procurement was done at the time of price hike whereas the same item was later sold at lower sale price.
3. Whether purchases were made as per demand generated by the Stores Operations and Sales (SOS) Department and on timely basis.
4. Ascertain that the products sold were at standard profit margins (as per management benchmarks) and quoted prices of the specified items were as per directions of GoP and USC BoD decisions.
5. Review and give opinion on supply chain – whether subsidized items were made available across the country.
6. Investigate allegations of stock being sold in bulk to retailers/ whole sellers/ third party instead of provision of stock at USC retail outlets. Bulk sales incidences may be identified through sales data analysis.
7. Provide detailed review and analysis on end use of subsidy i.e. whether targeted poor segment of society was able to procure specified items at subsidized rates or not. Consultant may achieve this through surveys / focus group discussions/ or field level research and enquiry.
8. Give an opinion on utilization of funds i.e. whether the funds were utilized for the intended purpose or not.
9. The bidder is required to validate and report on the accuracy and correctness of the audited claims made against subsidy provided by GoP.
10. The Consultant is required to report on the authenticity and accuracy of the reporting made to GoP and BoD by USC Management. The Consultant is also required to report on the non-compliances made on account of non-submission or delayed submission of periodic reports required to be submitted to GoP.
11. The Consultant is required to validate that all relevant appropriate record is being maintained by USC in support of the Government grants utilized by the USC.
12. Identify Internal Control Gaps in handling of GoP grants (from allocation of budget, to end consumer benefit, to payments of relevant vendors)
13. Give opinion on Status of internal control environment of USC.

14. Where ever possible, quantify losses / impact incurred due to non-compliance of policies / negligence/ violation of good practices.
15. Recommendation: Consultant to provide detailed analysis, recommendations and solutions on the areas specified above.

3.3. Period of Service

The services of the Bidder are initially required for the period of 02 months from the date of coming into force of the agreement; which may be extended as per terms and conditions mutually agreed.

3.4. Reporting Requirements

The Consultant will be required to provide:

- a) Inception Report within 10 days of signing of contract. Inception report will include detailed work plan, implementation methodology, table of contents of final report.
- b) Mid Assignment Progress Report to be presented to UCS on 30 days of signing of contract.
- c) **Draft Report:**
 - i) Consultant to submit draft report to USC within 60 days of signing of contract
 - ii) USC Board Audit Committee / Board of Directors Presentation. Consultant to present observations and findings of third party validation to USC Board of Directors / Board Audit Committee – in power point presentation format – 10 days after the submission of Draft Report.
- d) **Final Report:** Consultant to submit final report to USC within 5 days of Board Presentation, after incorporation of any comments/ suggestions of BoD of USC.

3.5. Responsibility of Client

- a) Provide necessary information and record to the bidder regarding the subsidy received/receivable from GoP.
- b) Provision of fee after the successful completion of assignment and report submission.
- c) Provide necessary staff assistance wherever required across Pakistan for carrying out the Assignment.

3.6. Responsibility of Bidder

- a) Notwithstanding any other agreement with any other party the Bidder shall provide the services at Islamabad as mentioned in **section 3.2 of TORs**, hereto subject however that the USC may from time to time by notice in writing by CIA (Or by any other Officer designated by the management of USC) to the Bidder add, alter, or delete any requirement and may limit or extend services, or otherwise add or delete any other services, fee being paid by the USC will be adjusted according to the quantum of services rendered by the Bidder in respect of the persons employed by service provider

as desired by the USC in accordance with the **section 3.2 of TORs**, or otherwise as advised by the USC from time to time as the case may be.

- b) The Bidder shall provide Services at such times and on such terms as is more particularly described in **section 3.2 of TORs**, While provisioning of such services according to **section 3.2 of TORs**, the Bidder shall coordinate with CIA (Or by any other Officer designated by the management of USC).
- c) The Bidder hereby agrees and undertakes that with a view to provide appropriate Agreed Services under the provisions of this agreement, it shall maintain and agree to deploy work force of most efficient, honest, able individuals and experienced persons. These individuals shall work for and on behalf of the Bidder and by no means will they be treated as employees of USC.
- d) For the purpose of identification and maintaining security, the Bidder shall issue proper identity cards to all its staff/officials who may be detailed to work within the premises of USC in connection with rendering the services under an agreement and the staff/officials shall display their identity cards while on duty.
- e) If any law requires that one or both the parties register this agreement pursuant to such a law the entire cost of such registration including but not limited to payment of Stamp Duty etc., shall be borne by the Bidder.
- f) If any loss or damage is caused to USC's property by any staff / official , officer or representative of the Bidder, such loss shall be made good by Bidder.
- g) Increase / decrease in Federal / provincial / local and applicable Govt. Taxes, levies, minimum wages, contributions, if any, during contract period shall be incorporated in contract amount with mutual consent.

3.7. Qualification of the Bidder:

- a) Bidder should be enlisted in Category-A of the Auditors issued by state Bank of Pakistan and should have satisfactory QCR rating by ICAP.
- b) Bidder should have Qualified Forensic Auditors from a recognized national/international institution.
- c) Bidder should have versatile Experience of at least 5 years in different forensic assignments at National/International Level

4. EVALUATION CRITERIA

The client will use “**Quality Cost Based Selection Method**” under “**Single Stage Two Envelope Methods**” of selection of Bidders under Public Procurement Rules 2004. Criteria for Technical and Financial Evaluation are enclosed. Scores will be allocated based on evidence available in the proposal only. The Third Party Validation Assignment will be awarded to the Bidder with the highest total score based on the following weight ratios:

- 70% for Technical Score
- 30% for Financial Score

4.1. Technical and Financial Evaluation

4.1.1. Initial Screening

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

1. The Bidder firm must be “A” ranking as per State Bank of Pakistan
2. The Bidder firm must have affiliation with one of the global audit firms
3. Declaration on stamp paper regarding non-black listing / delisting
4. Satisfactory QCR Rating of ICAP
5. Tax Payer Registration Certificate (Income Tax / Sales Tax)

