

## **TERMS OF REFERENCE**

### **Services for Actuarial Valuation of Employees Retirement Benefits**



**INSTITUTE OF SPACE TECHNOLOGY**

**ISLAMABAD - PAKISTAN**

[www.ist.edu.pk](http://www.ist.edu.pk)

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## I. Institute and its operations

Institute of Space Technology (IST) is a federally chartered degree awarding Institute established in 2002 under IST ACT NO XLII of 2010. It has been declared as Non-Profit Organization (NPO) under section 2(36) of Income Tax Ordinance, 2001 and the approval granted shall remain enforce until it has been withdrawn under rule 217 of Income Tax Rules 2002. The programs offered are approved by The Higher Education Commission as well as The Pakistan Engineering Council. The main objectives of its' establishment are to promote and finance educational, research and development activities by facilitating the development of world-class degree awarding university having a bearing on the socio-cultural-economic needs of the country. The Institute is engaged in promoting space oriented activities with the help of both national and international experts.

IST main campus is at Islamabad.

## II. Objective & Scope of Work

IAS 19 requires an entity to recognize:

- ✓ a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- ✓ An expense when the entity consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits.

IST has strength of around **137** Special Pay Scale (SPS) regular/permanent employees, **75** SPS contractual employees, **109** Faculty pay Scale (FPS) employees & **49** Tenure Track System (TTS) employees. Presently, IST has separate bank account for the employee retirement benefits. IST contributes a lump sum amount annually to this fund based on figures provided in the actuarial report by the consultants. The retired employees are eligible for the benefits of any increase in the rates of retirement benefits announced by the Federal Government/NCA from time to time.

The consultants are required to conduct a detailed actuary study to determine present value of following post-retirement liabilities over time, charge for the year, experience adjustments to be recognized in other comprehensive income and amounts to set aside for this purpose.

- ✓ Pension (Defined benefit plan)
- ✓ Gratuity (Defined benefit plan)
- ✓ Death compensation (Defined benefit plan)

- ✓ Post retirement medical scheme (Defined benefit plan) and
- ✓ Leave encashment scheme (Defined benefit plan)

Emphasis should be given to form a system with a simple procedure to facilitate the family of deceased officials to get the amount due to them in such cases.

The consultants will develop a framework for the assigned committee to take decision about the investment of the accumulated fund. All the options available as well as the most feasible one with the second and third best options (mentioning risks and benefits involved in each), should be included in the consultant's report.

Actuary will advise IST on all the specific required disclosures in the financial statements as required under IAS 19 and any other task as required by IST management.

Initial Appointment will be for the duration of three years i.e. FY 2016-17, FY 2017-18 & FY 2018-19 which may be extended by the IST for further two year as per statutes of IST. During each year of appointment, the consultant will conduct detailed actuary study based on that year data to determine the liability for the current fiscal year and best estimates for the next fiscal year.

### III. Evaluation Criteria

IST will resort to "Single stage – two envelope procedure" for the award of contract as per PPRA's Rules, 2004. Technical Approval shall be based on Firm's criteria mentioned below for comparative technical evaluation. Firms not fulfilling minimum criteria shall not be considered. A 60:40% weightage shall be attributed to Technical & Financial Evaluation each. Only those financial bids will be opened who obtained 70% marks in technical bid evaluation.

#### **Technical Evaluation**

In first stage, only Technical proposals will be opened in the presence of bidder's representatives. The technical bids will be evaluated and minimum score for selection/opening of financial bids is 70%. As part of technical evaluation, bidders may be asked to conduct presentation / demonstration.

Technical evaluation of the firms shall be based on the following information provided in Technical Proposals.

