



**REQUEST FOR PROPOSAL**

**FOR**

**FRAMEWORK AGREEMENT ON PROVISION OF TECHNICAL ASSISTANCE TO THE OFFICE OF THE  
AUDITOR GENERAL ON CARRYING OUT OF EXTERNAL REGULAR AND SPECIALIZED AUDITS FOR  
THE PUBLIC ENTITIES**

**TENDER No: OAG/RFP/004/2018-2019**

## SECTION I -

## NOTICE OF INVITATION

### REQUEST FOR PROPOSALS

Date: 19<sup>TH</sup> March, 2019

**TENDER REF. NO: OAG/RFP/004/2018-2019**

**Tender Name: FRAMEWORK AGREEMENT ON PROVISION OF TECHNICAL ASSISTANCE TO THE OFFICE OF THE AUDITOR GENERAL ON CARRYING OUT OF EXTERNAL REGULAR AND SPECIALIZED AUDITS FOR THE PUBLIC ENTITIES**

The Office of Auditor General (OAG) invites sealed proposals from eligible audit and consulting firms to be contracted as External Audit Agents to support the OAG carry out regular and specialized audits of the Public entities under a framework Agreement for a period of three (3) years from the year 2019 - 2022.

- 1.1 Interested eligible Audit and consulting firms may obtain further information at the Procurement Office, **Office of the Auditor-General, P.O BOX 30084-00100, NAIROBI located on 8th floor, Anniversary Towers along University way, on week days, during normal working hours (8.00AM- 1.00PM and (2.00PM - 5.00PM local time).**
- 1.2 A complete set of request for proposal documents may be downloaded by interested candidates free of charge at [www.tenders.go.ke](http://www.tenders.go.ke) and [www.oagkenya.go.ke](http://www.oagkenya.go.ke). Firms who have downloaded the document from the website must forward their particulars immediately to the procurement department through the email [procurement@oagkenya.go.ke](mailto:procurement@oagkenya.go.ke) for the purpose of recording and issuing further clarifications and addenda if any.
- 1.3 **An All-Inclusive Professional Fee Per Man-Day for the performance of external audit & consulting services in any part of the country** quoted in Kenya Shillings shall be net inclusive of all taxes, and delivery costs, and shall remain valid **for 120 days** from the closing date of the tender.
- 1.4 Completed technical and financial proposal documents are to be enclosed separately in plain sealed envelopes both of which shall be put in an outer envelope marked with the specific tender name and reference number and deposited in the Tender Box located at Office of the Auditor-General, Offices, Anniversary Towers, 8th floor or to be addressed to **The Auditor-General, P.O. Box 30084-00100, NAIROBI** so as to be received **on or before 11.00 AM, local time on 26<sup>th</sup> March, 2019**. Late bids shall be rejected.

- 1.5 Technical proposals will be opened *immediately* thereafter in the presence of the candidates' representatives who choose to attend at the **4th Floor Boardroom, Office of the Auditor- General, Anniversary Towers, along University Way.**

## **Head of Supply Chain Management**

**For: Auditor-General**

### **SECTION II: - INFORMATION TO CONSULTANTS (ITC)**

#### **2.1 Introduction**

- 2.1.1 The Client named the Appendix to "ITC" will select a firm among those invited to submit a proposal, in accordance with the method of selection detailed in the appendix. The method of selection shall be as indicated by the procuring entity in the Appendix.
- 2.1.2 The consultants are invited to submit a Technical Proposal and a Financial Proposal, or a Technical Proposal only, as specified in the Appendix "ITC" for consulting services required for the assignment named in the said Appendix. A Technical Proposal only may be submitted in assignments where the Client intends to apply standard conditions of engagement and scales of fees for professional services which are regulated as is the case with Building and Civil Engineering Consulting services. In such a case the highest ranked firm of the technical proposal shall be invited to negotiate a contract on the basis of scale fees. The proposal will be the basis for Contract negotiations and ultimately for a signed Contract with the selected firm.
- 2.1.3 The consultants must familiarize themselves with local conditions and take them into account in preparing their proposals. To obtain first-hand information on the assignment and on the local conditions, consultants are encouraged to liaise with the Client regarding any information that they may require before submitting a proposal and to attend a pre-proposal conference where applicable. Consultants should contact the officials named in the Appendix "ITC" to arrange for any visit or to obtain additional information on the pre-proposal conference. Consultants should ensure that these officials are advised of the visit in adequate time to allow them to make appropriate arrangements.
- 2.1.4 The Procuring entity will provide the inputs specified in the Appendix "ITC", assist the firm in obtaining licenses and permits needed to carry out the services and make available relevant project data and reports.
- 2.1.5 Please note that (i) the costs of preparing the proposal and of negotiating the Contract, including any visit to the Client are not reimbursable as a direct cost of the assignment; and (ii) the Client is not bound to accept any of the proposals submitted.

- 2.1.6 The procuring entity's employees, committee members, board members and their relative (spouse and children) are not eligible to participate.
- 2.1.7 The price to be charged for the tender document shall not exceed Kshs. 5,000/=
- 2.1.8 The procuring entity shall allow the tenderer to review the tender document free of charge before purchase.

## **2.2 Clarification and Amendment of RFP Documents**

- 2.2.1 Consultants may request a clarification of any of the RFP documents only **up to seven [7] days before the proposal submission date.** Any request for clarification must be sent in writing by paper mail, cable, telex, facsimile or electronic mail to the Client's address indicated in the Appendix "ITC". The Client will respond by cable, telex, facsimile or electronic mail to such requests and will send written copies of the response (including an explanation of the query but without identifying the source of inquiry) to all invited consultants who intend to submit proposals.
- 2.2.2 At any time before the submission of proposals, the Client may for any reason, whether at his own initiative or in response to a clarification requested by an invited firm, amend the RFP. Any amendment shall be issued in writing through addenda. Addenda shall be sent by mail, cable, telex or facsimile to all invited consultants and will be binding on them. The Client may at his discretion extend the deadline for the submission of proposals.

## **2.3 Preparation of Technical Proposal**

- 2.3.1 The Consultants proposal shall be written in English language
- 2.3.2 In preparing the Technical Proposal, consultants are expected to examine the documents constituting this RFP in detail. Material deficiencies in providing the information requested may result in rejection of a proposal.
- 2.3.3 While preparing the Technical Proposal, consultants must give particular attention to the following:
- (i) If a firm considers that it does not have all the expertise for the assignment, it may obtain a full range of expertise by associating with individual consultant(s) and/or other firms or entities in a joint venture or sub-consultancy as appropriate. Consultants shall not associate with the other consultants invited for this assignment. Any firms associating in contravention of this requirement shall automatically be disqualified.

- (ii) For assignments on a staff-time basis, the estimated number of professional staff-time is given in the Appendix. The proposal shall however be based on the number of professional staff-time estimated by the firm.
- (iii) It is desirable that the majority of the key professional staff proposed be permanent employees of the firm or have an extended and stable working relationship with it.
- (iv) Proposed professional staff must as a minimum, have the experience indicated in Appendix, preferably working under conditions similar to those prevailing in Kenya.
- (v) Alternative professional staff shall not be proposed and only one Curriculum Vitae (CV) may be submitted for each position.

2.3.4 The Technical Proposal shall provide the following information using the attached Standard Forms;

- (i) A brief description of the firm's organization and an outline of recent experience on assignments of a similar nature. For each assignment the outline should indicate *inter alia*, the profiles of the staff proposed, duration of the assignment, contract amount and firm's involvement.
- (ii) Any comments or suggestions on the Terms of Reference, a list of services and facilities to be provided by the Client.
- (iii) A description of the methodology and work plan for performing the assignment.
- (iv) The list of the proposed staff team by specialty, the tasks that would be assigned to each staff team member and their timing.
- (v) CVs recently signed by the proposed professional staff and the authorized representative submitting the proposal. Key information should include number of years working for the firm/entity and degree of responsibility held in various assignments during the last ten (10) years.
- (vi) Estimates of the total staff input (professional and support staff - time) needed to carry out the assignment supported by bar chart diagrams showing the time proposed for each

professional staff team member.

(vii) A detailed description of the proposed methodology, staffing and monitoring of training, if Appendix “A” specifies training as a major component of the assignment.