4.1.2. Technical Evaluation:

The Bidder Firms will be evaluated as per following criteria:

- (a) Consulting Firm’s profile
- (b) Engagement Team profile
- (c) Technical Approach and Methodology
- (d) Minimum score for competing in the next stage is 60. The Financial Proposal of only that Bidder will be opened which secured 60 or more in the Technical Evaluation.

a) Consulting Firm's Profile

S. No.	Particulars	Total Marks	Range	Marks
1.	No. of Partners/Directors at least 6. (List of Partners attached)	10	6 – 10	5
			11 & above	10
2.	No. of Qualified Chartered Accountants Employed by Firm excluding Partners/Directors at least 6 (List attached)	10	6– 10	5
			11 & above	10
3.	No. of Audit Staff/ Trainees at least 100 (List of Staff/ Trainees attached)	10	100 – 200	5
			201 & above	10
4.	Experience of forensic audits or 3 rd Party audit services to at least 5 Govt./ Semi Govt. Organization in last 3 years (Detail attached)	10	5 – 10	5
			11 & above	10
5.	Experience of forensic audits or 3 rd Party audit services to at least 5 FMCG Companies of minimum annual turnover of Rs. 5bn in last 5 years (List attached)	10	5 – 10	5
			11 & above	10
6.	No. of Partners in Islamabad Office at least 2 (List attached)	5	2 & above	5
7.	No. of qualified staff in Audit Department of Islamabad office excluding Partners/Directors at least 3 (List attached)	5	3 & above	5
Total Marks		60		

c) Engagement Team Profile

(CVs to be submitted as per format provided in Annexure B)

8.	<p>The team should comprise of:</p> <ul style="list-style-type: none"> • Engagement Partner - Team Leader • Partner/ Director - In Charge • Qualified Manager • Team of 5 staff excluding Partner/Director/Manager 	20	Maximum 20 marks	
----	--	----	------------------	--

	Total Marks	20		
--	-------------	----	--	--

c) Approach & Methodology

11.	Technical Approach & Audit methodology	15	Maximum 15 marks	
12.	Work Plan	5	Maximum 5 marks	
	Total Marks	20		

4.1.3. Financial Evaluation

The financial proposal of only technically responsive Bidder firm who will obtain minimum 60 marks will be opened.

The Financial Proposals will be opened in the presence of the Bidders at the time and venue indicated by the Client accordingly. The technically eligible / Successful Bidder(s) / Tenderer (s) or their authorized representatives shall be allowed to take part in the Financial Proposal (s) opening.

The top ranked service provider will be short listed for financial bid opening, if the cost is not within the approved limit set by the management. USC may negotiate with the highest ranked applicant regarding methodology, work plan, staffing, contract price and special conditions of the contract. In case of failure of negotiations, USC may invite the next ranked bidder as per Public Procurement Rules 2004.

5. TYPE OF AGREEMENT

Agreement will be a time bound task base agreement that includeds but not limited to the scope of job and terms of reference. Agreement will be valid from the date of signing of the Agreement. The draft Agreement is attached as **Annexure "J"**.

ANNEXURE – A TECHNICAL PROPOSAL

Technical proposal should be submitted in the form providing all the relevant and required information. At a minimum the technical proposal should cover the followings:

1. Cover Letter (as per format provided)
2. Bidder profile summary (as per format provided) – **See Annexure A.1**
3. Checklist dully filled in (as per format provided)
4. Executive Summary
5. Profile of the Bidder showing the following information:
 - Bidder background
 - No. and details of local offices
 - No. and details of partners, directors
 - Brief detail of network firm
6. Brief work methodology on how the assignment will be carried out. (on maximum 02 pages)
7. Certificates
8. Bidder experience in providing assurance services in FMCG Sector
9. Bidder experience in providing assurance services to Public Sector Organizations
10. Brief profiles of all partners of the bidder (Attached CVs)
11. Brief profiles of all Directors/Chartered Accountants hired by the bidder (Attached CVs)
12. Staff strength showing Audit Trainees/Internees

All the above documents should be provided in the above sequence for ease of understanding and comparison among the bidders.

Authorized Signature [*In full and initials*]:

Name and Title of Signatory:

Name of Firm:

ANNEXURE – A.1 BIDDER PROFILE SUMMARY

1. Background

S.No.	Description	To be filled by Bidder
1.	Legal Name of Firm	
2.	Name of foreign /local network firm	
3.	Date of Registration with ICAP	
4.	Place of Registration	
5.	No. of local offices in Pakistan	
6.	No. of Partners in Pakistan	
7.	No. of Directors in Pakistan	
8.	Name of Partners in Pakistan	
9.	Name of Directors in Pakistan	
10.	No. of Qualified Chartered Accountants	
11.	No. of CA Trainees	
12.	Complete mailing address	
13.	Phone/Fax No	
14.	Email ID	
15.	URL	
16.	Name of focal person	
17.	Designation	
18.	Phone and Mobile No.	
19.	Email	

2. Financial

S.No.	Description	To be filled by Bidder
1.	National Tax Number (NTN)	
2.	GST/PNTN Number	

Please add separate sheet if required.

ANNEXURE – A.2 ENGAGEMENT TEAM

Annexure-B

CURRICULUM VITAE (CV)

1. Name of Personnel: _____
2. Current Position in Firm: _____
3. Date of Birth: _____
4. Nationality: _____
5. CNIC No. (If Pakistani): _____ or Passport No. : _____
6. Education:

Degree	Major/Minor	Institution	Date (MM/YYYY)

7. Membership of Professional Associations: _____
8. Other Training [*Indicate significant training since degrees under 6 - Education were obtained*]:
9. Languages [*For each language indicate proficiency: good, fair, or poor in speaking, reading, and writing*]:
10. Employment Record [*Starting with present position, list in reverse order every employment held by staff member since graduation, giving for each employment (see format here below)*]:

Employer	Position	From (MM/YYYY)	To (MM/YYYY)

11. Detail of Work Undertaken

Name of Assignment or Project: _____

Cost of Project: _____ Location: _____

Start Date: _____ Completion Date: _____

Client: _____

Main Project Features: _____

Position(s) Held: _____

Activities Performed:

Actual Time Spent on Project (in Months):

12. Certification

I, the undersigned, certify that to the best of my knowledge and belief, this CV correctly describes myself, my qualifications, and my experience. I understand that any willful misstatement described herein may lead to my disqualification or dismissal, if engaged.

