



PROVISION OF EXTERNAL AUDIT SERVICES
Tender no: ACO001/2019/External auditors.

INVITATION TO TENDER

Tenders must be received at Airports Sacco Head Office not later than 2:30 PM
on Thursday 28 February 2019

INFORMATION TO CONSULTANTS (ITC)

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2.1.0 Introduction

2.1.1 Background

Airports Sacco is a Savings and Credit Co-operative Society registered under the Co-operative Societies Act (Cap 490) Laws of Kenya. The Sacco was established in 1994 by staff of Kenya Airports Authority KAA. Today the common bond has been opened for any Kenyan for those living in the country and also outside Kenya. As at December 2018, Airports Sacco has a membership of over 1500 and an Asset base of over 600 million.

2.1.2 The consultants are invited to submit both **Technical** and **Financial Proposal in separate sealed envelopes**, as specified by the Sacco for consulting services required for the External Audit Services. The proposals will be the basis for Contract evaluation 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.

2.1.4 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.

2.1.5 The Sacco's employees, committee members, board members and their relatives (spouse and children) are not eligible to participate.

2.2.0 Preparation of Technical Proposal

2.2.1 The Consultants proposal shall be written in English language

2.2.2 The document **Must** be paginated

2.2.3 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.

2.2.4 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 2.6.1, 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.

2.2.5 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 among other things 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 five (5) years.
- (vi) Estimates of the total staff input (professional and support staff, 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 specified training as a major component of the assignment.

2.2.6 The Technical Proposal shall not include any financial information.

2.3.0 Submission, Receipt, and Opening of Proposals

2.3.1 The original proposal (Technical and financial) shall be prepared in indelible ink. It shall contain no interlineations 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.

2.3.2 The completed Technical and Financial Proposals must be delivered at the submission address on or before the time and date of the stated deadline. Any proposal received after the closing time for submission of proposals shall be returned to the respective consultant unopened.

2.3.3 After the deadline for submission of proposals, the documents shall be opened immediately by the procurement committee.

2.4.0 Terms of Reference for the External Audit Services:

Airports Savings and Credit Co-operative Society (Airports Sacco Ltd) would like to invite proposals from qualified external audit firms for the financial year ending 31st December 2019 with a possibility of an extension during member's AGM in the year 2020, subject to satisfactory performance.

The audit firm is expected to:

1. Undertake Audit of the annual financial Statements in accordance with the International Standards on Auditing and International Financial Reporting Standards (IFRS).
2. Provide any other value-addition services consistent with the audit of the Society.

2.5.0 Proposal General Information.

2.4.1 Organization General information

1	Name of Organization	
2	Postal Address	P.O Box.....Code.....
3	Principal Contact Person	Name..... Position.....
4	Contact:	Telephone:..... Email:.....
5	Physical Location of Business Premises	Town:.....Street:..... Building Name:.....Floor:.....
6	Business Operations	Year established..... Duration of Business Operation.....
7	Company Registration No: (Attach copy) Tick one	Number:.....
8	VAT Registration No: (Attach Copy) PIN certificate	Number Attached copy? Number Attached copy?
9	Valid Tax Compliance Certificate (Attach copy)	Attached Copy? YES.....NO.....
10	Provide a brief description of Services that you offer	

2.4.2 Trade References

Provide contact details for 3 referees for previous/ current work that is similar or the same to the one now applied for. Note that the referees may be contacted without your further references to you.	
A	<p>Have you provided any services to Airports Sacco Limited before? (Tick one)</p> <p>YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>Describe the services offered.....</p> <p>When.....and for how long.....</p>
1	<p>Organization Name & Rubberstamp</p> <p>Contact Name Position Sign..... Date.....</p> <p>Telephone No</p> <p>E-mail Address</p> <p>Total Value of Service Kshs.....</p>
2	<p>Organization Name & Rubberstamp</p> <p>Contact Name Position Sign..... Date.....</p> <p>Telephone No</p> <p>E-mail Address</p> <p>Total Value of Service Kshs.....</p>
3	<p>Organization Name & Rubberstamp</p> <p>Contact Name Position Sign..... Date.....</p> <p>Telephone No</p> <p>E-mail Address</p> <p>Total Value of Service Kshs.....</p>

2.6.0 - Evaluation Criteria

2.6.1. Evaluation criteria of Technical and financial Proposal

The proposals shall be evaluated on their basis of responsiveness to the Terms of Reference, and will apply the basis for the evaluation criteria as follows