(viii) Any additional information requested in Appendix “A”.

2.3.5 The Technical Proposal shall not include any financial information.

## **2.4 Preparation of Financial Proposal**

2.4.1 In preparing the Financial Proposal, consultants are expected to take into account the requirements and conditions outlined in the RFP documents. The Financial Proposal should follow Standard Forms (Section D). It lists all costs associated with the assignment including; (a) remuneration for staff (in the field and at headquarters), and; (b) reimbursable expenses such as subsistence (per diem, housing), transportation (international and local, for mobilization and demobilization), services and equipment (vehicles, office equipment, furniture, and supplies), office rent, insurance, printing of documents, surveys, and training, if it is a major component of the assignment. If appropriate these costs should be broken down by activity.

2.4.2 The Financial Proposal should clearly identify as a separate amount, the local taxes, duties, fees, levies and other charges imposed under the law on the consultants, the sub-consultants and their personnel, unless Appendix “A” specifies otherwise.

2.4.3 Consultants shall express the price of their services in Kenya Shillings.

2.4.4 Commissions and gratuities, if any, paid or to be paid by consultants and related to the assignment will be listed in the Financial Proposal Submission Form.

2.4.5 The Proposal must remain valid for 60 days after the submission date. During this period, the consultant is expected to keep available, at his own cost, the professional staff proposed for the assignment. The Client will make his best effort to complete negotiations within this period. If the Client wishes to extend the validity period of the proposals, the consultants shall agree to the extension.

## **2.5 Submission, Receipt, and Opening of Proposals**

- 2.5.1 The original proposal (Technical Proposal and, if required, Financial Proposal; see para. 2.5.3) shall be prepared in indelible ink. It shall contain no interlineation or overwriting, except as necessary to correct errors made by the firm itself. Any such corrections must be initialed by the persons or person authorized to sign the proposals.
- 2.5.2 For each proposal, the consultants shall prepare the number of copies indicated in Appendix "A". Each Technical Proposal and Financial Proposal shall be marked "ORIGINAL" or "COPY" as appropriate. If there are any discrepancies between the original and the copies of the proposal, the original shall govern.
- 2.5.3 The original and all copies of the Technical Proposal shall be placed in a sealed envelope clearly marked "TECHNICAL PROPOSAL," and the original and all copies of the Financial Proposal in a sealed envelope clearly marked "FINANCIAL PROPOSAL" and warning: "**DO NOT OPEN WITH THE TECHNICAL PROPOSAL**". Both envelopes shall be placed into an outer envelope and sealed. This outer envelope shall bear the submission address and other information indicated in the Appendix "ITC" and be clearly marked, "**DO NOT OPEN, EXCEPT IN PRESENCE OF THE OPENING COMMITTEE.**"
- 2.5.4 The completed Technical and Financial Proposals must be delivered at the submission address on or before the time and date stated in the Appendix "ITC". Any proposal received after the closing time for submission of proposals shall be returned to the respective consultant unopened.
- 2.5.5 After the deadline for submission of proposals, the Technical Proposal shall be opened immediately by the opening committee. The Financial Proposal shall remain sealed and deposited with a responsible officer of the client department up to the time for public opening of financial proposals.

## **2.6 Proposal Evaluation General**

- 2.6.1 From the time the bids are opened to the time the Contract is awarded, if any consultant wishes to contact the Client on any matter related to his proposal, he should do so in writing at the

address indicated in the Appendix “ITC”. Any effort by the firm to influence the Client in the proposal evaluation, proposal comparison or Contract award decisions may result in the rejection of the consultant’s proposal.

2.6.2 Evaluators of Technical Proposals shall have no access to the Financial Proposals until the technical evaluation is concluded.

**2.7 Evaluation of Technical Proposal**

2.7.1 The evaluation committee appointed by the Client shall evaluate the proposals on the basis of their responsiveness to the Terms of Reference, applying the evaluation criteria as follows:

	<b>Points</b>
(i) Specific experience of the consultant related to the assignment	(5 -10)
(ii) Adequacy of the proposed work plan and methodology in responding to the terms of reference	(20-40)
(iii) Qualifications and competence of the key staff for the assignment	(30 -40)
(iv) Suitability to the transfer of Technology Programme (Training	(0 -10)
Total Points	100

Each responsive proposal will be given a technical score (St). A proposal shall be rejected at this stage if it does not respond to important aspects of the Terms of Reference or if it fails to achieve the minimum technical score indicated in the Appendix “ITC”.

**2.8 Public Opening and Evaluation of Financial Proposal**

2.8.1 After Technical Proposal evaluation, the Client shall notify those consultants whose proposals did not meet the minimum qualifying mark or were considered non-responsive to the RFP and Terms of Reference, indicating that their Financial Proposals will be returned after completing the selection process. The Client shall simultaneously notify the consultants who have secured the minimum qualifying mark, indicating the date and time set for opening the Financial Proposals and stating that the opening ceremony is open to those consultants who choose to attend. The opening date shall not be sooner **than seven (7) days after the notification date**. The notification may be sent by registered letter, cable, telex, facsimile or electronic mail.



- 2.8.2 The Financial Proposals shall be opened publicly in the presence of the consultants' representatives who choose to attend. The name of the consultant, the technical. Scores and the proposed prices shall be read aloud and recorded when the Financial Proposals are opened. The Client shall prepare minutes of the public opening.
- 2.8.3 The evaluation committee will determine whether the financial proposals are complete (i.e. Whether the consultant has costed all the items of the corresponding Technical Proposal and correct any computational errors. The cost of any unpriced items shall be assumed to be included in other costs in the proposal. In all cases, the total price of the Financial Proposal as submitted shall prevail.
- 2.8.4 While comparing proposal prices between local and foreign firms participating in a selection process in financial evaluation of Proposals, firms incorporated in Kenya where indigenous Kenyans own 51% or more of the share capital shall be allowed a 10% preferential bias in proposal prices. However, there shall be no such preference in the technical evaluation of the tenders. Proof of local incorporation and citizenship shall be required before the provisions of this sub- clause are applied. Details of such proof shall be attached by the Consultant in the financial proposal.
- 2.8.5 The formulae for determining the Financial Score (Sf) shall, unless an alternative formula is indicated in the Appendix "ITC", be as follows: -  

$$Sf = 100 \times \frac{F_m}{F}$$
where Sf is the financial score; Fm is the lowest priced financial proposal and F is the price of the proposal under consideration. Proposals will be ranked according to their combined technical (*St*) and financial (*Sf*) scores using the weights (*T*=the weight given to the Technical Proposal; *P* = the weight given to the Financial Proposal; *T + p = I*) indicated in the Appendix. The combined technical and financial score, S, is calculated as follows: -  $S = St \times T \% + Sf \times P \%$ . The firm achieving the highest combined technical and financial score will be invited for negotiations.
- 2.8.6 The tender evaluation committee shall evaluate the tender within 30 days of from the date of opening the tender.
- 2.8.7 Contract price variations shall not be allowed for contracts not exceeding one year (12 months).
- 2.8.8 Where contract price variation is allowed, the variation shall not exceed 10% of the original contract price

2.8.9 Price variation requests shall be processed by the procuring entity within 30 days of receiving the request.

## **2.9 Negotiations**

2.9.1 Negotiations will be held at the same address as “address to send information to the Client” indicated in the Appendix “ITC”. The aim is to reach agreement on all points and sign a contract.

2.9.2 Negotiations will include a discussion of the Technical Proposal, the proposed methodology (work plan), staffing and any suggestions made by the firm to improve the Terms of Reference. The Client and firm will then work out final Terms of Reference, staffing and bar charts indicating activities, staff periods in the field and in the head office, staff-months, logistics and reporting. The agreed work plan and final Terms of Reference will then be incorporated in the “Description of Services” and form part of the Contract. Special attention will be paid to getting the most the firm can offer within the available budget and to clearly defining the inputs required from the Client to ensure satisfactory implementation of the assignment.

2.9.3 Unless there are exceptional reasons, the financial negotiations will not involve the remuneration rates for staff (no breakdown of fees).