_____ Date: [Day/Month/Year]

[Signature of the proposed staff]

_____ Date: [Day/Month/Year]

[Counter Signature of authorized signatory]

ANNEXURE – B FINANCIAL PROPOSAL

The total cost of proposal for provision of Third Party Validation, Scrutiny, Financial and Operational Audit of Government Grants for 2019 – 2020 is as follows:

Description	Cost (PKR)
Remuneration	
Reimbursable Expenses	
Applicable Taxes	
Total Cost of Financial Proposal	

In Rupees: _____

Note: Please note that amount in figures and words should be reconciled. If the amount differs the lowest amount would be considered.

Authorized Signature [In full and initials]:

Name and Title of Signatory:

Name of Firm:

Address:

ANNEXURE – C TECHNICAL PROPOSAL SUBMISSION LETTER
“TECHNICAL PROPOSAL”

[Location, Date]

To:

Chief Internal Auditor, USC,
Utility Stores Plaza, behind PSO Petrol Pump,
G-9 Markaz,
Islamabad

Dear Sir,

We offer to provide the services for **“Third Party Validation, Scrutiny, Financial and Operational Audit of Government Grant 2019-2020”** in accordance with your Request for Proposal dated [*Insert Date*] and our Bid. We are hereby submitting our Proposal, which includes this Technical Bid, and a Financial Bid sealed under a separate envelope.

We hereby declare that all the information and statements made in this Bid are true and accept that any misinterpretation contained in it may lead to our disqualification. Our Bid is binding upon us and subject to the modifications resulting from Agreement negotiations.

Utility Stores Corporation of Pakistan (Pvt) Ltd and its authorized representatives are hereby authorized to conduct any inquiries or investigations to verify the statements, documents, and information submitted in connection with this application, and to seek clarification from our clients regarding any financial and technical aspects. This Letter of Application will also serve as authorization to any individual or authorized representative of any institution referred to in the supporting information, to provide such information deemed necessary and requested by yourselves or the authorized representative to verify statements and information provided in this application, or with regard to the resources, experience, and competence of the Firm.

We understand you are not bound to accept any Bid you receive and we bear all the cost associated with this bid and its submission process.

We remain,

Yours sincerely,

Authorized Signature [*In full and initials*]:

Name and Title of Signatory:

Name of Firm:

Address:

ANNEXURE – D FINANCIAL PROPOSAL SUBMISSION LETTER
“FINANCIAL PROPOSAL”

[Location, Date]

To:

Chief Internal Auditor, USC,
Utility Stores Plaza, behind PSO Petrol Pump,
G-9 Markaz,
Islamabad

Dear Sir,

We offer to provide the services for **“Third Party Validation, Scrutiny, Financial and Operational Audit of Government Grant 2019-2020”** in accordance with your Request for Proposal dated [***Insert Date***] and our Bid. We are hereby submitting our Financial Proposal, which is for the sum of (***insert amount in figures and words***). This amount is inclusive of all taxes.

Our financial proposal shall be binding upon us to the expiration of the validity period of the proposal i.e. (***insert expiry date of bid offer***).

We hereby declare that all the information and statements made in this Bid are true and accept that any misinterpretation contained in it may lead to our disqualification. Our Bid is binding upon us and subject to the modifications resulting from Agreement negotiations.

We understand you are not bound to accept any Bid you receive and we bear all the cost associated with this bid and its submission process.

We remain,

Yours sincerely,

Authorized Signature [*In full and initials*]:

Name and Title of Signatory:

Name of Firm:

Address:

ANNEXURE – E CHECKLIST FOR PERFORMAS TO BE ATTACHED

Please fill the Checklist of the Documents to be submitted for Technical and Financial Evaluation alongwith documentary evidence where applicable and required.

S.No.	Document	Page No.	Please Tick if attached.
Bidding Documents			
1.	Letter of Interest		
2.	Instruction to Bidders		
3.	Terms of Reference		
4.	Evaluation Criteria		
5.	Contract Agreement		
Technical Proposal			
6.	Cover Letter		
7.	Bidder Profile Summary		
8.	Executive Summary		
9.	Bidder Profile		
10.	Brief Work Methodology		
11.	Certificates		
12.	Experience detail in FMCG Sector		
13.	Experience detail in Public Sector		
14.	Profile of Partners, Directors		
15.	Staff Strength		
16.	Any other additional document		
Financial proposal			
17.	Cover Letter		
18.	Financial Proposal		

Please note that each page of all the above documents must be signed and stamped by the Bidder in order to ensure that the Bidder has read and understand all the terms and conditions mentioned thereat.

Authorized Signature [*In full and initials*]:

Name and Title of Signatory:

Name of Firm:

ANNEXURE – F POWER OF ATTORNEY

POWER OF ATTORNEY

(On Stamp Paper of relevant value)

Know all men by these presents, 'We ***(name of the company and address of the registered office)*** do hereby appoint and authorize Mr. ***(full name and residential address)*** who is presently employed with us and holding the position of as our attorney, to do in our name and on our behalf, all such acts, deeds and things necessary in connection with or incidental to our proposal for ***(name of the project)*** in response to the tenders invited by the ***(name of the Client)*** including signing and submission of all documents and providing information/responses to ***(name of the Client)*** in all matters in connection with our Bid.

