

IFEM AUDIT For the Period [July 2024- December 2025]

1. IFEM Audit of Oil Marketing Companies (OMCs)

1.1 The IFEM audit with respect to OMCs will cover the following:

| Sr. # | Name of OMC | Abbreviation | Office Location |
|-------|--|--------------|-----------------|
| 1 | Pakistan State Oil Company Limited | PSO | Karachi |
| 2 | Wafi Energy Private Limited | WEPL | Karachi |
| 3 | Attock Petroleum Limited | APL | Rawalpindi |
| 4 | Parco Gunver Limited | PGL | Karachi |
| 5 | Gas and Oil Pakistan Private Limited | GO | Lahore |
| 6 | Hascol Petroleum Limited | HPL | Karachi |
| 7 | Be Energy Limited | BEPL | Karachi |
| 8 | Puma Energy Pakistan Private Limited | PUMA | Karachi |
| 9 | Cnergyico Pakistan Limited | CPL | Karachi |
| 10 | Pak Arab refinery Limited (Pearl Parco) Limited | Pearl Parco | Karachi |
| 11 | Taj Gasoline Private Limited | TGPL | Karachi |
| 12 | Euro Oil Private Limited | EPPL | Lahore |
| 13 | Flow Petroleum Limited | FPPL | Lahore |
| 14 | Hi-Tech Lubricant | HTLL | Lahore |
| 15 | Vital Petroleum, Lahore. | VPPL | Lahore |
| 16 | Zoom Petroleum Limited | ZPPL | Lahore |
| 17 | Zoom Marketing Oils Private Limited | ZMPL | Lahore |
| 18 | My Petroleum Private Limited | MPPL | Lahore |
| 19 | OTO Pakistan Private Limited | OPPL | Lahore |
| 20 | OILCO Petroleum Private Limited | OILCO | Lahore |
| 21 | The Fuelers Private Limited | TFPL | Lahore |
| 22 | Al-Noor Petroleum Private Limited | ANPPL | Lahore |
| 23 | JINN Petroleum Private Limited | JPPL | Karachi |
| 24 | Allied Petroleum, Lahore. | APPL | Lahore |
| 25 | Askar Oil Services, Lahore. | AOSPL | Lahore |
| 26 | Oil Industries Pakistan Pvt Ltd, Karachi. | OIPPL | Karachi |
| 27 | Horizon Oil, Lahore. | HOPL | Lahore |
| 28 | Quality1 Petroleum, Islamabad. | QPPL | Islamabad |
| 29 | Exceed Petroleum, Islamabad. | EPPL | Islamabad |
| 30 | Kepler Petroleum, Karachi. | KPPL | Karachi |
| 31 | Fast Oil, Karachi. | FOPL | Karachi |
| 32 | LaGuardia petroleum, Karachi. | LPPL | Islamabad |
| 33 | Fossil Energy, Karachi. | FEPL | Karachi |
| 34 | Max-Fuel, Karachi. | Max-Fuel | Karachi |
| 35 | Echo Oil, Islamabad. | EOPL | Islamabad |
| 36 | Benzin Petroleum, Lahore | Benzin | Lahore |
| 37 | Petro Pakistan, Lahore | PPPL | Lahore |
| 38 | Eco Gasoline, Islamabad | EGPL | Rawalpindi |
| 39 | Khyber Petroleum Private Limited | KPPL | Lahore |
| 40 | Pure Petroleum Private Limited | Pure | Lahore |
| 41 | Lucky Petroluem Private Limited | Lucky | Karachi |
| 42 | Alhmdali International Pvt Ltd | Alhmd | Lahore |
| 43 | HG Petrol Private Limited | HG Petro | Rawalpindi |
| 44 | Best Petroleum, Lahore. (Not commenced Business) | BPPL | Lahore |

2. Scope Of Audit

- 2.1 The scope of this Audit will cover one and half financial year (i.e. from July 1, 2024 to June 30, 2025 and July 1, 2025 to December 31, 2025), in respect of each OMC listed above. For the purpose of this audit, Auditor will prepare two reports covering the period July 2024 – June 2025 and July 2025 – December 2025. The scope for the audit of the statements of surplus/deficit in the freight pool for the above said period would be as follows:
- i. To ensure that the surplus/deficit in the freight pool is determined by the net volume of equalized products (HSD, MOGAS, SKO, LDO) purchased during the period from various supply sources. This treatment should be in line with the mechanism followed by the OMCs for inter-company freight settlement of differential between the notified IFEM and respective noted cost(s) which is also based on the net volume purchased by the OMCs.
 - ii. To ensure that IFEM recovery used in the statement of surplus/deficit in the freight pool would be based on the net volume purchased by the OMCs and not on the IFEM actually collected on the subsequent sale of the inventory.
 - iii. To ensure that the primary transportation cost is determined by applying an average transportation cost per liter of each product moved during the period on the net volume purchased. The cost actually incurred on the subsequent movement of closing inventory is not to be considered as it is not ascertainable and the difference between the estimated and actual cost is not likely to be material.
 - iv. To ensure that the extra margin recovered by OMCs (other than PSO) on accounts of local purchases of Motor Gasoline (Mogas) & High-Speed Diesel (HSD) has been passed back to the consumer through IFEM.
 - v. To ensure that the operational gains and losses incurred by OMCs on account of Mogas and HSD movement through the pipeline have been computed based on actual data as per the laid down mechanism and recovered through IFEM.
 - vi. To ensure that the line fill financing cost incurred by OMCs on account of Mogas and HSD movement through the pipeline have been computed based on actual data as per the laid down mechanism and recovered fully through IFEM.
 - vii. To ensure that the actual amount of Premium on HSD imported by OMCs has been fully recovered.
 - viii. To ensure that the disallowed unadjusted/unclaimable sales tax on capital and operating expenses (disallowed input tax) during the fiscal year 2024-25, owing to change from zero to exempt regime) have been audited by the Auditors engaged by respective OMCs/refineries and accordingly accurately claimed based on the audited figures and recovered from IFEM.
 - ix. To ensure products are moved to deficit supply envelope (south, mid, or north), after first utilizing the product available locally in the supply envelope, as provisionally allocated to them in PRM/PMP. The remaining deficit volume would then be moved from the next nearest supply source.
 - x. To ensure that all primary and secondary freight (SFA) payments/settlements (including sales tax) via road movements have been made after verification of:
 - Physical Reporting data – in case of non-compliance freight shall be disallowed (for primary movements only).
 - Tracker reports– In case of non-compliance freight shall be disallowed. Due consideration shall be given to the factors beyond OMCs' control/inherent limitation, if substantiated by the auditee.
 - xi. To ensure that all special area secondary freight payments/settlements have been made after verification of Tracker Reports- in case of non-compliance freight shall be disallowed. Unpaid freight charges and/or accrued freight charges shall be disallowed. Freight is to be allowed only if paid.