2.9.4 Having selected the firm on the basis of, among other things, an evaluation of proposed key professional staff, the Client expects to negotiate a contract on the basis of the experts named in the proposal. Before contract negotiations, the Client will require assurances that the experts will be actually available. The Client will not consider substitutions during contract negotiations unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment. If this is not the case and if it is established that key staff were offered in the proposal without confirming their availability, the firm may be disqualified.

2.9.5 The negotiations will conclude with a review of the draft form of the Contract. To complete negotiations the Client and the selected firm will initial the agreed Contract. If negotiations fail, the Client will invite the firm whose proposal received the second highest score to negotiate a contract.

2.9.6 The procuring entity shall appoint a team for the purpose of the

negotiations.

## **2.10 Award of Contract**

- 2.10.1 The Contract will be awarded following negotiations. After negotiations are completed, the Client will promptly notify other consultants on the shortlist that they were unsuccessful and return the Financial Proposals of those consultants who did not pass the technical evaluation.
- 2.10.2 The selected firm is expected to commence the assignment on the date and at the location specified in Appendix "A".
- 2.10.3 The parties to the contract shall have it signed within 30 days from the date of notification of contract award unless there is an administrative review request.
- 2.10.4 The procuring entity may at any time terminate procurement proceedings before contract award and shall not be liable to any person for the termination.
- 2.10.5 The procuring entity shall give prompt notice of the termination to the tenderers and on request give its reasons for termination within 14 days of receiving the request from any tenderer.
- 2.10.6 To qualify for contract awards, the tenderer shall have the following:
- (a) Necessary qualifications, capability experience, services, equipment and facilities to provide what is being procured.
  - (b) Legal capacity to enter into a contract for procurement
  - (c) Shall not be insolvent, in receivership, bankrupt or in the process of being wound up and is not the subject of legal proceedings relating to the foregoing.
  - (d) Shall not be debarred from participating in public procurement.

## **2.11 Confidentiality**

- 2.11.1 Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the consultants who submitted the proposals or to other persons not officially concerned with the process, until the winning firm has been notified that it has been awarded the Contract.

## **2.12 Corrupt or fraudulent practices**

- 2.12.1 The procuring entity requires that the consultants observe the highest standards of ethics during the selection and award of the

consultancy contract and also during the performance of the assignment. The tenderer shall sign a declaration that he has not and will not be involved in corrupt or fraudulent practices.

- 2.12.2 The procuring entity will reject a proposal for award if it determines that the consultant recommended for award has engaged in corrupt or fraudulent practices in competing for the contract in question.
- 2.12.3 Further a consultant who is found to have indulged in corrupt or fraudulent practices risks being debarred from participating in public procurement in Kenya.

## Appendix A to Information to Consultants

The following information for procurement of consultancy services and selection of consultants shall complement or amend the provisions of the information to consultants, wherever there is a conflict between the provisions of the information to consultants and the provisions of the appendix, the provisions of the appendix herein shall prevail over those of the information to consultants.

2.1.1	The name of the Client is: <b>Office of the Auditor General (OAG)</b>
2.1.1	The method of selection is: <b>Quality Cost Based Selection (QCBS)</b>
2.1.2	Technical and Financial Proposals are requested: <b>Yes</b>
2.1.3	A pre-proposal conference will be held: <b>No.</b>
2.1.3	The name(s), address(es) and telephone numbers of the Client's official(s) are: <b>Head of Supply Chain Management.</b> email <a href="mailto:procurement@oagkenya.go.ke">procurement@oagkenya.go.ke</a>
2.1.4	The Client will provide the following inputs: <b>OAG shall Not assist the firm(s) in obtaining licenses and permits needed to carry out the services, however, OAG will make arrangements that facilitate the conduct of the assignments and pay the consultant as per agreed payment terms.</b>
2.1.7	Document shall be downloaded free of charge from OAG website <a href="http://www.oagkenya.go.ke">www.oagkenya.go.ke</a>
2.2.1	The address to send information to the Client is: <b>The Auditor-General, P.O. Box 30084-00100, NAIROBI, email <a href="mailto:procurement@oagkenya.go.ke">procurement@oagkenya.go.ke</a></b>
2.2.2	clarifications and addendums: In addition, shall also to be posted on <a href="http://www.supplier.treasury.go.ke">www.supplier.treasury.go.ke</a> and/or <a href="http://www.oagkenya.go.ke">www.oagkenya.go.ke</a> respectively
2.3.3 (i)	Associating with individual consultant(s) and/or other firms or entities in a joint venture or sub-consultancy: <b>Firms/consultants shall NOT associate with those participating in this tender</b>

2.3.3 (ii)	The estimated number of professional staff months required for the assignment is: <b>To be proposed by the consulting firm</b>
2.3.3 (iv)	Audit Firm and Auditors' Experience and Qualifications: <b>Refer evaluation criteria 2.7.1 below. All firms in a joint venture/consortium must fulfill the mandatory evaluation criteria with regard to Tax compliance, trading license and firm registration . The firms in a joint venture must also attach a joint venture/association agreement for the entire period of the assignment.</b>
2.3.4 (vii)	Training is a specific component of this assignment: <b>No</b>
2.4.5	Validity of the Proposal: <b>The proposal shall remain valid 120 days from the date of closing the tender.</b>
2.5.2	Consultants must submit an <b>Original and Three (3) additional Copies of each proposal.</b>
2.5.4	The proposal submission address is: <b>Office of the Auditor-General, Offices, Anniversary Towers, 8th floor or to be addressed to The Auditor-General, P.O. Box 30084-00100, NAIROBI.</b>

2.7.1

**Evaluation of proposals:**

OAG will carry out evaluation of the proposals in three phases, namely: Mandatory, Technical and Financial evaluation. Each of the six (6) categories have mandatory, technical and financial evaluation criteria against which the interested candidates will be evaluated.

For all lots/categories proposals received will be examined to determine compliance with RFP requirements and conditions (completion and attachment of compulsory documents). Proposal with obvious deviations from the requirements/conditions will be disqualified from stage 1 (one) of the evaluation process. Only firms meeting all the mandatory requirements will proceed for Technical evaluation.

**EVALUATION CRITERIA  
CATEGORY A PUBLIC ENTITIES**

**a) Mandatory Requirement (MR)**

The following requirements **MUST** be met by the audit & consulting firms, attaching relevant proof of evidence/documents

No	Requirements	Pass/Fail
1.	Proof of ten (10 years) active audit practice (Attach documentary evidence - copies of LSOs, LPOs, or Contracts)	
2.	Submit current trading license.	
3.	Must submit a copy of certificate of registration/incorporation in Kenya	
4.	Must submit valid /current tax compliance Certificate from Kenya Revenue Authority (KRA)	
5.	Must submit audited accounts for the last three (3) years; 2015, 2016 & 2017.	
6.	The firm must have at least ten (10) partners with current practicing certificate from Institute of Certified Public Accountants or equivalent	
7.	Proof that the firm is a franchise, partner or part of an international network or group of audit firms (Attach relevant documentary evidence)	

8.	Proof that the firm has in a place sufficient quality assurance/ review framework certified by an international quality organization. (Attach relevant documentary evidence)	
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**b) Technical Evaluation Criteria**

No	Requirements	Points
1.	Demonstration of a clear understanding of the terms of reference	10
2.	Specific experience of the audit firm related to the assignment and demonstration that the firm has undertaken in the last 10 years the following audits in public sector organizations:( 5 marks each) a) Financial, b) Investigative/ Forensic c) Compliance Audits d) Performance  (Attach relevant copies of LSO/LPO/Contracts)	20
3.	Adequacy of approach & methodology to deliver on the desired outcomes and fulfill the main objective including the proposed audit work plan and methodology in responding to the terms of reference with clear time frames.	25
4.	Demonstration that the firm has experience in auditing ERP/equivalent Systems. (Attach relevant documentary evidence)	5
5.	<b>Qualifications and Competence of the key staff for the assignment:</b> (4 Marks for each of the 10 partners)  <b>1. Partner Qualifications</b>  Partners' relevant professional experience and qualifications: <ul style="list-style-type: none"> <li>• Master's degree relevant to the assignment;</li> <li>• Bachelor's degree in a business related subject</li> <li>• CPA(K)</li> <li>• 10 years' and above experience in auditing of public sector</li> </ul>	40