We hereby agree to ratify all acts, deeds and things lawfully done by our said attorney pursuant to this Power of Attorney and that all acts, deeds and things done by our aforesaid attorney shall and shall always be deemed to have been done by us.

Dated this _____ day of _____ -- _____

For _____

(Signature)

(Name, Designation and Address of the Attorney)

Date:

ANNEXURE – H BLACK LISTING UNDERTAKING
UNDERTAKING FOR NOT TO BE BLACKLISTED

(On Stamp Paper of Rs.100 value)

We, [***Name and Address of Bidder***], do hereby declare on solemn affirmation that:

We have not been black listed from any Government Department/Agency under Public Procurement Rules 2004 or any Private Organization.

We acknowledge and understood that if later on the facts revealed that we were black listed by any Government Department under Public Procurement Rules 2004 or any Private Organization and we hide that fact such non-disclosure/hiding of facts would rendered us ineligible to be the part of bidding process and if we succeeded in winning the bid we will compensate the client as required by it.

We acknowledge that we have read, understood and accepted the Bidding documents along with all terms and conditions specified above in the document. We understand that the Client shall have right, at its exclusive discretion, to require, in writing, further information or clarification us.

Dated this _____ day of _____ -- _____

For _____

(Signature)

(Name, Designation and Address of the Attorney)

Date:

ANNEXURE – I CONFLICT OF INTEREST
UNDERTAKING FOR CONFLICT OF INTEREST

(On Stamp Paper of Rs.100 value)

We, [***Name and Address of Bidder***], do hereby declare on solemn affirmation that:

We do not have any conflict of interest with the Client at the time of submission of bidding documents. Further, if we any situation arises later on which creates conflict of interest with the client the same shall be intimated to client within reasonable time.

We acknowledge and understood that if later on the facts revealed that we were in conflict of interest situation with the client and we hide that fact; such non-disclosure/hiding of facts would rendered us ineligible to be the part of bidding process and if we succeeded in winning the bid we will compensate the client as required by it.

We acknowledge that we have read, understood and accepted the Bidding documents along with all terms and conditions specified above in the document. We understand that the Client shall have right, at its exclusive discretion, to require, in writing, further information or clarification us.

Dated this _____ day of _____ -- _____

For _____

(Signature)

(Name, Designation and Address of the Attorney)

Date:

ANNEXURE – J DRAFT AGREEMENT

DRAFT AGREEMENT

THE AGREEMENT is made at Islamabad on -----, Between **Utility Stores Corporation of Pakistan (Private) Limited**, incorporated under the laws of Pakistan having its registered Office at Islamabad (hereinafter called "**USC**") which expression shall where the context so required and admits be deemed to include its successors and assigns) of the One Part

AND

----- a firm / company registered -----
-----, under the laws of Pakistan being represented through ----- and having its principle place of business at -----
----- (hereinafter called the "**Service Provider**") which expression shall where the context so required and admits be deemed to include its successors and assigns) of the Other Part.

WHEREAS the USC is desirous to hire a Service Provider to carry out the "**Third Party Validation, Scrutiny, Operational and Financial Audit of Government Grant for 2019-2020**" (hereinafter referred to as the "**Services**") annexed hereto and any other services as the USC may from time to time require and mentioned in **Appendix "1"** to this Agreement. The **Appendix "1"** may be considered as is an integral part of this agreement for the purpose of calculating the financial payments.

AND WHEREAS the Service Provider is the successful bidder for provisioning of such services.

Whereas the service provider warrants and assures that it is in a position to provide the required services to the satisfaction of the USC for the purpose of execution of the contract.

NOW, THEREFORE THIS AGREEMENT WITNESTH AS UNDER:

1. DEFINITIONS

"Applicable Law" means the laws of Islamic Republic of Pakistan, as they may be issued and in force from time to time.

"Authorized Representatives" means any representative appointed, from time to time, by the USC, or the Service Provider.

"Agreement" means the Agreement enforceable by law and signed by the Parties and includes all the attached documents and appendixes.

"Commencement Date of the Agreement" means the date of signing of the Agreement between the USC and the Service Provider.

"Agreement Price" means the price payable to the Service Provider under the Agreement for the full and performance of its contractual obligations.

"Effective Date" means the date on which this agreement comes into force.

"Force Majeure" shall have the meaning set forth in para 11 of this agreement.

"Conflict of Interest" shall have the meaning set forth in para 12 of this agreement read with provisions of RFP.

"Confidential Information" shall have the meaning set forth in para 13 of this agreement read with provisions of RFP.

"USC" means Utility Stores Corporation of Pakistan (Pvt) Ltd with which the selected Bidder signs the Agreement for the Services.

"Service Provider" means a firm of Chartered Accountants duly registered with Institute of Chartered Accountants of Pakistan that may provide or provides the Services to the Client under the Agreement.

"Day" means calendar day.

"Government" means the Federal Government and all its associated departments, agencies, autonomous/semi-autonomous bodies, local governments, boards, universities and similar other organizations.

"Personnel" means professionals and support staff provided by the Service Provider and assigned to perform the Services or any part thereof; **"Foreign Personnel"** means such professionals and support staff who at the time of being so provided had their domicile outside Pakistan; **"Local Personnel"** means such professionals and support staff who at the time of being so provided had their domicile inside Pakistan.

"RFP" means the Request for Proposal to be prepared by the Client for the selection of Bidders, based on the Standard RFP and against which the Service Provider was selected for this agreement.

"Services" means the work to be performed by the Service Provider pursuant to the Appendix "1" to this Agreement.

"Terms of Reference" (TOR) means the document included in the RFP which explains the objectives, scope of work, activities, tasks to be performed, respective responsibilities of the Client and the Service Provider, and expected results and deliverables of the assignment.

2. TERMS OF THE AGREEMENT

Initially, this Agreement shall be valid for a period of one (01) Month, with effect from _____ to _____, extendable for another period of two (02) equal terms, on the same terms and conditions as mutually agreed considering the time required to complete the Services.