- xii. To verify that the MOGAS input considered for WOP is aligned with the approved weightage/percentage of supply share (up-country movement of total volume — local plus import) as computed in the PMP/IFEM meetings. In the event of non-compliance, the following treatment shall apply:
- Where the total import volume of the OMC during the financial year is equal to or exceeds the WOP input volume calculated on the basis of the approved percentage, no road freight cost shall be allowed to WOP associated deficient volumes.
 - Where the total import volume of the OMC during the financial year is less than the WOP input volume calculated on the basis of the approved percentage, road freight cost shall be allowed only to the extent of the deficient volumes.
 - Where the OMC has no import during the financial year, road freight cost shall be fully admissible.
 - Any instance of non-compliance not covered above shall be referred to Oil and Gas Regulatory Authority (OGRA) along with the auditor's observations and recommendations for review and decision.

Note: The WOP disallowance pertaining to the period July – Dec 2025 shall be completed in the 2nd half year on full year basis.

- xiii. To analyse that the product physically reported/locally moved at a depot location is duly aligned with the corresponding aggregated pump-wise and industry sales associated with that depot's supply envelope. In the cases where the sales volume of a retail outlet at a depot's supply envelope in rural areas or in the SFAs (i.e., outside the territorial jurisdiction of a metropolitan city, municipal corporation, cantonment, DHA, Bahria Town, ICT, Motorway, Askari Housing, etc.) is exceeding 180,000 liters per month per pump, the month wise statement of such retail outlet sales shall be prepared and reported separately.
- xiv. To review all adjustments/deduction made by OGRA during the year in the monthly IFEM meeting (as communicated in Minutes of Meetings) or as per OGRA's directives / letters and reflect the same in the report 'statement of surplus/deficit'.

2.2 In the scenario where export of regulated fuel is made from a deficit supply envelope it is mandatory that first the local demand of supply envelope is met from the fuel available locally. After meeting the local demand, the remaining local fuel can then be used for exports. In case regulated fuel has to be moved from the next nearest supply source to meet the export customer demand the transportation cost involved in moving the regulated fuel from the next nearest supply source to the deficit supply envelope should not be charged to the freight pool.

- i. In order to meet this objective, exports will only be made from supply sources specified by Oil and Gas Regulatory Authority (OGRA).

3. Record to be Prepared by the OMCs

3.1 The statements to be prepared by the OMCs for the purpose of the audit shall be in accordance with the auditors' requirements and shall include, but not be limited to, the following;

a) OMCs' Cost Data

3.2 Each OMC will prepare and provide the following:

- i. A statement of surplus/deficit in the freight pool, on the auditor' prescribed format, duly signed by the authorized representatives of the OMC showing product-wise IFEM recoveries, noted cost, adjustments and the transportation costs incurred (as defined in Clause 1.12, 1.13 and

- 1.14 of the FPSM Operating Manual) and the surplus/deficit generated in their freight pool pertaining to primary transportation costs during the period under review.
- ii. Further to the point (ii) above, the OMC, for each financial year, shall prepare month wise statement of total volume of Mogas moved from south to north from all sources and shall calculate the quantity prescribed for WOP input based on the minutes of the meeting of the respective period.
 - iii. Statement of differential cost impact in respect of all movement made through alternate/unapproved route.
 - iv. Statement of Transportation Cost in respect of secondary freight for designated special freight areas separately.
 - v. A comparative statement (yearly and month-wise) showing, for each depot location, the actual quantities of products transported from each source to destination through each mode, vis-à-vis the quantities budgeted at the time of IFEM determination. In case of any significant variation, the concerned OMCs shall provide detailed justification.
 - vi. A month-wise aggregated sales statement of each product at each depot location, indicating the number of petrol pumps served, total aggregated sales of pumps and other customers, average sales per pump per month, products physically reported, and sales per pump per month in relation to the respective depot's supply envelope. In case of any variation between physically reported and locally moved quantities vs sales of all customers (including product transfer to depots), or any inconsistency in the monthly sales pattern per pump on an overall basis, the concerned OMCs shall furnish adequate justification.
 - vii. Statement of Extra Margin earned and passed back through IFEM and the surplus/deficit generated therein, said surplus/deficit should be included in the surplus/deficit in the freight pool. Statement of Extra Margin should not include any short recovery of Margin.
 - viii. Extra Margin for the purpose of understanding is explained as the additional margin, if any, earned by an OMC other than PSO, computed as the difference between PSO's weighted average cost and ex-refinery price of a specified product.
 - ix. Statement of Mogas/HSD Pipeline Gains/Losses incurred and recovered through IFEM and the surplus/deficit generated therein, said surplus/deficit should be included in the surplus/deficit in the freight pool. Statement of Mogas/HSD Pipeline Gains/Losses should not include any short recovery of Losses.
 - x. Statement of Line fill financing cost incurred and recovered through IFEM and the surplus/deficit generated therein, said surplus/deficit should be included in the surplus/deficit in the freight pool.
 - xi. Statement of HSD Premium actually incurred and recovered through IFEM and the surplus/deficit generated therein, said surplus/deficit should be included in the surplus/deficit in the freight pool.
 - xii. Quantitative statement of product-wise exports made from specific sources.
 - xiii. A statement showing adjustments made against primary transportation based on adjustments/reductions/deductions/disallowances on various accounts made by OGRA during the period.
 - xiv. The statement showing product-wise movements that are not in accordance with the physical reporting requirement/tracker report requirement/supply source integrity / approved mode of transportation.
 - xv. A statement showing the status of receivable/payable related to Inter-Company Freight Settlement at the closing date of each audit period i.e 30 June 2025 and 31 December 2025.
Note: Format for the provision of the above-mentioned data, for the sake of uniformity, will be discussed and agreed upon with the Auditor in an onboarding session / pre-audit commencement meeting held between the Auditor, OMCs and OGRA.

b) Audit Test Procedure

- 3.3 In respect of the statement of surplus/deficit in the freight pool relating to primary transportation costs, the auditors will perform the following procedures on a test basis;
- i. Checking the net volume of equalized products purchased by the Company during the period with the quantities reported in the monthly intercompany freight settlement reports and matching the quantities mentioned in these reports with the invoices of refineries / import documents (Bill of Lading, Goods Declaration etc).