**EVALUATION CRITERIA  
CATEGORY B PUBLIC ENTITIES**

**a) Mandatory Requirement (MR)**



The following requirements **MUST** be met by the audit & consulting firms, attaching relevant proof of evidence/documents

No	Requirements	Pass/Fail
1.	Proof of eight (8 years) active audit practice (Attach documentary evidence - copies of LSOs, LPOs, or	
2.	The firm must submit current trading license.	
3.	Must submit a copy of certificate of registration/incorporation in Kenya	
4.	Must submit Valid current tax compliance Certificate from Kenya Revenue Authority (KRA)	
5.	Must submit audited accounts for the last three (3) years; 2015, 2016 & 2017	
6.	The firm must have at least six (6) partners with current practicing certificates from Institute of Certified Public Accountants or equivalent	

**b) Technical Evaluation Criteria**

No	Requirements	Points
1.	Demonstration of a clear understanding of the terms of reference	10
2.	Specific experience of the audit firm related to the assignment and a demonstration that the firm has undertaken in the last 8 years the following audits in large public sector organizations(5 Marks each) a) Financial, b) Investigative/ Forensic c) Compliance Audits d) Performance (Attach relevant copies of LSO/LPO/Contracts)	20
3.	Adequacy of approach & methodology to deliver on the desired outcomes and fulfill the main objective including the proposed audit work plan and methodology in responding to the terms of reference with clear time frames.	25
4.	Demonstration that the firm has in a place sufficient quality assurance/ review framework and has undergone external quality reviews by peers and/or Franchise/ICPAK (Attach relevant documentary evidence)	5
5.	Demonstration that the firm has experience in auditing ERP/equivalent Systems. (Attach relevant documentary evidence)	4

6.	<p><b>Qualifications and Competence of the key staff for the assignment:</b> (6 Marks for each of the 6 partners)</p> <p><b>a) Partner Qualifications</b></p> <p>Partners' relevant professional experience and qualifications:</p> <ul style="list-style-type: none"> <li>• Master's degree relevant to the assignment;</li> <li>• Bachelor's degree in a business-related subject</li> <li>• CPA(K)</li> <li>• 8 years' and above experience in auditing of public sector</li> </ul>	36
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### CATEGORY C PUBLIC ENTITIES

#### a) Mandatory Requirement (MR)

The following requirements **MUST** be met by the audit & consulting firms, attaching relevant proof of evidence/documents

No	Requirements	Pass/Fail
1.	Proof of six (6 years) active audit practice (Attach documentary evidence - copies of LSOs, LPOs, or	
2.	The firm must attach current trading license	
3.	Must submit a copy of certificate of registration/incorporation in Kenya	
4.	Must submit Valid current tax compliance Certificate from Kenya Revenue Authority (KRA)	
5.	Must submit audited accounts for the last three (3) years; 2015. 2016 & 2017	
6.	The firm must have at least six (3) partners with current practicing certificates from Institute of Certified Public Accountants or equivalent	

#### b) Technical Evaluation Criteria

No	Requirements	Points
1.	Demonstration of a clear understanding of the terms of reference	10

2.	Specific experience of the audit firm related to the assignment and a demonstration that the firm has undertaken in the last 6 years <b>any two (2)</b> of the following audits in large public sector organizations : ( 10 marks each) a) Financial, b) Investigative/ Forensic c) Compliance Audits d) Performance	20
3.	Adequacy of approach & methodology to deliver on the desired outcomes and fulfill the main objective including the proposed audit work plan and methodology in responding to the terms of reference with clear time frames.	30
4.	Demonstration that the firm has in a place sufficient quality assurance/ review framework and has undergone external quality reviews by peers and/or Franchise/ICPAK (Attach documentary evidence)	5
5.	Demonstration that the firm has experience in auditing ERP/equivalent Systems. (Attach relevant documentary evidence)	5
6.	<b>Number, Qualifications and Competence of the key staff for the assignment:</b> (10 Marks for each of the 3 partners)) <b>c) Partner Qualifications</b>  Partners' relevant professional experience and qualifications: <ul style="list-style-type: none"><li>• Master's degree relevant to the assignment;</li><li>• Bachelor's degree in a business related subject</li><li>• CPA(K)</li><li>• 6 years' and above experience in auditing of public sector</li></ul>	30

### CATEGORY D PUBLIC ENTITIES

#### a) Mandatory Requirement (MR)

The following requirements **MUST** be met by the audit firms, attaching relevant proof of evidence/documents

No	Requirements	Pass/Fail
1.	Proof of four (4 years) active audit practice (Attach documentary evidence - copies of LSOs, LPOs, or Contracts)	
2.	The firm must submit current trading license	

3.	Must submit a copy of certificate of registration/incorporation in Kenya	
4.	Must submit Valid current tax compliance Certificate from Kenya Revenue Authority (KRA)	
5.	Must submit copies of the bank statements for the last six months	
6.	The firm must have at least one (1) partner/director with current practicing certificates from Institute of Certified Public Accountants or equivalent	

**b) Technical Evaluation Criteria**

No	Requirements	Points
1.	Demonstration of a clear understanding of the terms of reference	10
2.	Specific experience of the audit firm related to the assignment and demonstration that the firm has undertaken in the last four years <b>any one (1)</b> of the following audits in public sector organizations: a) Financial, b) Investigative/ Forensic c) Compliance Audits d) Performance	20
3.	Adequacy of approach & methodology to deliver on the desired outcomes and fulfill the main objective including the proposed audit work plan and methodology in responding to the terms of reference with clear time frames.	40
4.	<b>Qualifications and Competence of the key staff for the assignment:</b>  <b>a) Partner Qualifications</b>  Partners' relevant professional experience and qualifications:  <ul style="list-style-type: none"> <li>• Master's degree relevant to the assignment;</li> <li>• Bachelor's degree in a business related subject</li> <li>• CPA(K)</li> <li>• 4 years' and above experience in auditing of public sector</li> </ul>	30

**CATEGORY E: SPECIALIZED AUDITS (PROCUREMENT & SUPPLY CHAIN)**

**a) Mandatory Requirement (MR)**

The following requirements **MUST** be met by the audit firms, attaching relevant proof of evidence/documents

<b>No</b>	<b>Requirements</b>	<b>Pass/Fail</b>
1.	Proof of ten (10 years) active practice in procurement and supply chain management (Attach documentary evidence - copies of LSOs, LPOs, or Contracts)	
2.	The firm must submit current trading license	
3.	Must submit a copy of certificate of registration/incorporation in Kenya	
4.	Must submit audited accounts for the last three (3) years; 2015, 2016 & 2017	
5.	Must submit Valid current tax compliance Certificate from Kenya Revenue Authority (KRA)	
6.	Proof that the firm is a franchise, partner or part of an international network or group of procurement and supply chain professional organizations.	
7.	Proof that the firm has in a place sufficient quality assurance/ review framework certified by an international quality organization. (Attach relevant documentary evidence)	

**b) Technical Evaluation Criteria**

<b>No</b>	<b>Requirements</b>	<b>Points</b>
1.	Demonstration of a clear understanding of the terms of reference	10
2.	Specific experience of the firm related to the assignment and a demonstration that the firm has undertaken in the last 10 years procurement and supply chain management audits/reviews in at least 10 public entities (3 marks per entity audited/reviewed – attach relevant LSO/LPO/Contract)	30
3.	Adequacy of approach & methodology to deliver on the desired outcomes and fulfill the main objective including the proposed audit work plan and methodology in responding to the terms of reference with clear time frames.	20

4.	<p><b>Qualifications and Competence of the key staff for the assignment:</b>  <i>(10 marks for each of the 4 key staff )</i></p> <ul style="list-style-type: none"> <li>• Master’s Degree in Economics, Supply Chain or Business Administration</li> <li>• Bachelor’s Degree in Social sciences</li> <li>• At least 10 years’ experience in Procurement/ Supply Chain management practice</li> <li>• KISM practicing license or equivalent</li> </ul>	40
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**CATEGORY F: SPECIALIZED AUDITS (EXTRACTIVE INDUSTRY)**