3. TERMINATION OF THE AGREEMENT

- a) Without prejudice to any other available rights / remedies USC shall have the right to terminate this agreement at its option for any reason specifically provided hereunder or otherwise in case of any breach of this agreement by Service Provider.
- b) The performance of services by the Services Provider under this agreement shall remain under observation during the whole period of the agreement, in case the services are found non satisfactory, below the specified standard or non-performance due to strike of the Services Provider's staff/officials, this contract shall be terminated by USC at any time with immediate effect without giving any notice and in such events the Services Provider shall be declared disqualified for further

prequalification and award of any contract by USC and shall be BLACK LISTED and entire security deposit will be confiscated.

- c) Notwithstanding anything contained in this agreement each party shall have the right to terminate this agreement without assigning any reason or cause thereof upon 15 days written notice to the other party through registered post and / or confirmatory facsimile / e mail.
- d) In addition to the above, USC shall be entitled to terminate this agreement forthwith at any time upon serving notice in the event of misconduct either on the part of the Services Provider or its staff / official s or non-performance of responsibilities and services by the Services Provider inter alia and other provisions of this agreement.
- e) The termination under this Para 2 shall be without prejudice to the acquired rights and liabilities of either party prior to termination.

4. PRICES

In consideration of services provided hereunder, USC agrees to pay Services Fee to Service Provider PKR _____ total sum of _____ in words _____ for the assignment whole period and during the period of validity of this agreement after making all required deductions.

If the standard of services provided by the Services Provider is not up to the required standard, acceptable to USC, then USC may get the required services performed through other ways and means at the sole risk and cost of the Services Provider and expenditures incurred in obtaining such services shall be deducted from the amounts due from USC, to the Services Provider.

If the required services are not satisfactory or Services Provider fails to provide the agreed services, it is the sole discretion of USC or any other authorized officer of USC to impose following penalties:

5. PAYMENTS

Payments in respect of services shall be made by concerned USC or any authorized officer of USC, within 30 days of the submission of the final report, which are to be strictly in conformity with the agreed services. The payments on lump sum basis shall be made to the Services Provider after verification and deduction of all required applicable Government Taxes etc. levied by any Federal / Provincial / Local Government or its authorities.

6. PERFORMANCE GUARANTEE

Prior to signing of this agreement the Service Provider shall furnish a performance guarantee in shape of interest free Security deposit/Bank Guarantee from a bank and in form and substance acceptable to USC, of the amount equivalent to 10% of total contract value in form of bank draft which shall be retained by the USC throughout the validity of this agreement and after 01 months period after the expiry of this agreement or early termination whatever the case may be.

7. RECOVERIES

When any amount is recoverable from the Services Provider under any provision of this agreement USC shall be entitled to deduct any such amount from the pending bills and/or

through Security Deposit/Bank Guarantee of the Services Provider, whether due in respect of this or any other agreement and / or form any other due amount of the Services Provider lying with USC and the Services Provider shall have no objection on deduction of the same.

8. RESPONSIBILITIES OF THE SERVICE PROVIDER

- a) Notwithstanding any other agreement with any other party the Service Provider shall provide the services at Islamabad as mentioned in **Appendix "1"**, hereto subject however that the USC may from time to time by notice in writing by CIA (Or by any other Officer designated by the management of USC) to the Service Provider add, alter, or delete any requirement and may limit or extend services, or otherwise add or delete any other services, fee being paid by the USC will be adjusted according to the quantum of services rendered by the Services Provider in respect of the persons employed by service provider as desired by the USC in accordance with the Annexure "A", or otherwise as advised by the USC from time to time as the case may be.
- b) The Service Provider shall provide Services at such times and on such terms as is more particularly described in the Schedule of Services annexed hereto as Annexure "A", While provisioning of such services according to **Appendix "1"**, service provider shall coordinate with CIA (Or by any other Officer designated by the management of USC).
- c) The Services Provider hereby agrees and undertakes that with a view to provide appropriate Agreed Services under the provisions of this agreement, it shall maintain and agree to deploy work force of most efficient, honest, able individuals and experienced persons. These individuals shall work for and on behalf of the Services Provider and by no means will they be treated as employees of USC.
- d) For the purpose of identification and maintaining security, the Services Provider shall issue proper identity cards to all its staff/officials who may be detailed to work within the premises of USC in connection with rendering the services under an agreement and the staff/officials shall display their identity cards while on duty.
- e) If any law requires that one or both the parties register this agreement pursuant to such a law the entire cost of such registration including but not limited to payment of Stamp Duty etc., shall be borne by the Services Provider.
- f) If any loss or damage is caused to USC's property by any staff / official , officer or representative of the Services Provider, such loss shall be made good by Services Provider.
- g) Increase / decrease in Federal / provincial / local and applicable Govt. Taxes, levies, minimum wages, contributions, if any, during contract period shall be incorporated in contract amount with mutual consent.

9. SERVICES TO BE PROVIDED

Criteria and details of services to be provided is attached as **Appendix "1"** to this agreement.

10. INSOVENCY AND BREACH OF CONTRACT

Should the Services Provider be adjudicated insolvent or be wound up their compulsorily or voluntarily or commit any breach of this agreement not herein specifically provided. USC shall have the right to declare the agreement terminated forthwith and in which case the Services Provider shall be liable to the confiscation of security deposit and pay USC any

extra expenses which it might incur but it shall not be entitled to any gain / compensation from USC.

