



# **KARAKORAM COOPERATIVE BANK LIMITED**

## **(KCBL)**

### **TERMS OF REFERENCE FOR APPOINTMENT OF EXTERNAL AUDITOR**

#### **Background**

The Karakoram Co-operative Bank Limited (formerly Northern Areas Provincial Co-operative Bank) was incorporated in 1956, under the Co-operative Societies Act, 1925. The objects for which the Bank is established are to carry out the banking business and other activities as defined in the Cooperative Societies Act, 1925 and its Rules. The Bank operates through its 32 branches and 5 Microfinance Units in the Gilgit Baltistan Region. The Registered Head Office of the Bank is located at KCBL Complex Shahra-e-Qauida Azam Jutial Gilgit.

#### **Scope of Work**

The approved firm will examine the Financial Statements for the current financial on year-end 30<sup>th</sup> June 2019. KCBL, being a Cooperative Bank is required to prepare its financial statements in accordance with applicable laws and best practices, in accordance with the approved accounting standards as applicable in Pakistan, Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the requirements of the Co-operative Societies Act, 1925.

#### **Deliverables**

- a) The audit firm will prepare a Consolidated Statement of Income & Expenditure Statement & Balance Sheet for the period of July 01<sup>st</sup> 2018 to Jun 30<sup>th</sup> 2019.
- b) The auditor will express an opinion on the presentation of its financial statements (whether true and fair or not) for the above fiscal years.
- c) Management letter (ML), with appropriate recommendations, commenting on material weaknesses and “risks” identified during the audit, (if required). ML will provide an opportunity for strengthening the efficiency of the bank.

## **Important Notes**

KCBL may request (in writing or verbally) to amend / correct/ edit / modify any part of the audit report, financial statement or management letter. The auditor will present the completed report, financial statements and management letter.

## **Proposal Requirements**

The proposal submitted should include a Technical proposal and Financial proposal relative to performing the audit engagement. The total all-inclusive maximum price to be proposed is to contain Professional Fee excluding Travel, Boarding/Lodging and out of pocket expenses.

## **Evaluation Criteria**

Evaluation criteria for selecting the winning Audit Firm will include both technical and cost considerations consistent with the scope of work. A review panel will assess proposals. The criteria for selection will include the following:

Sr. no.	Criteria	Points
1	Firms experience in carrying out audits of development sector entities	10
2	Firms experience in carrying out audits of Banks/Financial institutions	20
3	Allocation of adequate/ appropriate qualified and experienced staff	20
4	Technical approach	5
5	Detailed timetable	5
6	Financial proposal	40
Total		100

As part of the bidding process, Audit Firms are required to propose adequate and appropriate staff. The allocated staff will be capable of conducting audits by the scope of work and have strong writing and presentation skills. Any proposed changes of allocated staff designated in the submitted proposal will need to be formally approved by the bank.

## **TERMS OF PERFORMANCE**

The effective date of this contract and statement of work will be the date of the recipient Contracting Officer's signature.

The audit should begin soon after annual closing, i.e. 30<sup>th</sup> June 2020. Recipients must submit final audit reports to the Bank before 30<sup>th</sup> September 2020. Payment will be made after acceptance of final audit reports.