**a) Mandatory Requirement (MR)**

The following requirements **MUST** be met by the audit firms, attaching relevant proof of evidence/documents

No.	Requirement	Pass/Fail
1.	Proof of six (6 years) active consultancy practice in extractive industry (Attach documentary evidence - copies of LSOs, LPOs, or Contracts)	
2.	The firm must submit current trading license	
3.	Must submit a copy of certificate of registration/incorporation in Kenya	
4.	Must submit audited accounts for the last three (3) years; 2015, 2016 & 2017	
5.	Must submit Valid current tax compliance Certificate from Kenya Revenue Authority (KRA)	

**b) Technical Evaluation Criteria**

<b>No.</b>	<b>Requirements</b>	<b>Points</b>
1.	Demonstration of a clear understanding of the terms of reference	10
2.	Specific experience of the firm related to the assignment and a demonstration that the firm has undertaken at least 3 assignments in the last 6 years in extractive industry audits, reviews or consultancy in public entities (10 marks per assignment– attach relevant LSO/LPO/Contract)	30
3.	Adequacy of approach & methodology to deliver on the desired outcomes and fulfill the main objective including the proposed audit work plan and methodology in responding to the terms of reference with clear time frames.	20
4.	<p><b>Qualifications and Competence of the key staff for the assignment:</b> (10 marks per each of the 4 key staff)</p> <p><b>a) Geologist</b></p> <ul style="list-style-type: none"> <li>• Master’s Degree in Geology or related sciences</li> <li>• Bachelor’s Degree in Geology or related sciences</li> <li>• At least 6 years’ experience in the extractive industry</li> <li>• Practicing license from a relevant professional body</li> </ul> <p><b>b) Environmentalist</b></p> <ul style="list-style-type: none"> <li>• Master’s Degree in environmental studies or related sciences</li> <li>• Bachelor’s Degree in environmental studies or related sciences</li> <li>• At least 6 years’ experience in the extractive industry</li> <li>• Practicing license/Registration from National Environment Management Authority (NEMA)</li> </ul> <p><b>c) Legal Expert</b></p> <ul style="list-style-type: none"> <li>• Master’s Degree in legal studies</li> <li>• Bachelor’s Degree in legal or related studies</li> </ul>	40

	<ul style="list-style-type: none"> <li>• At least 6 years’ experience legal practice in the extractive industry</li> <li>• Practicing license from the Law Society of Kenya (LSK) as an advocate.</li> </ul> <p><b>d)Financial Expert</b></p> <ul style="list-style-type: none"> <li>• Master’s degree relevant to the assignment;</li> <li>• Bachelor’s degree in a business related subject</li> <li>• CPA(K)</li> <li>• 6 years’ and above experience in financial management, consultancy or audit in extractive industry</li> </ul>	
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2.7.1 The minimum technical score required to pass:  
**70**

2.8.3 Total price of Financial Proposal: **Shall be the Professional Fee quoted Per Man-Day (i.e the bidders charges for one (1) key professional staff carrying out audit work for one (1) day ) which shall prevail. Bidders must ensure that the quoted fee includes all their costs, and that they are able to work anywhere in the Republic of Kenya at the quoted rate per Man-Day. Financial proposals not complying with this clause shall be disqualified.**

2.9 **Negotiations:** The firms achieving the highest combined technical and financial score ranked in descending order up to the maximum number of firms to be awarded contract in each category will be invited for negotiations.



2.10.6

**Award of Contract:**

- Firms shall ONLY choose and bid for a maximum of two categories. Firms bidding for more than two categories shall be disqualified;
- Award of contracts will be done per category. Each category comprises of various public entities;
- A firm shall not be awarded contract in more than two categories of the public entities;
- The firms with the most advantageous offer to the client in each of categories of public entities will be ranked in descending order up to the maximum number of firms to be awarded Framework Agreements indicated in each category using the combined technical and financial scores and shall be recommended for award for respective categories.
- OAG reserves the right to award the contracts to successful firms in each category even where the maximum number of firms to be awarded contracts is not attained.

### **SECTION III: -**

### **TECHNICAL PROPOSAL**

#### **Notes on the preparation of the Technical Proposals**

1. In preparing the technical proposals the consultant is expected to examine all terms and information included in the RFP. Failure to provide all requested information shall be at the consultants own risk and may result in rejection of the consultant's proposal.
2. The technical proposal shall provide all required information and any necessary additional information and shall be prepared using the standard forms provided in this Section.
3. The Technical proposal shall not include any financial information unless it is allowed in the Appendix to information to the consultants or the Special Conditions of contract.

#### **The submission of the Technical Proposal shall follow the format below:**

1. Technical proposal submission form
2. Demonstration of a clear understanding of the terms of reference
3. Specific experience of the audit firm related to the assignment and demonstration that the firm has undertaken in the last 10 years (or as specified) the following audits in public sector organizations: Firms experiences
  - a) Financial,
  - b) Investigative/ Forensic
  - c) Compliance Audits
  - d) Performance
4. Adequacy of approach & methodology to deliver on the desired outcomes and fulfill the main objective including the proposed audit work plan and methodology in responding to the terms of reference with clear time frames.
5. Demonstration that the firm has in a place sufficient quality assurance/ review framework and has undergone external quality reviews by peers and/or Franchise/ICPAK
6. Demonstration that the firm has experience in auditing ERP/equivalent Systems

**1. TECHNICAL PROPOSAL SUBMISSION FORM**

[\_\_\_\_\_ Date]

To: \_\_\_\_\_ [Name and address of Client)

Ladies/Gentlemen:

We, the undersigned, offer to provide the consulting services for \_\_\_\_\_  
\_\_\_\_\_ [Title of consulting services] in accordance with your  
Request for Proposal dated \_\_\_\_\_ [Date] and our Proposal. We are hereby  
submitting our Proposal, which includes this Technical Proposal, [and a Financial Proposal  
sealed under a separate envelope-where applicable].

We understand you are not bound to accept any Proposal that you receive.

We remain,

Yours sincerely,

\_\_\_\_\_ [Authorized Signature]:

\_\_\_\_\_ [Name and Title of Signatory]:

\_\_\_\_\_ [Name of Firm]:

\_\_\_\_\_ [Address:]

**2. DEMONSTRATION OF A CLEAR UNDERSTANDING OF THE TERMS OF REFERENCE AND COMMENTS AND SUGGESTIONS OF CONSULTANTS ON THE TERMS OF REFERENCE AND ON DATA, SERVICES AND FACILITIES TO BE PROVIDED BY THE CLIENT.**

On the Terms of Reference:

- 1.
- 2.
- 3.
- 4.
- 5.

On the data, services and facilities to be provided by the Client:

- 1.
- 2.
- 3.
- 4.
- 5.

### 3. FIRM'S REFERENCES

#### Relevant Services Carried Out in the Last Ten/Eight/Six/Four Years That Best Illustrate Qualifications

Using the format below, provide information on each assignment for which your firm either individually, as a corporate entity or in association, was legally contracted.

Assignment Name:		Country
Location within Country:		Professional Staff provided by Your Firm/Entity(profiles):
Name of Client:		Clients contact person for the assignment
Address:		No of Staff-Months; Duration of Assignment:
Start Date (Month/Year):	Completion Date (Month/Year):	Approx. Value of Services (Kshs)
Name of Associated Consultants. If any:		No of Months of Professional Staff provided by Associated Consultants
Name of Senior Staff (Project Director/Coordinator, Team Leader) Involved and Functions Performed:		
Narrative Description of project:		
Description of Actual Services Provided by Your Staff:		

Firm's Name: \_\_\_\_\_

Name and title of signatory; \_\_\_\_\_

**4. DESCRIPTION OF THE METHODOLOGY AND WORK PLAN FOR PERFORMING THE ASSIGNMENT**

**5. DEMONSTRATION THAT THE FIRM HAS IN A PLACE SUFFICIENT QUALITY ASSURANCE/ REVIEW FRAMEWORK AND HAS UNDERGONE EXTERNAL QUALITY REVIEWS BY PEERS AND/OR FRANCHISE/ICPAK**

**6. DEMONSTRATION THAT THE FIRM HAS EXPERIENCE IN AUDITING  
ERP/EQUIVALENT SYSTEMS**



**7. TEAM COMPOSITION AND TASK ASSIGNMENTS**

<b>Name</b>	<b>Position</b>	<b>Task</b>

**8. FORMAT OF CURRICULUM VITAE (CV) FOR PROPOSED PROFESSIONAL STAFF**

Proposed Position: \_\_\_\_\_

Name of Firm: \_\_\_\_\_

Name of Staff:  
\_\_\_\_\_

Profession:  
\_\_\_\_\_

Date of Birth:  
\_\_\_\_\_

Years with Firm: \_\_\_\_\_ Nationality: \_\_\_\_\_

Membership in Professional Societies: \_\_\_\_\_

Detailed Tasks Assigned: \_\_\_\_\_

**Key Qualifications:**

[Give an outline of staff member’s experience and training most pertinent to tasks on assignment. Describe degree of responsibility held by staff member on relevant previous assignments and give dates and locations].