11. FORCE MAJURE

- a) Service Provider shall not be liable for delay in the execution of the agreement, or any failure to fulfil any term of the agreement if such delay or fulfilment has been caused by Force Majeure.
- b) Force Majeure for the purpose of the agreement shall mean an occurrence which is beyond the control of the Service Provider which could not have been overcome or prevented by the exercise of reasonable efforts and diligence.
- c) Among other events, an event shall be deemed to be within the control of Service Provider if:
 - i. It is due to a fault or failure of Service Provider and/or its staff / officials, Subcontractor, unless such fault or failure is due to an occurrence, which is beyond the control of the Service Provider.
- d) Force Majeure shall not include any event if it is due to compliance with any law in Pakistan at the date of agreement or if it arises as a result of weather or site conditions, which are not normal.
- e) On occurrence of any condition of Force Majeure the party so affected shall immediately give reasonable notice of such an event to the other party and promptly confirm that notice by letter or fax / e mail.
- f) Use reasonable endeavour to mitigate the effect upon fulfilment of its obligation under the contract and resume full performance of such obligations.

12. CONFLICT OF INTEREST

- a) The Service Provider shall not have a Conflict of Interest and any breach hereof shall constitute a breach of the Agreement.
- b) The Service Provider and Affiliates not to be otherwise interested in these Services. The Service Provider agrees that, during the term of this Agreement and after its termination, the Service Provider or any Associate thereof, shall be disqualified from providing goods, services for any project resulting from or closely related to the Services and any breach of this obligation shall amount to a Conflict of Interest; provided that the restriction herein shall not apply after a period of 3 (three) years from the completion of these Services; provided further that this restriction shall not apply to consultancy/ advisory services provided to the USC in continuation of these Services or to any subsequent consultancy/ advisory services provided to the USC in accordance with the rules of the USC. For the avoidance of doubt, an entity affiliated with the Service Provider shall include a partner in the firm of the Service Provider or a person who holds more than 5% (five per cent) of the subscribed and paid up share capital of the Service Provider, as the case may be, and any Associate thereof.
- c) Prohibition of conflicting activities

Neither the Service Provider nor the Personnel of either of them shall engage, either directly or indirectly, in any of the following activities:

- i. during the term of this Agreement, any business or professional activities which would conflict with the activities assigned to them under this Agreement;
 - ii. after the termination of this Agreement, such other activities as may be specified in the Agreement; or
 - iii. at any time, such other activities as have been specified in the RFP as Conflict of Interest.
- d) Service Provider not to benefit from commissions, discounts, etc.

The payments to the Service Provider pursuant to Para 5 hereof shall constitute the Service Provider's sole payment in connection with this Agreement or the Services and the Service Provider shall not accept for its own benefit any trade commission, discount or similar payment in connection with activities pursuant to this Agreement or to the Services or in the discharge of its obligations hereunder, and the Service Provider shall use its best efforts to ensure that any Personnel and agents of either of them, similarly shall not receive any such additional payment.

- e) The Service Provider and its Personnel shall observe the highest standards of ethics and not have engaged in and shall not hereafter engage in any corrupt practice, fraudulent practice, coercive practice, undesirable practice or restrictive practice (collectively the "**Prohibited Practices**"). Notwithstanding anything to the contrary contained in this Agreement, the USC shall be entitled to terminate this Agreement forthwith by a communication in writing to the Service Provider, without being liable in any manner whatsoever to the Service Provider, if it determines that the Service Provider has, directly or indirectly or through an agent, engaged in any Prohibited Practices in the Selection Process or before or after entering into of this Agreement. In such an event, the USC shall forfeit and appropriate the Performance Security, if any, as mutually agreed genuine pre-estimated compensation and damages payable to the USC towards, inter alia, time, cost and effort of the USC, without prejudice to the USC's any other rights or remedy hereunder or in law.
- f) Without prejudice to the rights of the USC under above Clause and the other rights and remedies which the USC may have under this Agreement, if the Service Provider is found by the USC to have directly or indirectly or through an agent, engaged or indulged in any Prohibited Practices, during the Selection Process or before or after the execution of this Agreement, the Service Provider shall not be eligible to participate in any tender or RFP issued during a period of 3 (three) years from the date the Service Provider is found by the USC to have directly or indirectly or through an agent, engaged or indulged in any Prohibited Practices.
- g) For the purposes of Clauses (e) and (f), the following terms shall have the meaning hereinafter respectively assigned to them:

"corrupt practice" means

- i. the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence the actions of any person connected with the Selection Process (for removal of doubt, offering of employment or employing or engaging in any manner whatsoever, directly or indirectly, any official of the USC who is or has been associated in any manner, directly or indirectly with Selection Process or LOA or dealing with matters concerning the Agreement before or after the execution thereof, at any time prior to the expiry of 1 (one) year from

the date such official resigns or retires from or otherwise ceases to be in the service of the USC, shall be deemed to constitute influencing the actions of a person connected with the Selection Process); or

- ii. engaging in any manner whatsoever, whether during the Selection Process or after the issue of LOA or after the execution of the Agreement, as the case may be, any person in respect of any matter relating to the Project or the LOA or the Agreement, who at any time has been or is a legal, financial or technical adviser the USC in relation to any matter concerning the Services to be rendered;

"fraudulent practice" means a misrepresentation or omission of facts or suppression of facts or disclosure of incomplete facts, in order to influence the Selection Process;

"coercive practice" means impairing or harming, or threatening to impair or harm, directly or indirectly, any person or property to influence any person's participation or action in the Selection Process or the exercise of its rights or performance of its obligations by the USC under this Agreement;

"undesirable practice" means

- i. establishing contact with any person connected with or employed or engaged by the USC with the objective of canvassing, lobbying or in any manner influencing or attempting to influence the Selection Process; or
- ii. having a Conflict of Interest; and

"restrictive practice" means forming a cartel or arriving at any understanding or arrangement among Applicants with the objective of restricting or manipulating a full and fair competition in the Selection Process.