- ii. Re-computing the primary transportation costs on volume purchased by applying the average transportation cost per liter of product moved during the period on the net volume purchased. The average transportation cost per liter is calculated with reference to quantities moved during the period. These are determined through a calculation based on percentage of net purchases to total quantity of product transferred to an installation (including net purchases), where any, and total product quantity moved out. In the absence of any transfers from other installations, the quantity moved out is taken as the actual quantity moved out from the installation. The adequacy of the average transportation cost rate will be checked by checking the quantities moved with the available product movement records and the product transfer documents duly acknowledged by the recipients and the cartage contractors.
- iii. Re-computing the 'Secondary Freight Cost' in respect of Special Areas.
- iv. The costs of the product moved by road will be checked with the payments of cartage bills (including sales tax) raised by the cartage contractors based on the approved transfer documents and applying the Oil and Gas Regulatory Authority (OGRA) notified road transportation rates. The destination mentioned on each transfer document will be taken as the place at which the products covered by this advice were delivered and the distances to these destinations were traced on a test basis with the approved IFEM sheet.
- v. The costs of the product moved by rail will be checked with the payments of bills raised by Pakistan Railways based on the approved transfer documents and applying freight rates notified by Pakistan Railways.
- vi. The volume and costs of the product moved by pipeline will be checked with the payments of bills raised by PAPCO / PARCO based on the approved transfer documents and applying freight rates notified by PAPCO / PARCO and approved by OGRA.
- vii. Ensuring that export volumes and the related transportation cost is not included in the net volume purchased and the primary transportation cost respectively. In case the product is exported from an unapproved location the transportation costs related to such exports will be deducted from the transportation costs charged to the freight pool on the basis of the average transportation costs from all the modes incurred on the product.
- viii. Re-computing the IFEM and noted costs relating to the Company by applying the notified rates to the net volumes purchased from refineries and imports.
- ix. Checking the status of closing balance of receivable/payable related to Inter-Company Freight Settlement of the OMC on half year end.
- x. Verification that a comparative statement (monthly and yearly), showing for each depot location the actual quantities of products transported from each source to destination through various modes, vis-à-vis the quantities budgeted at the time of IFEM determination, has been correctly prepared, and that the product quantities are fully reconciled on an end-to-end basis.
- xi. Verification that the month-wise statement reflecting the number of petrol pumps, total sales made to retail outlets and industrial consumers, average sales per pump and sales per pump per month, in respect of Mogas and HSD associated with the respective depot's supply envelope, has been correctly prepared and appropriately analysed.
- xii. Checking the supply envelope integrity i.e. checking that the product has been moved to a destination from an approved source.
 - In case a product has been moved from an incorrect or alternate source to a destination, without approval from OGRA, the respective OMCs shall be allowed the minimum approved cost for the destination while the incremental cost of this movement will be borne by the respective OMC itself and will not be charged to the freight pool.
 - In the case of back freighting, the complete cost of movement will be borne by the respective OMC.
 - The approved source destination combination movement (product-wise) within the country is given in Table 1; costs related to movements not covered in Table 1, which are allowed in the OMC's PMP OR for which specific approval by OGRA is available with the respective OMC should also be allowed.
- xiii. Checking that the correct mode of transportation has been used in moving the product from source to destination. In case an expensive mode of transportation has been used, without approval from OGRA, the incremental cost will be borne by the respective OMC and will not be charged to the freight pool.
- xiv. Checking that input of Mogas in WOP is in line with percentage/weightage defined in IFEM Meetings; the calculations will be based on the aggregate input volume of Mogas into WOP and will be reconciled with the PAPCO statement (PAPCO to provide this statement). In case

the input of Mogas has been lower than the defined percentage/weightage, the same shall be treated in accordance with para 2(xii).

Table 2: Fortnight-wise Mogas WOP input allocated in PMPs (attached)

Note: WOP disallowance volumes shall be computed on annual basis, based on the actual upcountry total supplies/WOP input volumes as computed by PAPCO.

WOP input = Total volume moved from all source in the upcountry (excluding Volume transported in Keemari+ Daulatpur+ Khuzdar+ *Quetta) x WOP %

WOP deficient/surplus Volume = WOP input Required Volume as per above formula – WOP Actual Volume moved via pipeline

WOP Disallowance = Shall be applied to the extent of import volumes.

***Note:** Quetta is fed from Shikarpur as well from Keemari. The statement should be prepared accordingly.

- xv. The Auditor shall also use the “Actual Transportation Cost Certificate” and “Actual Sales Certificate” vs list of Retail outlets with address being submitted by OMCs and available at OGRA website for checking the supply source integrity.
- xvi. The Auditor shall evaluate for the reimbursement of differential freight cost in case the product is moved from an unapproved /alternate route.

- **Table 1: Product-wise table of approved source-destination combination (attached)**

Notes:

- i. For the purpose of IFEM Audit (testing the Physical Reports and SOPs, Tracker Reports, Supply Envelope integrity, wrong source destination, Lead time, mode of transportation used etc’), testing will be performed based on samples determined, however, doubled, in respect of the following depots:

- ❖ Quetta
- ❖ Taru Jabba
- ❖ Chak Pirana
- ❖ Machike
- ❖ Sahiwal
- ❖ Juglot
- ❖ Sihala

In respect of Juglot and Special Freight Area, there would be 100% data population to be test.

- ii. In the event of exceptions identified in the sample size per the audit methodology, the auditors will increase the sample size to arrive at the best estimate of the total error in the population based on an extrapolation of the sample results.
- iii. Lead Time issues
 - Working days shall be considered only.
 - Lead time shall consider the journey time and accordingly shall be calculated from the actual exit/ dispatch of load and shall end as the TL enters in the radius (5 KM) of destination.
 - Uncontrollable factors including restrictions Hrs in the cities on HTV movements, law and order situation (based on evidence) shall be given consideration.
 - In cases where lead time is exceeded due to factors beyond operational control—including but not limited to road blockages caused by floods, landslides, protests, law and order situations, vehicle breakdowns, or similar unforeseen circumstances—such delays shall not be treated as non-compliance or lead time expiry, based on the tangible evidence.

c) Refinery Freight (IFEM)

- 4 Each OMC shall prepare and provide a statement of surplus/deficit in the refinery IFEM duly signed by the authorized representatives of each OMC, showing product-wise IFEM recoveries, refinery freight incurred and the surplus/deficit generated in their freight pool pertaining to refinery freight during the year under review.