**Education:**

[Summarize college/university and other specialized education of staff member, giving names of schools, dates attended and degree[s] obtained.]

**Auditing and Consulting Record:**

[Starting with present assignment, list in reverse order every assignment carried out and location that best illustrates suitability to the assignment]

**Certification:**

I, the undersigned, certify that these data correctly describe me, my qualifications, and my experience.

\_\_\_\_\_ Date:

\_\_\_\_\_ [Signature of staff member] \_\_\_\_\_ Date;

\_\_\_\_\_ [Signature of authorized representative of the firm]

Full name of staff member: \_\_\_\_\_

Full name of authorized representative: \_\_\_\_\_

## **SECTION IV: -**

## **FINANCIAL PROPOSAL**

### **Notes on preparation of Financial Proposal**

1. The Financial proposal prepared by the consultant shall be an **All-Inclusive Fee Per Man-Day**. The Fee shall cover remuneration for staff, subsistence, transportation, services and equipment, printing of documents, etc as may be applicable. The Fee should be broken down to be clearly understood by the OAG.
2. The financial proposal shall be in Kenya Shillings prepared using the Standard forms provided in this part.

**1. FINANCIAL PROPOSAL SUBMISSION FORM**

\_\_\_\_\_ [ Date]

To: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Name and address of Client]

Ladies/Gentlemen:

We, the undersigned, offer to provide the consulting services for (\_\_\_\_\_) [Title of consulting services] in accordance with your Request for Proposal dated (\_\_\_\_\_) [Date] and our Proposal. Our attached Financial Proposal is for the sum of (\_\_\_\_\_) Per Ma-Day) [Amount in words and figures] being an All Inclusive Fee.

We remain,

Yours sincerely,

[Authorized Signature]: \_\_\_\_\_

[Name and Title of Signatory]:

\_\_\_\_\_ [Name of Firm]

\_\_\_\_\_ [Address]

## 2. FINANCIAL PROPOSAL FORM

**Name of Firm:**

	<b>Professional Fee Per Man-Day (Ksh)</b>
<b>Add TAXES (Specify)</b>	
<b>TOTAL FEE PER MAN-DAY</b>	

## SECTION V: - TERMS OF REFERENCE

### 1.1 Background

The Office of the Auditor General (OAG) is an independent Office created under Article 229 of the Constitution of Kenya. The Office is charged with the primary oversight / assurance role of ensuring accountability within the three arms of government i.e. the Legislature, the Judiciary and the Executive; as well as Constitutional Commissions and Independent Offices.

Article 229 (4) specifies that within six months after the end of each financial year, the Auditor-General shall audit and report in respect to that financial year on the accounts of National and County government, accounts of all funds and authorities of the National and County governments, the accounts of all courts, accounts of every Commission and Independent office established by the Constitution, accounts of the National Assembly, the Senate and the County Assemblies, accounts of political parties funded from public funds, the public debt and the accounts of any entity that legislation requires the Auditor General to audit.

In addition, Article 229 (6) of the Constitution requires the Auditor-General to confirm whether or not public money has been applied lawfully and in an effective way. The Office is mandated to provide assurance on accountability of public resources through; *Certification of Accounts, Continuous Audit presence and Service Delivery* to all Kenyans.

Article 229 (8) of the Constitution requires that within three months after receiving an audit report, Parliament or the County Assembly shall debate and consider the report and take appropriate action.

The Office of the Auditor General (OAG), constitutionally has the responsibility for the audit of all government entities, and in order to perform the role effectively, seeks to set up Framework Agreements with professional external audit and consulting firms as additional resource in carrying out the regular and specialized audits of the public sector. This entails financial, compliance, investigative, performance and specialized audits. The Audit Reports and management letters will be issued by the Auditor General. The contracted audit & consulting firms shall carry out the audits as and when required through a Framework Agreements for a period of three (3) years.

## **1.2 Objectives of the assignment**

The purpose of the assignment is to enable the OAG exercise its public-sector audit role under the constitution effectively, by contracting professional audit and consulting firms to perform audit of the public entities' in accordance with the International Standards on Auditing, International Financial Reporting Standards and other relevant regulatory and legislative requirements.

## **2.0 Scope of Service**

The contracted external audit and consulting firms will perform the required audits of public entities during the contract duration. For the purposes of this assignment the audit services to be provided are categorized into Regular and Specialized audits.

### **2.1 Regular Audits:**

The Regular audits includes Financial, Compliance, investigative/forensic and Performance audits as detailed below; and the selected External Audit and Consulting Agent shall carry out the said audits in a diligent and professional manner, within the agreed timelines:

- **Financial audits:** This will involve an analysis of the fairness of the information contained within an entity's financial statements.
- **Compliance audits:** This will involve the examination of the policies and procedures of an entity or department, to see if it is in compliance with internal or regulatory standards.
- **Investigative/Forensic audits:** This will involve an investigation of a specific area or individual when there is a suspicion of inappropriate or fraudulent activity. The intent is to locate and remedy control breaches as well as to collect evidence in case of prosecutorial intent.
- **Performance audits:** This will involve examination of the function, operation or the management systems and procedures of the entities to assess whether the entity is achieving economy, efficiency and effectiveness in the employment of available resources

## **2.2 Specialized Audits:**

### **2.2.1 Supply Chain & Procurement**

The purpose of Supply Chain & Procurement specialized audits will be to conduct a thorough audit and review of the procurement & supply chain systems and processes in public entities for the procurement of goods, works and services against the applicable Public Procurement Law and regulations. Specifically, the External Audit and Consulting Agent will:

1. Determine whether the required institutional arrangements, capacity, systems and facilities to enable public entities to handle their procurement and disposal activities professionally, efficiently and effectively in compliance with the Procurement Law are in place.
2. Determine whether procurement processes ranging from procurement planning and implementation to contract formation and contract management were conducted as required by Law.
3. Determine whether disposal processes including disposal planning and implementation were conducted in accordance with the Procurement Law.
4. Confirm whether procurement and disposal documents, records and reports were properly maintained.
5. Verify whether alternative procurement methods, where used were justified as provided for in the Law and the correct tender documents were used.
6. Confirm whether the Procuring Entity submitted mandatory reports to the Public Procurement Regulatory Authority as prescribed in Law.
7. Prepare draft and final reports on the findings of the procurement and disposal audit/review, providing recommendations to help remedy any weaknesses identified during the reviews and preparing a draft Action Plan for implementation of the recommendations.

In addition, selected specialized audit consultants in the relevant category will also be called upon on a need basis and within the same Framework Agreement to conduct an internal review of the Supply Chain & Procurement systems and processes within the OAG to determine the effectiveness & efficiency of such systems in furtherance of the mandate of the OAG.

### 2.2.2 Extractive Industry

The growth of the extractive sector in Kenya is escalating. The sector however presents a number of challenges for the public sector. The regulatory framework that is needed to ensure a sustainable development of the sector, a fair share of income and an equitable distribution of that income, is complex and challenging.