13. CONFIDENTIAL INFORMATION

- a) The terms, provisions, and conditions of this contract and any materials, information, files and documentation provided by one party to the other party in connection herewith are strictly confidential and proprietary, and shall be treated and maintained as such, and except where otherwise expressly provided hereunder, neither the terms, provisions, and conditions hereof or any materials, information and documents received from the other party in connection herewith shall be disclosed by a party without the prior written consent of the other party to any person shall not disclose confidential information unless such disclosure is required under the law.
- b) The Service Provider and the Personnel shall not, either during the term or within 2 (two) years after the expiration or termination of this Agreement disclose any proprietary information, including information relating to reports, data, or other material, whether written or oral, in electronic or magnetic format, and the contents thereof; and any reports, digests or summaries created or derived from any of the foregoing that is provided by the USC to the Service Provider and the Personnel; any information provided by or relating to the USC, its technology, technical processes, business affairs or finances or any information relating to the USC's employees, officers or other professionals or suppliers, customers, or contractors of the USC; and any other information which the Service Provider is under an obligation to keep confidential in relation to the Services or this Agreement ("**Confidential Information**"), without the prior written consent of the USC.

- c) Notwithstanding the aforesaid, the Service Provider and the Personnel of either of them may disclose Confidential Information to the extent that such Confidential Information:
- i. was in the public domain prior to its delivery to the Service Provider and the Personnel of either of them or becomes a part of the public knowledge from a source other than the Service Provider and the Personnel of either of them;
 - ii. was obtained from a third party with no known duty to maintain its confidentiality;
 - iii. is required to be disclosed by Applicable Laws or judicial or administrative or arbitral process or by any governmental instrumentalities, provided that for any such disclosure, the Service Provider and the Personnel of either of them shall give the USC, prompt written notice, and use reasonable efforts to ensure that such disclosure is accorded confidential treatment; and
 - iv. is provided to the professional advisers, agents, auditors or representatives of the Service Provider or Personnel of either of them, as is reasonable under the circumstances; provided, however, that the Service Provider or Personnel of either of them, as the case may be, shall require their professional advisers, agents, auditors or its representatives, to undertake in writing to keep such Confidential Information, confidential and shall use its best efforts to ensure compliance with such undertaking.
- d) No amendment, including but not limited to increase and decrease of the requirement of Third Party Validation Services, modification or waiver of any provision of the Agreement or of any right, power or remedy shall be effective unless made expressly and in writing by USC to the service provider.
- a) No waiver of any breach of any provision of this Agreement shall:
- i. be considered to be a waiver of any subsequent or continuing breach of that provision; and
 - ii. release, discharge or prejudice the right of the waiving party to require strict performance by the other party of any other provisions of this Agreement.

14. CORRESPONDENCE

The Services Provider shall not correspond with approach any other authority person directly or indirectly whether the staff of USC or OTHERWISE EXCEPT THE CHIEF INTERNAL AUDITOR regarding any matter arising from this or any other agreement with USC. The Services Provider may carry on correspondence with designated officials of the concerned department dealing with subsidy provided during 2019-2020.

15. NOTICES

All notices request and demands given to or made upon the parties shall be in writing and posted through registered mail and confirmatory fax / e mail at the addresses set forth below:

USC:

Chief Internal Auditor,
Utility Stores Plaza, behind PSO Petrol Pump,
G-9 Markaz, Islamabad

Tel: +92 51 9260114

Service Provider: _____.

16. DISCLOSURE CLAUSE

Disclosure should be made on Service Provider Letter Head as per the format provided in **Appendix "2"** to this agreement.

17. AGREEMENT UNDERSTANDINGS

This Agreement embodies the entire understanding of the parties and there are no promises, terms, conditions or obligations oral or written other than those contained in this Agreement.

18. LIQUIDATED DAMAGES/PENALTIES

If the Service Provider fails / delays in performance of any of the obligations, under the Agreement / violates any of the provisions of the Agreement / commits breach of any of the terms and conditions of the Agreement the USC may, without prejudice to any other right of action / remedy it may have, deduct from the Contract Price/Security Deposit/invoices, as liquidated damages, a sum of money @5% of the total Contract Price which is attributable to such part of the Services / the deliverables, in consequence of the failure / delay, be put to the intended use, for every day between the scheduled of services, with any extension of time thereof granted by the USC.

19. BLACKLISTING

If the Service Provider fails / delays in performance of any of the obligations, under the Contract / violates any of the provisions of the Agreement / commits breach of any of the terms and conditions of the AGREEMENT or found to have engaged in corrupt or fraudulent practices in competing for the award of agreement or during the execution of the contract, the USC may without prejudice to any other right of action / remedy it may have, blacklist the agreement, either indefinitely or for a stated period, for future tenders in public sector, as per provision of PPRA Rules.

20. WAIVER

The failure of either party at any time to require the performance by the other of any of the terms and provisions hereof shall in no way effect the right of that party thereafter to enforce hereof the same nor shall the waiver by either of the party or breach of any of the terms or provision hereof taken or held to be waiver of any succeeding breach of any such terms or provision itself.

21. AUTHORITY OF PERSON SIGNING AGREEMENT AND DOCUMENTS

Person signing this Agreement or any other document forming part of this Agreement on behalf of the Service Provider shall be deemed to warrant that he has the authority to do so, and if on enquiry, it is revealed that the person so signing had no authority to do so USC without prejudice to other legal rights / remedies cancel the Agreement without notice and hold the signatory liable for all costs and damages.

22. ASSIGNMENT

The Service Provider shall not assign or sub-contract its obligations under the Agreement, in whole or in part, except with the USC prior written consent. In case of written consent by USC, all the expenses of assignment shall be borne by Service Provider including without

limitation lawyers fee without any change in the terms of this contract, unless consented by the USC.

The Service Provider shall guarantee that any and all assignees / subcontractors of the Service Provider shall, for performance of any part / whole of the services under the Agreement, comply fully with the terms and conditions of the Agreement applicable to such part / whole of the services under the Agreement.

If the Service Provider assigns this Agreement to any other party in contravention of this Para, USC in its discretion may terminate this Agreement and / or black list and debar the Service Provider for future to execute any Agreement with USC with confiscation of Security Deposit and/or claim damages through legal recourse.