1	The firms general experience in the field of the assignment. Proof of undertaking at least 3 similar assignments (Financial Institution-Saccos) in last three years. Submit reference letters, LPOs/LSOs, contracts and recommendation letters	20
2	Adequacy of the proposed work plan and Methodology in responding to the terms of reference: Must demonstrate workable and the best methodology which will be used to achieve the external audit services.	10
3	Adequacy and capacity of professional and support staff (Number and years of experience). <ul style="list-style-type: none"> i. Provide 2 qualified auditors with at least 5 years audit experience within Financial institutions preferably Saccos= 1 point for relevant experience in auditing at least 2 firms in financial institution preferably Saccos and 2 points for 5 years and above audit experience each (3 points x 2 auditors) ii. Provide 2 qualified Audit Assistants with at least 3 years audit experience within Financial institutions preferably Saccos= 1 point for relevant experience in working as an audit Assistant at least 2 firms in financial institution preferably Saccos and 1 point for 3 years' experience each (2 points x 2 audit assistants) 	10
4	Qualifications and competence of at least: <ul style="list-style-type: none"> i. Two full time Engagement Partners with over 10 years auditing experience and knowledge in auditing of SACCO operations. (10 points for proving 2 partners with over 10 years auditing experience and knowledge in Sacco operations) ii. Firm with not less than 10 employees and the firm have been in operation for the last eight (8) years. = Ten employees 3 points and eight years of existence 2 points 	15
6	Certification and Regulation by a professional body: <ul style="list-style-type: none"> i. Registered by SASRA, (5 points) ii. Proof of current membership of Institute of Internal Auditors -IIA (5 points) iii. Proof of membership with Institute of Certified Public Accountants of Kenya (ICPAK) 5 points) 	15
7	Company profile	2.5
8	Duration to complete the assignment	2.5
9	Provide 3 years (most recent) audited financial reports: 2016, 2017 and 2018	5
10	Cost of Work	20
	Total Points	100

NB:

TECHNICAL CRITERIA ACCOUNTS FOR 80 POINTS

FINANCIALS (COST OF WORK) ACCOUNTS FOR 20 POINTS

2.7.1 Mandatory requirements.

1. Certificate of Incorporation / Registration;
2. PIN/VAT Certificate and Current Tax Compliance Certificate
3. Current Trade License / Business Permit;
4. Certificates from affiliated regulatory or accrediting bodies/associations (where applicable);
5. Evidence of Physical Location of business premise;
6. 3 years (most recent) audited financial reports: 2016, 2017 and 2018

2.8.0 Technical and Financial proposal

2.8.1 Academic/Professional Qualifications and Experience of the Audit Firm:

- i The Audit Firm should be registered, and have a valid practicing license from Institute of Certified Public Accountant and must be approved by the Sacco Societies Regulatory Authority (SASRA) and **Ministry of Cooperatives. (Attach documentary evidence).**
- ii Provide list of clients to whom similar services have been provided detailing nature of services offered in the last eight (8) years,
- iii Attach Detailed CVs of the proposed engagement team members distinguished by their roles and responsibilities.
- iv The audit firm should have at least two full time partners, not less than 10 employees and have been in existence for not less than eight (8) years.
- v The Key Team will comprise of at least
- vi Attach Detailed CV Engagement Partner with over 8 years auditing experience and knowledge of SACCO operations.
- vii An Audit Manager with over 7 years of experience in Auditing with sound knowledge of SACCO operations,
- viii An Audit Team Leader with at least 5 yrs. experience in Auditing,

2.8.2 Work Experience of the Audit firm and staff.

- i What experience does the firm have in auditing Savings and Credit Societies (Saccos)? Geographic spreads of clients.
- ii What experience does the firm have in auditing clients who use financial system i.e. Navision and ERP?
- iii Please describe your firm's internal quality control procedures for specific audit assignments and the firm's quality assurance program?
- iv When was the firm last subject to an independent quality assurance review and what was the nature of that review?
- v What arrangements does the firm have to ensure that if key personnel (partners, managers, auditors in charge, specialist auditors) proposed for the audit cannot be made available, must be substituted during the course of the engagement, or must rotate in accordance with the firm's rotation policy, that similarly qualified and experienced staff can be assigned in their place in a timely fashion?
- vi Please describe your system to prevent any potential of conflict in relation to external auditing exercise?
- vii Please provide client references to support its proposal? Refer to Annex B
- viii Please describe the firm's approach to incorporating risk assessment into the planning and conduct of financial statement audits?
- ix How would this be expected to integrate with the client's own risk management processes?
- x Please describe the firm's approach to reviewing the computerized and manual controls over the financial reporting system, including review of the financial system?
- xi Please describe the office's reporting approach as they relate to interim as well as final phases of the audit, and presentations to client management and Boards?