In respect of the statement of surplus/deficit in the refinery IFEM, the auditors will perform the following procedures:

- i. Checking the net volume of equalized products purchased by the OMC during the period with the quantities reported in the monthly intercompany freight settlement reports and matching on a test basis the quantities mentioned in these reports with the invoices of the refineries/import documents (Bill of Lading, Goods Declaration, etc).
- ii. Ensuring that the net volume purchased does not include volumes exported by the OMC, if any.
- iii. Checking the costs incurred by the OMC on account of IFEM relating to the refineries with the invoices raised by the refineries.
- iv. Re-computing the IFEM and noted costs relating to refineries by applying the notified rates to the net volumes purchased from the refineries.

d) IFEM recoveries

5. Each OMC will prepare a statement of recoveries in accordance with clause 4.4 (summation of computation under sub clause 2 and 4 of clause 4.4) of the FPSM manual de-classified into:
 - i. OMCs IFEM
 - ii. Refinery IFEM

e) Computation of Surplus/Deficit

6. Following shall be particular part of the Audit report;
 - i. Surplus/Deficit in the Freight Pool of each OMC will be the difference between the OMC's noted cost relating to OMC's freight cost and attributable transportation cost by applying on average transportation rate to net volume purchased.
 - ii. Surplus/Deficit of Refinery IFEM of each OMC will be the difference between the OMC's noted cost relating to refinery freight and the refinery freight paid.
 - iii. Overall surplus/deficit shall be the sum of totals of d (i) and d (ii) above.

f) Unadjusted/Unclaimable Sales Tax of OMCs

- i. To ensure that the unadjusted/unclaimable sales tax on capital and operating expenses (disallowed input tax) suffered during the fiscal year 2024-25 have been accurately claimed and recovered from IFEM through an PSO noted cost and settled as per the directives given by the OGRA from 2nd FN May 2025 – July 2025.
- ii. The remaining portion of the sales tax adjustment (Surplus / Deficit) adjusted in the respective noted cost of the OMCs this needs to be actualized.

IFEM Audit of Refineries

- 1 The Audit with respect to Refineries will cover the following:
 - i. Pak Arab Refinery Limited (PARCO)
 - ii. Attock Refinery Limited (ARL)
 - iii. National Refinery Limited (NRL)
 - iv. Pakistan Refinery Limited (PRL)
 - v. Cnergyico Pk Limited formerly BYCO Pakistan Private Limited (CPL)
- 2 The scope of work for refineries and is outlined below:

1) PARCO

3 The Refinery Freight of PARCO is based on its various claims from Freight Pool as specified in the Ministry of Petroleum and Natural Resources Letter No. PL-3(471)/2001 dated June 29, 2001, PL-3(434)/2011 Vol XII dated May 31, 2011 and letter No. PL-3(434)/2011 dated September 17, 2011. The Refinery Freight of PARCO which is notified by OGRA contains the recovery of following claims of PARCO from Freight Pool:

A. PARCO'S PRICE DIFFERENTIAL CLAIM (PDC) OF REGULATED PRODUCTS RECOVERED FROM FREIGHT POOL

4 The refinery will prepare the statement of surplus/deficit in the recovery of Price Differential Claim in accordance with the approved mechanism specified in the Ministry of Petroleum and Natural Resources Letter No. PL-3(471)/2001 dated June 29, 2001 and letter No. PL-3(434)/2011 dated May 31, 2011. PARCO's PDC is calculated (Kerosene Oil only) as the difference between its entitled price (Import Price Parity as defined in the Implementation Agreement (IA) signed between the Government of Pakistan (GOP) and Emirates of Abu Dhabi (EAD) and the Ex-Refinery price announced periodically by the Oil and Gas Regulatory Authority (OGRA) for the identical period, on sales of regulated products. In respect of the statement of surplus/deficit in the price differential, the auditors will perform the following procedures:

- Checking the volume of equalized products sold by the refinery during the period with the volume reported in the monthly intercompany freight settlement reports compiled from the product upliftment data received independently from the refinery and OMCs.
- Matching the volume mentioned in the intercompany freight settlement report with the volume shown on the invoices of the refinery.
- Checking the computation of the entitled price based on the formula mentioned in Annexure VIII of the Petroleum Policy 1994 and as provided in the IA between the GOP and EAD.
- Checking the computation of the Inland Freight Equalization Margin (IFEM) recovered by applying the rates of PDC recovery, as notified by OGRA, on the volumes sold.
- Auditor to provide Surplus/(deficit) position of PARCO's IPP Claim for the period.

B. PARCO'S CRUDE OIL TRANSPORTATION COST RECOVERED FROM FREIGHT POOL

5 The refinery will prepare the statement of surplus/deficit in the recovery of PARCO's Crude Oil transportation cost claim from Karachi to Mehmood Kot (KMK) on a proportionate basis on equalised products (HSD, MOGAS, and LDO excluding SKO) in accordance with the approved mechanism specified in the Ministry of Petroleum & Natural Resources Letter No. PL-3 (434)/2011 dated September 17, 2011, and ECC decision dated 21 March 2014. Crude Oil Transportation Cost claim on a proportionate basis for any given month is calculated for various MCR products by applying their proportionate share in MCR production to transportation cost incurred by MCR in moving the Crude oil by KMK Pipeline. As per the ECC decision dated August 07, 2012, PARCO crude transportation claim on HOBC was excluded from October 01, 2012. Further, ECC vide its

decision dated March 21, 2014 approved the reimbursement of crude transportation cost to PARCO on HSD. In respect of the statement of surplus/deficit in the Crude Oil Transportation Cost claim, the auditors will perform the following procedures:

- Checking the crude oil quantity transported through the pipeline from Karachi to Mehmood Kot and receipt at Mid Country Refinery on a monthly basis.
- Checking the prevailing pipeline tariff from Karachi to Mehmood Kot (KMK).
- Checking the production of various products by Mid Country Refinery (MCR) on a monthly basis.
- Checking the computation of Crude Oil Transportation cost claims on a proportionate production slate basis of Equalised Product (MOGAS, HSD, LDO) excluding SKO
- Checking the volume of equalized products sold by the refinery during the period with the volume reported in the monthly intercompany freight settlement reports compiled from the product upliftment data received independently from the refinery and OMCs.
- Matching the volume mentioned in the intercompany freight settlement report with the volume shown on the invoices of the refinery.
- Checking the computation of the Inland Freight Equalization Margin (IFEM) recovered on equalized products by applying the rates of Crude Oil Transportation Claim recovery, as notified by OGRA the volumes sold.
- Auditor to provide Surplus/(deficit) position of PARCO's Crude Oil Transportation claim for the period.

2) ARL

A. ARL'S CRUDE FREIGHT

6 The refinery will prepare the statement of surplus/deficit in the freight pool in accordance with the approved mechanism provided in the Ministry of Petroleum and Natural Resources Letter No. PL-3(471)/2001 dated June 29, 2001. ARL is entitled to claim transportation expenses incurred on conveyance of crude petroleum from the southern region to its refinery, for processing of regulated products (as defined in clause 1.13 of FPSM). The surplus/deficit is calculated as the difference between recoverable IFEM and actual transportation cost.