The purpose of the extractive Industry specialized audits will be to give assurance on the information reported, audit the systems, processes and actual collections of revenue relating to natural resources. The audits play an important role in assuring the accountability of government institutions involved in regulating and monitoring the extractive industries. Specifically, the External Audit and Consulting Agent will focus on the following audit areas:

- **The legal framework, including laws and regulations:** The auditors will need to obtain an overview of all existing legislation in order to identify any gaps, inconsistencies and areas where different interpretations can be applied. This will involve carrying out a thorough mapping of the legal framework to establish the legal requirements of the government's management of the extractive industry. A mapping of the legal framework is a prerequisite for developing an audit program for compliance audit.
- **Seismic surveys and data management:** The auditors will need to establish that the relevant ministries and agencies/directorates ensure that information from the surveys are stored and updated in a database, and that there are controls in place to ensure that reliable and up to date information is available in the database, including those pertaining to geological information infrastructure and regional assessment of petroleum and mineral resources.
- **Awarding of rights, contracts, licenses to companies to explore and extract petroleum resources & Minerals:** The auditors will need to establish that the award of reconnaissance licenses follows the laid down procedures, legislation & regulations, and that the bidding process for the award of exploration, development and production rights are transparent, competitive and non- discretionary.
- **Monitoring of operations:** The auditors will need to establish that government agencies and supervisory bodies are ensuring that the laws and agreements regulating the exploration, development and production of oil, gas and minerals are adhered to, including that the appropriate authority conducts testing and examination of measuring equipment at regular intervals and in accordance with regulations, the Ministry on a regular basis approves the methods and equipment used and keeps itself updated on any changes in methods of measuring and the Ministry is monitoring the set-up of transportation system and checks whether a necessary license for such a system has been issued in accordance with the requirements laid down in the legislation.



- **Collecting taxes and royalties:** The auditors will need to establish that collection of taxes and royalties are being carried out according to the legal and regulatory framework, including that the tax is calculated based on the rate specified in the taxation legislation, deduction of taxes for a specific year of income only relates to a specific contract area, and that the costs have been incurred in the same year as the income.
- **Revenue management and allocation :** The auditors will need to establish that the rules and regulations for managing petroleum revenue are being adhered to.
- **Implementation of sustainable policies :** The auditors will need to establish that the rules and regulations for decommissioning are being adhered to.

### **2.3 Matters of Attention by External Audit and Consulting Agent (EACA)**

In complying with International Standards on Auditing, the External Audit Agent is expected to pay particular attention to the following matters:

**Fraud and Corruption:** Consider the risks of material misstatements in the financial statements due to fraud. The auditor is required to identify and assess these risks (of material misstatement of the financial statements) due to fraud, obtain sufficient appropriate audit evidence about the assessed risks; and respond appropriately to identified or suspected fraud.

**Laws and Regulations:** In designing and performing audit procedures, evaluating and reporting the results, consider the noncompliance by the entities with laws and regulations.

**Governance:** Communicate matters of governance arising from the audit results with OAG.

**Risks:** In order to reduce audit risk to an acceptable low level, determine the overall responses to assess risks level, and design and perform further audit procedures to respond to assessed risks.

### **3.0 Coordination, Organization and Support Arrangements**

Responsibility for the audit of the three arms of government i.e. the Legislature, the Judiciary and the Executive; as well as Constitutional Commissions and Independent Offices is mandated to the OAG. The OAG will supervise, direct and coordinate the operations of the contracted External Audit and Consulting firms in conducting the assignment, ensuring that both the audit process and the final output meet the minimum quality control standards set by International Standards on Auditing, International Financial Reporting Standards and other relevant regulatory and legislative requirements. Responsibility for the audit, including issuing audit opinions and certificates rests with the Auditor General. The OAG will coordinate the overall implementation of the assignment. The OAG will appoint a coordinator for each audit assignment; responsible for the coordination of activities under the particular audit including acceptance and approval of the reports, and of other deliverables by the EACA and for receiving and approving invoices for payment.

#### **3.1 Reporting Arrangements and Schedule of Deliverables**

The External Audit and Consulting Agent (EACA) will report to the Auditor General of the Republic of Kenya in terms of performing the audit and consulting assignments. Draft audit reports and

management letters will be sent to the Office of Auditor General for comments and finalization. The EACA will be required to address any queries and comments made on the draft reports by the OAG before submission of the final audit reports and management letters to the Auditor General.

#### **4.0 Consultancy Fees and Payment terms**

The External Audit and Consulting Agent shall quote an **All-Inclusive Fee Per Man-Day** for the assignment in **Kenya Shillings**. The Fee Per Man-Day shall include all relevant expenses, taxes and levies. The consultant **MUST** take into consideration that firm **will be required to work anywhere in the country at the quoted rate**, if successful. Firms who do not quote Professional Fee Per Man-Day shall be disqualified.

Payment of consultancy fees to the EACA will be made after successful completion of each audit and consulting assignment with specific reference to the timeliness and quality of deliverables as outlined below within thirty (30) days on presentation of an invoice.

The External Audit and Consulting Agent will be required to submit the following reports:

1. Detailed work plan for each assignment
2. Management Letter
3. Draft Audit Report
4. Final Audit Report

#### **4.1 Contract Duration**

The successful External Audit and Consulting Agent will be contracted for a period of three (3) years subject to confirmation on an annual basis by the Office of the Auditor General based on an evaluation of the effectiveness as well as the independence and objectivity of the firm.

#### **4.2 Assignment Duration**

The magnitude of each audit assignment and therefore the **number of man-days required** and duration to completion of the assignment shall be determined by the OAG and shall be indicated on the duly authorized Local Service Order (LSO) of the particular assignment.

#### **5.0 Obligations / Responsibility of OAG**

To make arrangements that facilitate the conduct of the assignments and pay the consultant as per agreed payment terms.

#### **5.1 Specific Duties of the External Audit and Consulting Agent**

- a) Prepare a detailed work-plan for each assignment;
- b) Prepare an audit methodology;
- c) Planning meeting with the office of Auditor General;
- d) Planning meeting with auditee(s);
- e) Audit Plan and selection of samples;

- f) Field work in any part of the Republic of Kenya for the assignment;
- g) Draft Report for all audit assignments including management letters;
- h) Liaise with OAG coordinator to finalize the audit;
- i) Obtain auditee(s) response to management letter issues and incorporate in the reports;
- j) Produce final reports;
- k) Any other work that the External Audit Agent finds necessary in order to carry out the assignment in a timely and qualitative way.

All working papers generated on the assignment would be retained by OAG. The External Audit and Consulting Agent is expected to surrender all documents at the end of each assignment.

**5. Categories of Public Entities and Maximum numbers of External audit and consulting Agents to be contracted per category**

<b>No.</b>	<b>Category</b>	<b>Public Entities</b>	<b>Maximum No. of firms to be contracted</b>
1	<b>A</b>	Corporations – Trading	8
2	<b>B</b>	National Government Ministries	10
3	<b>C</b>	National Government Agencies & Departments, County Executive, Corporations – Non-Trading, County Corporations, Donor Funded Projects, National Funds, Universities	30
4	<b>D</b>	County Assemblies, County Assembly Fund, County Executive Fund, CDF, Political Parties	40
5	<b>E</b>	All Public Entities	5
6	<b>F</b>	All Public Entities	5

## SECTION VI: - STANDARD FORM OF CONTRACT

This Agreement [hereinafter called “the Contract”) is entered into this \_\_\_\_\_ [Insert starting date of assignment], by and between \_\_\_\_\_ [Insert Client’s name] of [or whose registered office is situated at] \_\_\_\_\_ [insert Client’s address] (hereinafter called “the Client”) of the one part AND \_\_\_\_\_ [Insert Consultant’s name] of [or whose registered office is situated at] \_\_\_\_\_ [insert Consultant’s address] (hereinafter called “the Consultant”) of the other part.