- i What is the size, composition and organization of the professional team proposed for this assignment? Please provide the CVs of the proposed partners, managers, auditors-in-charge and any specialist auditors.
 - Note the professional and academic qualifications, years of external audit experience, recent professional development activities, experience with audit of Financial Institutions (FI), experience with auditing against Sacco financial reporting standards, and any experience with the audit. Refer to the table below and annex I.
- ii What is the time allocation for the various proposed members of the professional team?
- iii Please provide a time breakdown by interim and final audit phases. Refer to Annex F.
- iv Please describe the nature and extent of the involvement of the proposed partners and managers and any specialist auditors in the performance of the Sacco audits in the interim and final audit phases?

1. Technical/Managerial Staff			CV	Experience	Experience in Financial Institution audit (Sacco)
Name	Position	Task/Qualifications	Y/N	Years	Years

2. Support Staff			CV	Experience	Experience in Financial Institution audit (Sacco)
Name	Position	Task/Qualifications	Y/N	Years	Years

F. Time Schedule for Professional Personnel

				Weeks (1 st , 2 nd , etc. are weeks from the start of assignment.)										
	Name	Position	Activities	1st	2nd	3rd	4th	5th	6th					Number of weeks
1														
2														
3														
													Total: _____ (Total sum of above numbers)	

2.9.0 COMMENTS AND SUGGESTIONS OF CONSULTANTS ON THE TERMS OF REFERENCE AND ON DATA, SERVICES, AND FACILITIES TO BE PROVIDED BY THE SACCO

On the Terms of Reference:

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

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

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

2.10.0. Verification of Business sustainability.

Are you currently involved in any litigation or arbitration (or any other legal process which may result in legal of financial liability)?		
If yes what is the financial exposure as a result of the litigation, arbitration or other legal process and on what basis has this financial exposure been calculated?		
If yes, what other exposure could result from the litigation, arbitration or other legal process and will this financial exposure or other exposure materially prejudice the bidder's financial position or its ability to successfully and timely implement any contract which may be awarded to it pursuant to this tender?		
Have you ever :	Responsible(<i>tick</i>)	
	Yes:	No:
Forfeited any payment on a contract?		
Been declared in default of a contract?		
Negotiated the premature termination of a contract?		
Had an uncompleted contract assigned to another?		

2.10.1. Preparation of Financial Proposal

2.10.2 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.

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

2.10.4 The Proposal must remain valid for at least 30 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. If the Client wishes to extend the validity period of the proposals, the consultants shall agree to the extension

Item no	Item Description	Specification (Provide cost based on man hour)	No of staff	No. of Hours	Cost per hour	Total Cost
	External Audit Services					
	SUB TOTAL					
	Add 16% VAT					
	GRAND TOTAL					

Amount in words (Kshs.).....

Name.....Sign.....

Date.....

2.11.0 Fees and Expenses:

The selected consultant is responsible for any and all costs and expenses incurred while carrying out the terms of the study.

The proposal shall specify and state a firm, not-to-exceed price (including total fees and expenses) in order to complete the project.

The consultant should state the position of taxation on the fees and expenses quoted. The activities listed in the TOR are the minimum requirements to be undertaken.

2.11.2 Confidentiality:

It is understood that the successful Consultant may be required to retain information and copies of the Findings and Study Report. However, the Findings and Resultant Report is understood to be the property of Airports Sacco Limited and shall remain confidential to the successful consultant and the project team. The consultant shall indicate in the proposal that this is agreed to and upon awarding of the proposal may be requested to sign a document agreeing to the same.

I/ We do hereby certify that the above information is correct in all respects:

Full Name:.....

Designation/Position:.....

Signature:.....Date:.....

Company Stamp/ Seal:

Completed RFP documents must be submitted through hand delivery in plain sealed envelopes clearly marked with respective RFP number and addressed to;

**The Chief Executive Officer
Airports Sacco Ltd
P.O Box 19001-00501, NAIROBI in the tender box on or before
Thursday February 28th, 2019 2.30 Pm**