7 In respect of the statement of surplus/deficit in the freight pool, the auditors will perform the following procedures on a test basis:

- Checking the volume of equalized products sold by the refinery during the year with the product uplift reports prepared by the refinery and also match the quantities mentioned in these reports with the invoices raised by the refinery.
- Matching the volume mentioned in the uplift reports with the volume shown on the invoices of the refinery.
- Checking the computation of the IFEM on the net volume sold by applying notified rates to these volumes.
- In respect of the crude moved by road, check the quantities moved from the suppliers' invoices and delivery advices duly acknowledged by the recipients and the cartage contractors. The costs of crude moved by road will be checked with the payments of the cartage bills raised by the cartage contractors based on the approved delivery advices and applying the agreed road freight rates and after accounting for the deductions admissible under the agreements with the contractors.
- In respect of movement by pipeline, check the quantities moved with the delivery advices duly acknowledged by the recipients. The costs of the crude moved by the pipeline will be checked with the bills of pipeline operator for pipeline freight which included the charges for the minimum quantity billed under the take or pay clause of their agreement with the pipeline operator.
- The recovery of freight cost from the suppliers in accordance with the Ministry of Petroleum and Natural Resources Letter No. DGO-D.S (16)/98 dated February 22, 2000 will be checked with the payments received based on the notified rates of transportation.
- The closing inventory of crude oil and finished products will be checked with the inventory records of the refinery. The cost attributable to the closing inventory of finished products will be recomputed by applying the average freight cost per liter of crude purchased during the year to the estimated volume of crude oil required to produce this inventory based on the average yield ratio.

- Ensuring that the cost of unregulated products is excluded from the total transportation cost calculated -on the basis of average yield ratios as per directives of Ministry of Petroleum and Natural Resources, contained in their letters No.PL- 3(471)/2001 dated March 20, 2002 and No.PL-3(457)/2007 dated July 20, 2007.
- The average yield ratio of crude oil to the regulated products will be recomputed based on the refinery provided data of volume consumed of crude oil and the volume of the regulated products produced therefrom during the year ended.

3) Energyico

A. BYCO'S SPM OPERATIONAL COST RECOVERY FROM FREIGHT POOL

8 The refinery will prepare a statement of operational cost recovery of **BYCO's Single Point Mooring (SPM)** claim considering only for regulated products on a proportionate basis in accordance with the approved mechanism specified in the ECC decision No. 216/26/2020 dated 3rd June, 2020, Ministry of Energy (PD) Ref. letter No. PL-Ref 1(2)/2020 (Byco SPM) dated 22nd June, 2020 and in light of policy guidelines of MoE(PD) issued vide No. PL-3(457)/2021 Vol-74 dated 3rd June 2022.

9 Energyico is allowed the reimbursement lower of the operational cost of Single Point Mooring (SPM) (excluding wharfage/FOTCO charges/Crude saving) or the Parco rate through IFEM on proportionate production slate basis on Equalised Products (MOGAS, HSD, SKO, LDO).

10 SPM operational cost allocation will be calculated for equalised products by applying their proportionate share in **total Crude intake** for any given fortnight/month incurred for SPM.

11 In respect of statement of surplus/deficit in the operational cost claim, the auditors will perform following procedures:

- i) Checking crude oil quantity transported through SPM pipeline on a monthly basis with supporting documents i.e. GD Note, HDIP report, surveyor report, custom documents etc.
- ii) In case multiple batches of pumping from one vessel, Time log & quantity statement of each lot should be checked, time log and statement of quantity of each parcel shall be duly signed and stamped by the ship surveyor and applicant surveyor as well.
- iii) Checking the total operating cost of SPM per ton & compare with that of PARCO Rate to calculate deficit/surplus as considered by Federal Government/competent Authority from time to time.
- iv) The expense head not covered as operating cost as per relevant IAS will not be considered as SPM operational cost.
- v) Checking the applicable volume of each lot/shipment in shore tanks received quantity or BL quantity whichever is less. Report of refinery daily feed/throughput and its production.
- vi) Checking the production of various products by BYCO (Cenergyico) on monthly/fortnightly basis.
- vii) Checking the computation of SPM operational cost claim based on production basis.
- viii) Analytical review of expenses included in SPM operational cost with respect to its mathematical accuracy, relevance and reliability.
- ix) Auditor to provide the statement of SPM operational cost claim for the periods.

4) HSD Sulphur Differential

12 MP&NR vide its letter No. PL-3(457)/2020 dated 17 November 2020 had advised that Refineries which are not producing HSD 0.05% Sulphur will have to deposit the surplus differential between PSO's Import price less ocean losses (which was fixed as Ex-Refinery price) and IPP price as per the formula specified in above letter, to IFEM to pass on the benefit to the consumer.

13 During the audit period following Refineries were not producing HSD 0.05% Sulphur:

- Cnergyico Pk Limited
- Pakistan Refinery Limited

14 The refineries will prepare the statement of surplus in accordance with the approved mechanism provided by the Ministry of Petroleum and Natural Resources through the above-mentioned letter. In respect of the statement of surplus/deficit, the auditors will perform the following procedures on a test basis:

- Checking the volume of HSD sold by the refinery during the year with the product uplift reports prepared by the refinery and also match the quantities mentioned in these reports with the invoices raised by the refinery.
- Matching the volume mentioned in the uplift reports with the volume shown on the invoices of the refinery.
- Checking the computation of IPP Price as per specified formula.
- Checking the computation of surplus on the net volume sold and ensuring that in case of deficit the Refineries claim shall be treated as NIL.
- Checking the payments made against HSD Price Differential with the amount approved by OGRA.

5) HSD Premium Differential

15 OGRA vide its letter ref: OGRA-10-12(06)/2021 dated May 09, 2022 has provided ECC approved mechanism for recovery of premium differential on HSD.

- Checking the volume of HSD sold by the refinery during the period with the product uplift reports prepared by the refinery and also match the quantities mentioned in these reports with the invoices raised by the refinery.
- Matching the volume mentioned in the uplift reports with the volume shown on the invoices of the refinery.
- Checking the computation of premium differential as per specified formula.
- Checking the computation of premium differential sold on the net volume sold.
- Checking the payments made against HSD Price Differential with the amount as approved by OGRA.

6) Mogas RON Differential Surplus

16 MPNR vide its letter ref: PL-9(544)/2015 dated September 05, 2016, had advised mechanism of pricing for Refineries producing Mogas below 92 RON and advised to pass on the differential to the consumer. Mogas pricing based on 92 RON was initiated effective December 1, 2016, accordingly surplus was generated from the same date.

17 During the audit period following Refineries were not producing Mogas 92 RON:

- Attock Refinery Limited
- National Refinery Limited
- Pakistan Refinery Limited
- Cnergyico Pk Limited

18 The refineries will prepare statement of surplus in accordance with the approved mechanism provided by the Ministry of Petroleum and Natural Resources through the above-mentioned letter. In respect of the statement of surplus the auditors will perform the following procedures on a test basis:

- Verification of the RON of Mogas produced by Refinery on a monthly basis, through test reports.
- Checking the volume of Mogas sold by the refinery during the year with the product uplift reports prepared by the refinery and also match the quantities mentioned in these reports with the invoices raised by the refinery.