23. ARBITRATION GOVERNING LAW AND JURISDICTION

- a) If at any time any question, dispute or difference may arise between both the parties under this Agreement, either party may as reasonable, give to the other Notice in writing of the existence of such question, dispute or difference, specifying its nature and the point at issue, for conciliation failing which the matter shall be referred to a single arbitrator nominated by the consent of the parties in accordance with the provision of Arbitration Act of 1940 or any statutory modification or re-enactment thereof for the time being in force or the seat of the arbitration shall be at ISLAMABAD.
- b) The parties shall submit to the exclusive jurisdiction of the courts at ISLAMABAD.
- c) This agreement shall be governed by the law of Islamic Republic of Pakistan.

24. SEVERABILITY

The invalidity, illegality or unenforceability of any one or more of the provisions of this Agreement shall not affect or impair the validity and enforceability of any other provisions of this Agreement in any way whatsoever.

IN WITNESS WHEREOF the parties hereunto set their hands on the days, month and the years mention herein above.

**FOR AND ON BEHALF OF
UTILITY STORES CORPORATION OF
PAKISTAN (PVT) LTD**

**FOR AND ON BEHALF OF
THE SERVICE PROVIDER**

NAME: _____

NAME: _____

DESIGNATION: _____

DESIGNATION: _____

SEAL: _____

SEAL: _____

WITNESS-1

WITNESS-1

SIGN: _____

SIGN: _____

NAME: _____

NAME: _____

CNIC: _____

CNIC: _____

WITNESS-2

WITNESS-2

SIGN: _____

SIGN: _____

NAME: _____

NAME: _____

CNIC: _____

CNIC: _____

APPENDIX – 1 THIRD PARTY VALIDATION SERVICES

THIRD PARTY VALIDATION SERVICES

The Service Provider will carry out third party validation, scrutiny, financial and operational audit of funds granted to USC during 2019-2020.

Reporting Requirements

The Service Provider will be required to present a detail report on compliance / implementation of Govt. decisions, USC BoD directives and USC Policies approvals for each category of fund for;

a) Procurement of inventory

Analysis to ascertain that all procurements have been made as per Public Procurement Rules 2004 and USC SOPs. Further to validate that the purchases were made on timely basis to ensure stock availability across Pakistan.

b) Pricing of articles

Detail analysis for pricing of articles that appropriate profit margins on each article have been ensured. Further, to validate the quoted prices against the specified items as per directions of GoP and USC BoD decisions.

c) Availability of Subsidized items

A review of supply chain to confirm that availability of subsidized items has been ensured across the country.

d) Stock Valuation

The bidder is required to ensure 100% stock count and valuation in top 500 stores on the basis of sales made during the FY 2019-20 and all warehouses in 64 regions across Pakistan.

e) End use of subsidy

The bidder is required to provide detail analysis prepared through surveys / research studies to confirm the end use of subsidy and quality of products at USC stores.

f) Utilization of funds

The Bidder is required to report on the effective and proper utilization of the funds and report any discrepancy of funds utilization i.e. report the funds disbursed for specific purpose but utilized for other purpose.

g) Subsidy claims

The bidder is required to validate and report on the accuracy and correctness of the claims made against subsidy provided by GoP.

h) Validation of Management Reporting

The bidder is required to report on the authenticity and accuracy of the reporting made to GoP and BoD by USC Management. The bidder is also required to report on the non-compliances made on account of non-submission or delayed submission of periodic reports required to be submitted to GoP.

i) Validation of Relevant Record

The bidder is required to validate that all relevant appropriate record is being maintained by USC in support of the Government grants utilized by the USC.

APPENDIX – 2 INTEGRITY PACT / DISCLOSURE CLAUSE

(To be submitted on Company’s Letterhead)

Declaration of Fees, Commissions and Brokerage Etc. Payable by the Service Providers of Services **“Mention the Services to be provided”** the Service Provider hereby declares its intention not to obtain the procurement of any Contract, right, interest, privilege or other obligation or benefit from Government of Pakistan or any administrative subdivision or agency thereof or any other entity owned or controlled by it (GOP) through any corrupt business practice.

Without limiting the generality of the forgoing the Service Provider represents and warrants that it has fully declared the brokerage, commission, fees etc., paid or payable to anyone and not given or agreed to give and shall not give or agree to give to anyone within or outside Pakistan either directly or indirectly through any natural or juridical person, including its affiliate, agent, associate, broker, consultant, director, promoter, shareholder sponsor or subsidiary, any commission, gratification, bribe, finder’s fee or kickback whether described as consultation fee or otherwise, with the object of obtaining or including the procurement of a contract, right, interest, privilege or other obligation or benefit in whatsoever form from Government of Pakistan, except that which has been expressly declared pursuant hereto.

The Service Provider certifies that it has made and will make full disclosure of all agreements/ arrangements with all persons in respect of or related to the transaction with Government of Pakistan and has not taken any action or will not take any action to circumvent the above declaration, representation or warranty.

The Service Provider accepts full responsibility and strict liability for making any false declaration, not making full disclosure, misrepresenting facts or taking any action likely to defeat the purpose of this declaration, representation and warranty. It agrees that any contract, right, interest, privilege or other obligation or benefit obtained or procured as aforesaid shall without prejudice to any other right and remedies available to Government of Pakistan under any law, contract or other instrument, be void-able at the option of Government of Pakistan.

Notwithstanding any rights and remedies exercised by Government of Pakistan in this regard, the Service Provider agrees to indemnify Government of Pakistan for any loss or damage incurred by it on account of its corrupt business practices and further pay compensation to Government of Pakistan in any amount equivalent to ten time the sum of any commission, gratification, brief, finder’s fee or kickback given by the Service Provider as aforesaid for the purpose of obtaining or inducing the procurement of any contract, right, interest, privilege or other obligation or benefit in whatsoever from Government of Pakistan.

Dated this _____ day of _____ -- _____

For _____

(Signature)

(Name, Designation and Address of the Attorney)

Date: _____