Sr No.	Assessments / Criteria	Points Allocated	Maximum Points
1	Number of Years the firm has been in practice in Pakistan.(Certificate of registration required)		10
2	Experience of recent valuations of Government, educational sector & other reputable public sector organizations (with documentary proof).		15
3	Qualification and experience of the manager, supervisor & team members who is assigned the said task on selection.		15
4	Firm's quality control process / Documented evidence of producing quality reports.		05
5	International affiliation / membership with high ranked firm.		15
6	Firm on panel of other regulatory bodies/AGP. (Consultancy or financial services etc).		10
7	Methodology/approach/Scope of work.		15
8	Presentation by the consultants.		15
<b>TOTAL</b>			<b>100</b>

### **Financial Evaluation**

In the Financial Proposals, firms will quote the fee including out of pocket expenses & all taxes in Pak Rupees. Criteria for the evaluation Financial Proposals/Bids are;

- ✓ On the basis of technical evaluation, the financial proposal of only technically responsive bidders will be opened.
- ✓ 40% weightage shall be attributed to Financial Evaluation.
- ✓ Financial proposals of bids found substantively technically non-responsive will be returned un-opened.
- ✓ Bids found with highest score by technical and financial evaluation will be given the contract.

## **IV. Documents Required**

Technical and financial proposals should be submitted in separately sealed envelopes. Firm's profile shall be accompanied by the following documents:

- ✓ Copy of NTN certificate of the firm.

- ✓ Certificate/Material evidence of recent work carried out of recent big clients including Government/ Semi Government and Non-Government projects in hand.
- ✓ Proof of firm's establishment.
- ✓ Detailed technical skill level CVs of available principal/lead, manager & supervisor who is assigned the said task on selection.
- ✓ International affiliation / membership certificate.
- ✓ Provide work methodology, consultancy fee and period of conducting and submitting complete reports.

## V. General Terms and Conditions

- ✓ The selected firm will be required to comply with the instructions, if any issued by the IST. In case of non-fulfillment of any instructions issued by IST, IST will be entitled to cancel the work without any obligation.
- ✓ No TA/DA will be borne by the IST for the firms undertaking work and this will be borne by the firm.
- ✓ Income Tax will be deducted as per Government rules.
- ✓ Potential firm is solely responsible for their expenses, if any, in preparing a response to this advertisement. This would include any costs incurred during initial presentation or subsequent negotiations.
- ✓ IST reserves the right to accept / reject wholly or partially any bid without assigning any reasons at any stage of the tender process.
- ✓ IST has expected tolerable misstatement at account level up to 10%. In case of any derivation beyond the tolerable limit, IST reserves the right to take appropriate action.
- ✓ In case the consultants failed to deliver within specified period, IST shall have the following options;
  - i. To recover liquidated damages @ 2% of the total contract value per month or part thereof will be imposed. The maximum limit of liquidated damages will not exceed 10% of contract value. Such damages shall be recovered by withholding any amount due to be paid against this or any other contract.
  - ii. To get the work done from elsewhere, without notice to you but at your risk and cost, the satisfactory work not delivered within stipulated period and to recover excess value so paid by us from your bill or to cancel the contract at your risk and cost.

- ✓ Firms are required to provide the undertaking/affidavit on stamp paper of Rupees:100 about following:
  - a) There is no litigation pending against the firms or its partners.
  - b) All information/documents provided by the IST shall be kept strictly confidential.
  - c) Firm is never blacklisted by the Government of Pakistan and any other organization.

## **VI. Deliverables**

- ✓ First draft should be presented within 15 days from the signing of contract.
- ✓ The actuary shall submit 2nd draft report within 21 days after signing of contract.
- ✓ A comprehensive presentation to IST within 7 days of submission of the 2nd draft report by a certified actuary.
- ✓ The consultant shall modify report on the basis of feedback / comments given during the presentation and submit the final report along with soft and hard copies thereof within 5 days after the presentation.

## **VII. Payment Process**

IST will make payments on receipt of deliverables in acceptable form and content within 15 days of the report. The bid for the proposed consultancy services should be all inclusive. No additional expenses shall be admissible except those agreed in contract.

The consultant shall not disclose any confidential information came to his knowledge during performance of work or afterwards.

***ALL PROPOSALS SHOULD ACCOMPLISH THE ABOVE REQUIRMENTS.***