- Matching the volume mentioned in the uplift reports with the volume shown on the invoices of the refinery.
- Checking the computation of Mogas 92 Ron differential as per specified formula.
- Checking the computation of surplus on the net volume sold.
- Checking the adjustments/payments made against Mogas RON Differential with the amount allocated by OGRA.

7) Refinery Regulatory Duty

19 ECC in its meeting dated 8th July 2015, considered and approved the reimbursement of Regularity Duty paid by Refineries on imports of Crude Oil to the extent as it is attributable to production of regulated product (viz MOGAS, HSD, SKO, LDO, JP-1, JP4, JP8 & LPG) and as reduced by the recovery made on account of Regularity Duty at 2.5% on HSD and 10% on MOGAS in the sale price of said regulated products. Refinery shall retain the remaining regularity duty on HSD as refinery margin.

20 Refineries who sign an upgrade agreement under the Brownfield Refinery Policy 2023 shall deposit the Regularity Duty at 2.5% on HSD and 10% on MOGAS recovered in sale price into Escrow Account established under the said policy instead of offsetting it against the custom duty paid on crude oil. However, Regularity Duty more than 10% on HSD and MOGAS if imposed shall continue to be surrendered to IFEM i.e. offset against custom duty paid on crude oil.

21 The refineries will prepare a statement of surplus in accordance with the approved mechanism provided by the Ministry of Petroleum and Natural Resources through the above-mentioned letter. In respect of the statement of surplus, the auditors will perform the following procedures on a test basis:

- Verification of crude import volumes and payments of customs/regulatory duty paid during the period.
- Checking the consumption of crude oil and yields of all petroleum products.
- Checking that regulatory duty allocated to petroleum products is in line with the weightage of the actual yield of petroleum products.
- Re-computing the amount of custom/regulatory duty recovered from OMCs by applying rate of custom duty as notified in the applicable price on volume sold to OMCs during the period.
- Checking the product-wise under/over recovery of custom/regulatory duty.
- Checking the adjustments/payments made against customs/regulatory duty with the amount allocated by OGRA.

8) Refinery Unadjusted/Unclaimable Sales Tax

22 To ensure that the unadjusted/unclaimable sales tax on capital and operating expenses (disallowed input tax) suffered during the fiscal year 2024-25 have been accurately claimed and recovered from IFEM through an PSO noted cost and settled as per the directives given by the OGRA.

9) Custom Duty on crude oil under Brownfield Refinery Policy, 2023 (Policy)

23 Refineries who have signed Upgrade Agreement with OGRA under the Policy will prepare a statement stating month wise position of custom duty claim (under clause 6.1.2.1 of the Policy) containing information for crude imports and custom duty paid therein with total amount of claim and adjustment/reimbursements provided by OGRA during the period, the auditor will perform the following procedures on a test basis:

- Verification of crude import volumes and payments of customs duty.
- Allocation of Custom duty as per production slate.
- Checking the adjustments/payments made against customs duty claim.

Deliverables

The auditors shall be required to submit

The comprehensive Audit reports for each OMCs and Refineries for 2 audit periods viz Jul-24 to Jun-25 and Jul-25 to Dec-25 and a consolidated report of all OMCs and Refineries for each audit period covering the following aspects.

- 1) A report on the surplus/deficit in the freight pool including disclosure of adjustments (recoveries or reimbursements) made by OGRA for the audit period as reflected in the statement of surplus/deficit in the freight pool prepared by each OMC.
- 2) A report on the surplus/deficit in the refinery IFEM including disclosure of adjustments (recoveries or reimbursements) made by OGRA for the audit period as reflected in the statement of surplus/deficit in the refinery IFEM prepared by each OMC.
- 3) A report on the extra margin earned by OMC and its adjustment against the freight pool and net surplus / deficit as reflected in the statement of extra margin earned by each OMC.
- 4) A report on surplus in refineries regulatory duty, recoverable from refineries, and its adjustment/offsetting under pricing mechanism/freight pool against OMC or refineries claim as decided by OGRA for the audit period.
- 5) A report on surplus/deficit in the PARCO price differential for the audit period as reflected in the statement of surplus/deficit in the price differential prepared by the refinery.
- 6) A report on the surplus/deficit generated in their freight pool pertaining to PARCO and ARL crude transportation costs for the audit period as reflected in their statement of surplus/deficit in the freight pool prepared by the refinery.
- 7) A report on the surplus generated and payments made with respect to HSD Price Differential and net surplus/deficit as reflected in their statement of HSD Price Differential by the refinery.
- 8) A report on the surplus generated and adjustments / payments made with respect to Mogas RON Differential and net surplus/deficit as reflected in their statement of Mogas RON Differential by the refinery.
- 9) A report on the HSD premium in respect of OMCs as per actual figures vs. recovered through OMCs.
- 10) A report on the MOGAS operational losses actually incurred/claimed by the OMCs vs. recovered through IFEM.
- 11) A report on the Line fill financing cost actually incurred/claimed by the OMCs vs. recovered through IFEM. Any discrepancies or any less claims shall be fully adjusted in the final audit report of this period.
- 12) A report on the 'disallowed sales tax claims' recovered through IFEM pertaining the period FY 2024-25.
- 13) The report on deductions/disallowances/ adjustment passed by OGRA during the audit period.
- 14) A report highlighting OMC wise movements that violate physical reporting requirement /lead time/ tracker report requirement / supply source integrity / wrong source destination/ approved mode of transportation by comparing Actual Transportation Certificates with approved product movement plans and the impact of such movements on freight pool.
- 15) A report detailing exports made by OMCs and the associated transportation cost recovered from the export customer.
- 16) A report containing a comparative statement (monthly and yearly), showing the actual quantities of products transported from each source to destination across 23 locations through each mode, vis-à-vis the quantities budgeted at the time of IFEM/PMP determination, along with complete end-to-end reconciliation of products quantities. In case of variation, the Auditor shall express its opinion/observation/.
- 17) A report showing, on a month-wise basis, the number of petrol pumps, total sales made to retail outlets and industrial consumers and average sales per pump, in respect of Mogas and HSD associated with the respective depot's supply envelope. In case of any inconsistency or abnormal variation in sales patterns, the Auditor shall express its opinion/observation thereon.
- 18) A consolidated statement of surplus/deficit in the OMCs freight pool for transportation costs, recoveries under the FPSM scheme and the net surplus or deficit in the freight pool for the audit period.
- 19) A consolidated statement of surplus/deficit in the refinery IFEM outlining refinery costs, recoveries under the FPSM scheme and the net surplus or deficit in the refinery IFEM for the audit period.