WHEREAS, the Client wishes to have the Consultant perform the Services [hereinafter referred to as “the Services”, and

WHEREAS, the Consultant is willing to perform the said Services,

NOW THEREFORE THE PARTIES hereby agree as follows:

### Definitions

“Audit Methodology” means a structured framework within which audits are planned, performed and reported upon, which complies with the Standards

“External Audit and Consulting Agent” means the provider of the Auditing and Consulting Services named in the Contract for Auditing Services;

“Auditing and Consulting Services” means the performance of: Financial, Compliance, Investigative/Forensic, Performance and Specialized audits

“Auditor-General” means the person for the time being holding or performing the duties of the Auditor-General or any other officer specified by the Auditor-General from time to time;

“Conditions” means these External Audit and Consulting Agent Conditions;

“Conflict of Interest” means a situation where the private or business interests of the External Audit and Consulting Agent, is likely to or could be perceived to interfere with the proper performance of the Auditing and Consulting Services;

“Contract” means the contract formed between the Auditor-General and the External Audit and Consulting Agent for the performance of Auditing and Consulting Services;

- “Public Entity” means the public sector entity or entities named in section 6 of the Terms of Reference, in respect of which the External Audit and Consulting Agent is to perform the Auditing Services;
- “Fees” means the fees payable for the Auditing Services, as specified in the financial proposal;
- “Force Majeure” ” means an event beyond the reasonable control of the Auditor General and External Audit and Consulting Agent;
- “Records” means information assets, in any format, that document business activities and transactions, including all financial statements, information, evidence, working papers, correspondence, emails, files and reports created or received in relation to any part of the Auditing Services;
1. Services
    - i. The Consultant shall perform the Services specified in Appendix A, “Terms of Reference and Scope of Services,” which is made an integral part of this Contract.
    - ii. The Consultant shall provide the reports listed in the Terms of Reference’ Reporting Arrangements and Schedule of Deliverables within the time periods as will be specified in the Local Service Orders.
  2. Term
 

The Consultant shall perform the Services during the period commencing \_\_\_\_\_ [Insert start date] and continuing through to \_\_\_\_\_ [Insert completion date] or any other period(s) as may be subsequently agreed by the parties in writing.
  3. Payment
    - A. Ceiling

For Services rendered pursuant to Appendix A, the Client shall pay the Consultant an amount not to exceed a ceiling of \_\_\_\_\_ [Insert ceiling amount]. This amount has been established based on the understanding that it includes all of the Consultant’s costs and profits as well as any tax obligation that may be imposed on the Consultant. The payments made under the Contract consist of the Consultant’s remuneration as defined in subparagraph (B) below:
    - B. Remuneration

The Client shall pay the Consultant for Services rendered at the rate(s) per man-day in accordance with the rates agreed and specified in the financial proposal.
    - C. Payment Conditions.

Payment shall be made in Kenya shillings not later than thirty {30} days following submission of invoices in duplicate to the Coordinator designated in Clause 4 here below. If the Client has delayed payments beyond thirty (30) days after the date hereof, simple interest shall be paid to the Consultant for each day of delay at a rate three percentage points above the prevailing Central Bank of Kenya's average rate for base lending.

The parties shall use their best efforts to settle amicably all disputes arising out of or in connection with this Contract or its interpretation.

4. Project Administration

A. Coordinator

The Client designates \_\_\_\_\_ [Insert name] as Client's Coordinator; the Coordinator shall be responsible for the coordination of activities under the Contract, for receiving and approving invoices for payment and for acceptance of the deliverables by the Client.

B. Timesheets.

During the course of their work under this Contract, including field work, the Consultant's employees providing services under this Contract will be required to complete timesheets or any other document used to identify time spent as instructed by the Project Coordinator.

C. Records and Accounts

The Consultant shall keep accurate and systematic records and accounts in respect of the Services which will clearly identify all charges and expenses. The Client reserves the right to audit or to nominate a reputable accounting firm to audit the Consultant's records relating to amounts claimed under this Contract during its term and any extension and for a period of three months thereafter.

5. Performance Standard

The Consultant undertakes to perform the Services with the highest standards of professional and ethical competence and integrity. The Consultant shall promptly replace any employees assigned under this Contract that the Client considers unsatisfactory.

In performing the Auditing Services, the External Audit and Consulting Agent shall:

- a. exercise due skill, care and diligence;
- b. act professionally at all times and comply with the professional and ethical requirements contained in the Standards;
- c. comply with any reasonable directions issued by or on behalf of the Auditor-General from time to time;

- d. have and maintain appropriate quality review systems, including supervision processes, in accordance with professional auditing standards;
  - e. as required from time to time, consult and cooperate with the officer nominated by the Auditor-General to undertake quality control reviews;
  - f. promptly notify the Auditor-General of any matters of significance, including fraud and malpractice, of which the Audit Service Provider becomes aware in the course of performing the Auditing Services;
  - g. promptly notify the Auditor-General of any matter likely to affect the scope, timing or completion of any part of the Auditing Services;
  - h. promptly notify the Auditor-General of any matter likely to affect the findings, recommendations or audit opinion to be expressed in respect of an Entity;
  - i. ensure that all correspondence to the Entity is submitted on OAG letterhead;
  - j. keep the Auditor-General informed of the progress of the Auditing Services
6. Confidentiality      The Consultant shall not, during the term of this Contract and within two years after its expiration, disclose any proprietary or confidential information relating to the Services, this Contract or the Client's business or operations without the prior written consent of the Client.
7. Ownership of Material      Any studies, reports or other material, graphic, software or otherwise prepared by the Consultant for the Client under the Contract shall belong to and remain the property of the Client. The Consultant may retain a copy of such documents and software.
8. Consultant Not to be Engaged in Certain Activities      The Consultant agrees that during the term of this Contract and after its termination, the Consultant and any entity affiliated with the Consultant shall be disqualified from providing goods, works or services (other than the Services or any continuation thereof) for any project resulting from or closely related to the Services.
9. Insurance      The Consultant will be responsible for taking out any appropriate insurance coverage.
10. Assignment      The Consultant shall not assign this Contract or Subcontract any portion thereof without the Client's prior written consent.
11. Law Governing Contract and Language      The Contract shall be governed by the Laws of Kenya and the language of the Contract shall be English Language.
12. Dispute Resolution      Any dispute arising out of this Contract which cannot be amicably settled between the parties, shall be referred by either party to the arbitration and final decision of a person to be agreed between the parties. Failing agreement to concur in the appointment of an Arbitrator, the Arbitrator shall be appointed by the chairman of the

Chartered Institute of Arbitrators, Kenya branch, on the request of the applying party.

**FOR THE CLIENT**

Full name; \_\_\_\_\_

Title: \_\_\_\_\_

Signature; \_\_\_\_\_

Date; \_\_\_\_\_

**FOR THE CONSULTANT**

Full name \_\_\_\_\_

Title: \_\_\_\_\_

Signature; \_\_\_\_\_

Date; \_\_\_\_\_

**LIST OF APPENDICES**

Appendix A: Terms of Reference and Scope of Services

Appendix B: Consultant's Personnel

Appendix C: Consultant's Reporting Obligations



**LETTER OF NOTIFICATION OF AWARD**

Address of Procuring Entity: \_\_\_\_\_

To: \_\_\_\_\_

RE: Tender No.

Tender Name

This is to notify that the contract/s stated below under the above mentioned tender have been awarded to you.

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1. Please acknowledge receipt of this letter of notification signifying your acceptance.
2. The contract/contracts shall be signed by the parties within 30 days of the date of this letter but not earlier than 14 days from the date of the letter.
3. You may contact the officer(s) whose particulars appear below on the subject matter of this letter of notification of award.

(FULL PARTICULARS)

SIGNED FOR ACCOUNTING OFFICER

**FORM RB 1**

**REPUBLIC OF KENYA**

**PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD**

APPLICATION NO..... OF.....20.....

BETWEEN

..... APPLICANT

AND

.....RESPONDENT (Procuring Entity)

Request for review of the decision of the..... (Name of the Procuring Entity) of  
.....dated the...day of .....20.....in the matter of Tender No.....of  
.....20...

**REQUEST FOR REVIEW**

I/We....., the above named Applicant(s), of address: Physical  
address..... Fax No.....Tel. No..... Email ....., hereby request the Public  
Procurement Administrative Review Board to review the whole/part of the above mentioned  
decision on the following grounds, namely: -

- 1.
  - 2.
- etc.

By this memorandum, the Applicant requests the Board for an order/orders that: -

- 1.
- 2.

SIGNED ..... (Applicant)

Dated on..... day of ...../...20...

**FOR OFFICIAL USE ONLY**

Lodged with the Secretary Public Procurement Administrative Review Board on ..... day  
of .....20.....

SIGNED Board Secretar