- 20) A consolidated statement of surplus generated and payments made with respect to HSD Price Differential and net surplus/deficit for the audit period.
- 21) A consolidated statement of surplus generated and adjustments/payments made with respect to Mogas RON Differential and net surplus/deficit for the audit period.
- 22) A consolidated statement of surplus generated and adjustments/payments made with respect to Refinery Regulatory Duty and net surplus/deficit for the audit period. (Only for refineries who have not signed refinery upgrade agreement under the brown field refinery policy).
- 23) A consolidated statement of the status of receivable/payable related to Inter-Company Freight Settlement.
- 24) A consolidated statement pertaining to Special Area Secondary Freight in respect of OMCs.
- 25) A consolidated statement of custom duty payments and claimed along with adjustments/reimbursements provided by OGRA for the audit period.

Deliverables in respect of Cnergyico SPM

- 26) Total SPM Operating cost allowable & allocation on regulated product only as per MoE (PD) directives.
- 27) Report showing total SPM operating cost & comparison with PARCO pipeline tariff.
- 28) Consolidated net receivable/ payable report.

Duration of Audit

In order to ensure a timely and efficient audit process, following timelines have to be followed:

- OMCs/refineries are expected to provide the required data at the time of commencement of audit / deployment of audit team.
- The audit team is expected to provide draft Audit reports to the respective OMC/ Refinery and OGRA within 90 working days from commencement of audit.
- Each OMC/refinery is required to provide confirmation / observations on the draft Audit Reports provided by the Auditor within 20 working days of receiving them and the same shall be discussed with the Auditor. If the observations are not resolved, OGRA, upon request by the auditee, shall call a joint meeting for discussion and to streamline the process.
- The auditor shall after receive the confirmation/ review consideration, as the case may be, shall issue the final draft report at the earliest possible.

Table 1: Product-wise table of approved source-destination combination

HSD

| Destination | Source | Mode |
|-------------|--|------------------------|
| CTL | SIH | Road |
| JGT | SIH | Road |
| TJB | MCH via Road, SIH & MHK via Road or Rail | Road / Rail |
| KHT** | MHK, SIH | Road |
| SRNG* | MHK | Road |
| FAQ* | MCH, SIH | Road |
| SIH | ARL via Pipeline or Road, MCH via Road, MHK via Rail | Road / Pipeline / Rail |
| CPI | MHK via Rail, MCH via Road | Road / Rail |
| MCH | MHK, KMR | Pipeline |
| GAT/FBD | MHK, KMR | Pipeline |
| HBD* | MCH, GAT | Road |
| KND* | GAT | Road |
| KJM* | MHK | Road |
| SWL* | MHK, GAT | Road |
| MHK | MCR, KMR | Pipeline |
| SSH* | MHK | Road |
| VHR | MHK | Road |
| SKP | KMR | Pipeline |
| SNG* | SKP | Road |
| DLP* | KMR, BYCO/CPL, ENAR | Road |
| QTA | SKP | Road |
| KZD* | KMR, BYCO/CPL | Road |
| KMR | BYCO/CPL via Road, ENAR via Road | Road |
| ZOT/PQA | BYCO/CPL, ENAR | Road |

* For OMCs having Depot at the location

** Kohat (KHT) depot was included as virtual depot in IFEM effective October 1, 2021

Mogas

| Destination | Source | Mode |
|-------------|---|-----------------|
| CTL | SIH | Road |
| JGT | SIH | Road |
| TJB | SIH, MCH***, MHK, KMR, CPL | Road/Pipeline |
| KHT** | KMR, BYCO/CPL, MHK, SIH | Road |
| FAQ* | SIH, MHK, KMR, BYCO/CPL, MCH*** | Road |
| SRNG* | KMR, BYCO/CPL, MHK | Road |
| SIH | KMR, BYCO/CPL, MHK, SIH, MCH*** via Road ARL via Pipeline or Road | Road / Pipeline |
| CPI | KMR, BYCO/CPL, MHK, MCH*** | Road |
| MCH | KMR, BYCO/CPL, MHK Via Road & Pipeline | Road / Pipeline |
| GAT/FBD | KMR, BYCO/CPL, MHK via Road & Pipeline | Road / Pipeline |
| HBD* | KMR, BYCO/CPL, MHK, MCH***, GAT*** | Road |
| KND* | KMR, BYCO/CPL, MHK, GAT*** | Road |
| KJM* | KMR, BYCO/CPL, MHK | Road |
| SWL* | KMR, BYCO/CPL, MHK, GAT*** | Road |
| MHK | KMR, BYCO/CPL, MCR Via Road & KMR, MCR via Pipeline | Road / Pipeline |
| SSH* | KMR, BYCO/CPL, MHK | Road |

| | | |
|------|--|-----------------|
| VHR | KMR, BYCO/CPL, MHK | Road |
| SKP | KMR, BYCO/CPL, via Road & KMR via Pipeline | Road / Pipeline |
| SNG* | KMR, BYCO/CPL, SKP*** | Road |
| DLP* | KMR BYCO/CPL, | Road |
| QTA | KMR BYCO/CPL, SKP*** | Road |
| KZD* | KMR BYCO/CPL, | Road |
| KMR | KMR, BYCO/CPL, ENAR | Road |

* For OMCs having Depot at the location

** Kohat (KHT) depot was included as virtual depot in IFEM effective October 1, 2021

*** Road movement from MCH, GAT & SKP allowed for product delivered at MCH, GAT & SKP via Pipeline only

SKO

| Destination | Source | Mode |
|-------------|------------|------|
| CTL | SIH | Road |
| JGT | SIH | Road |
| TJB | SIH, MHK | Road |
| KHT** | SIH, MHK | Road |
| FAQ* | SIH, MHK | Road |
| SRNG* | SIH, MHK | Road |
| SIH | SIH, MHK | Road |
| CPI | SIH, MHK | Road |
| MCH | MHK | Road |
| GAT / FBD | MHK | Road |
| HBD* | MHK | Road |
| KND* | MHK | Road |
| KJM* | MHK | Road |
| SWL* | MHK | Road |
| MHK | MCR | Road |
| SSH* | MHK | Road |
| VHR | MHK | Road |
| SKP | KMR / CPL | Road |
| SNG* | KMR / CPL | Road |
| DLP* | KMR / CPL, | Road |
| QTA | KMR / CPL | Road |
| KZD* | KMR /CPL, | Road |
| KMR | KMR, /CPL | Road |

* For OMCs having Depot at the location

** Kohat (KHT) depot was included as virtual depot in IFEM effective October 1, 2021

LDO

| Destination | Source | Mode |
|-------------|----------|------|
| JUG | SIH | Road |
| FAQ | SIH | Road |
| TJB | SIH | Road |
| SRNG* | SIH, MHK | Road |
| SIH | SIH | Road |
| CPI | SIH, MHK | Road |
| KND* | SIH, MHK | Road |
| FBD | MHK | Road |

| | | |
|------|------------|------|
| KJM* | MHK | Road |
| SWL* | MHK | Road |
| HBD* | MHK | Road |
| MHK | MCR | Road |
| MCH | MHK | Road |
| SSH* | MHK | Road |
| SKP | KMR/CPL | Road |
| SNG* | KMR / CPL | Road |
| DLP* | KMR / CPL, | Road |
| QTA | KMR / CPL | Road |
| KZD* | KMR /CPL, | Road |
| KMR | KMR | Road |

* For OMCs having Depot at the location

Additionally, all virtual and physical depot locations be separately included in the FEM Audit Terms of Reference (TORs) for the 2023-24 period;

| Sr. No | Physical Depots | Sr. # | Virtual Depots |
|--------|-----------------|-------|--------------------|
| 1. | Daulatpur | 1. | Karachi |
| 2. | Sanghi | 2. | Shikarpur |
| 3. | Shar Shah | 3. | Mehmood Kot |
| 4. | Kotla Jam | 4. | Gatti – Faisalabad |
| 5. | Kundian | 5. | Machike |
| 6. | Sahiwal | 6. | Chak Pirana |
| 7. | Habibabad | 7. | Vehari |
| 8. | Faqirabad | 8. | Sihala/Chaklala |
| 9. | Serai Nourang | 9. | Tarujabba |
| 10. | Khuzdar | 10. | Chitral |
| | | 11. | Kohat |
| | | 12. | Quetta |
| | | 13. | Juglot |

Table 2: Fortnight-wise Mogas (imported) WOP input allocated in PMPs

| Period | Allocation |
|-----------------------|-------------------|
| Jul, 2024 1st FN | 45% |
| Jul, 2024 2nd FN | 45% |
| Aug, 2024 1st FN | 45% |
| Aug, 2024 2nd FN | 45% |
| Sep, 2024 1st FN | 50% |
| Sep, 2024 2nd FN | 50% |
| Oct 2024 1st FN | 50% |
| Oct 2024 2nd FN | 50% |
| Nov 2024 1st FN | 50% |
| Nov 2024 2nd FN | 50% |
| Dec, 2024 1st FN | 50% |
| Dec, 2024 2nd FN | 50% |
| Jan, 2025 1st FN | 50% |
| Jan, 2025 2nd FN | 50% |
| Feb, 2025 1st FN | 50% |
| Feb, 2025 2nd FN | 50% |
| Mar, 2025 1st FN | 50% |
| Mar, 2025 2nd FN | 50% |
| Apr, 2025 1st FN | 50% |
| Apr, 2025 2nd FN | 50% |
| May, 2025 1st FN | 50% |
| May 2025 2nd FN | 50% |
| Jun 2025 1st FN | 50% |
| Jun 2025 2nd FN | 50% |
| July 2025 1st FN | 50% |
| July 2025 2nd FN | 50% |
| August 2025 1st FN | 50% |
| August 2025 2nd FN | 50% |
| September 2025 1st FN | 50% |
| September 2025 2nd FN | 50% |
| October 2025 1st FN | 60% |
| October 2025 2nd FN | 60% |
| November 2025 1st FN | 60% |
| November 2025 2nd FN | 60% |
| December 2025 1st FN | 60% |
| December 2025 2nd FN | 60% |

| Evaluation Criteria | | FY the Peroid July 2024 - December 2025 |
|---|-------------------------|--|
| Description | Points Assigned 2024-25 | Criteria Description |
| 1 Profile of Audit firm and the team | | |
| a. Organizational structure of the firm and presence of the firm in major cities of pakistan | 10 | Points Bifurcated: Organisational Strength 7 Points: No. of the Partners: Above 30= 7 points. Partners 20-30= 5 points. Partners less than 15-20 = 3 point, Partners less than 15 = 2 point Firms Presence:. 3 Points: having presence at Karachi, Lahore and Islamabad= 3 points. Presence: in one city = 1 Point. |
| b. Permanent Manpower Strength (subject to evidence to be enclosed) | 10 | Strenght above 1000= 10 Points. Between 700-1000 = 8 points. Between 300-700 = 5 points. Less than 300= 3 points |
| c. The minimum composition of the team(s) which will be deployed to complete the assignment in due time (subject to evidene) | 30 | One Team Composition: 1 Partner (20 Yrs + Exp.)+, 02 Managers (Qualified Accountant with min 5 Yrs exp) + 10 Audit Associate /Team Members. 5 teams = 30 Marks. In case of 4 Teams = 24, In case of 3 Teams = 18 Marks. Less than 3 Teams = No qualified. |
| d. Firm Turnover (Evidence to be enclosed) | 10 | Firm Turnover over Rs. 1 Billion = 10 Points. Between 0.5-1 billion = 7 Points, Less than 500 million = 5 points. |
| Sub-total marks | 60 | |
| 2 Relevant experience of Organization | | |
| a. Total work experience of the firm in undertaking audit assignments | 5 | Experience in number of years: Firm experience > 25 years = 5 Marks. Firm experience between 15-25 years = 3, Firm Experience < 15 Years = 0 |
| b. Total overall exposure and competency of the firm in undertaking jobs relating to statutory audit in oil sector (Summary to be enclosed) | 10 | Atleast 3 audits in each year of oil sector during last three years, of the companies with revenue over Rs 10 bn=10 Marks. Accordingly, the numbers shall be proportionately assigned |
| c. Specific experience of the firm in undertaking IFEM audits. | 5 | Firm audit experiene specific to IFEM during last twenty years shall has been considered. Minimum 5 Years= 5 Marks. |
| Sub-total marks | 20 | |
| 3 Work Protocol | | |
| a. Comprehensive approach /timelines for completion of assignment | 10 | Audit timelines - deployment of resource vs activities performance timelines. This shall require the strategy/ sequence of the audit activities to be performed to complete the audit. |
| b. Complete methodology highlighting critical milestones | 10 | Methodology for risk assessment= 2 Points Data analytic techniques=2 Points Audit sampling methodology=3 Points.,Use of advance software and standards for risk assesment=3 Points |
| Sub-total marks | 20 | |
| TOTAL | 100 | |
| NOTE: Minimum requirements for pre-qualification shall be 70 points. | | |

Audit for Next Financial Year

- The Authority may consider to engage the service of the Auditor so appointed for the period January 2026- June 2026 to carry out the audit for the half financial year on the same terms and conditions.