



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING
P. O. BOX 30007-00100
NAIROBI

REQUEST FOR PROPOSALS (RFP)

FOR

**PROVISION OF CONSULTANCY SERVICES TO
SUPPORT PUBLIC ENTITIES IN FINANCIAL
REPORTING**

(FRAMEWORK PROPOSAL)

TENDER NO. TNT/025/2019-2020

CLOSING DATE: TUESDAY 25TH FEBRUARY, 2020 AT 11.00 AM.

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SECTION I - LETTER OF INVITATION



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING
NATIONAL COMPETITIVE BIDDING
REQUEST FOR PROPOSALS (RFP)
FOR PROVISION OF CONSULTANCY SERVICES TO SUPPORT PUBLIC ENTITIES
IN FINANCIAL REPORTING
TENDER NO. TNT/025/2019-2020

The National Treasury Invites Request for Proposals (RFP) from interested Consultants for Provision of Consultancy Services to Support Public Entities in Financial Reporting.

A complete set of request for proposal documents may be downloaded by interested candidates free of charge at www.treasury.go.ke or www.tender.go.ke and those who have downloaded the document from the website must forward their particulars immediately for recording and any further clarifications and addenda to procurement@treasury.go.ke.

A Pre-Proposal Conference will be held with the interested Consultants on **Wednesday 19th February, 2020 at 10.00 a.m. on 5th Floor Conference Room (AGD Boardroom), Treasury Building, Harambee avenue, Nairobi.**

Completed Tender Documents, both “**Original**” and “**Copies**”, enclosed in plain sealed envelopes, marked RFP with the relevant RFP number and title shall be addressed to:

**The Principal Secretary,
The National Treasury,
PO Box 30007 – 00100,
Nairobi, Kenya**

and be deposited in the tender box provided at the **Treasury Building, 6th Floor, Harambee Avenue, Nairobi**, so as to be received on or before **Tuesday, 25th February, 2020 at 11.00 a.m.**

Bids shall be accompanied by a Bid Security of **Kenya Shillings One Million Only (Kshs. 1,000,000.00)** from a reputable Financial Institution in Kenya valid for 30 days beyond Tender Validity period.

All Bid Documents must be serialized / paginated.

Tenders will be opened immediately thereafter in the presence of the tenderers or their representatives who choose to attend the opening at **The National Treasury, Treasury Building, 6th Floor, Conference Room No. 603 on Tuesday 25th February, 2020 at 11.00 a.m.**

**HEAD, SUPPLY CHAIN MANAGEMENT SERVICES
FOR: PRINCIPAL SECRETARY/NATIONAL TREASURY**

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 be free.
- 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 majorities 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 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 ITC specifies training as a major component of the assignment.
- (viii) Any additional information requested in Appendix ITC.

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 ITC 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. 1.2) 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 ITC. 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, sub criteria and point system specified in the Appendix "ITC".

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 (S_f) shall, unless an alternative formulae is indicated in the Appendix “ITC”, be as follows:-

$S_f = 100 \times \frac{F_m}{F}$ where S_f is the financial score; F_m 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 (S_t) and financial (S_f) scores using the weights (T =the weight given to the Technical Proposal; P = the weight given to the Financial Proposal; $T + P = 1$) indicated in the Appendix. The combined technical and financial score, S , is calculated as follows:- $S = S_t \times T \% + S_f \times P \%$. 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 unopened.
- 2.10.2 The selected firm is expected to commence the assignment on the date and at the location specified in Appendix ITC.
- 2.10.3 The parties to the contract shall have it signed within 7 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 to Information to Consultants (ITC)

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 and 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 The name of the Client is: **THE NATIONAL TREASURY**

2.1.1 The method of selection is: **Quality Cost Based Selection**

2.1.2 Technical and Financial Proposals are requested for: **Provision of consultancy services to support public entities in financial reporting**

2.1.3 A pre-proposal conference will be held with all eligible consultants on **Wednesday 19th February, 2020 at 10.00 a.m. on 5th floor conference room (AGD Boardroom) Treasury Building, Harambee avenue, Nairobi.**

The name(s), address (es) and telephone numbers of the Client's official(s) are:

**The National Treasury
Harambee Avenue
6TH floor, room 619
P.O. Box 30007 - 00100
Nairobi
Tel: +254-20-2252299**

2.1.4 The Client will provide the following inputs: **Information regarding the tender will be provided to the successful firm**

2.1.5 (i) The estimated number of professional staff months required for the assignment is: **36 months**

(ii) The minimum required experience of proposed professional staff is: **5 years**

2.1.6 Training is a specific component of this assignment: **Yes**

2.2.1 Clarifications may be requested **seven (7)** days before the submission date.
The address for requesting clarification is:

**The National Treasury
Harambee Avenue
6TH floor, room 601
P.O. Box 30007 00100,
Nairobi
Tel: +254-20-2252299**

2.3.1 Proposals should be submitted in English Language

2.3.2 a. Listed firms / entities are not allowed to associate with each other and employees of the National Treasury

b. The estimated number of consultancy months / days required for the assignment is: **Thirty Six (36) months**

c. The minimum qualification for a firm and experience is as follows;

(i) Mandatory Requirement

a. Certificate of Incorporation or Certificate of Registration

b. Valid current Tax Compliance Certificate

c. Duly filled, signed and stamped Confidential Business Questionnaire

d. Duly filled, signed and stamped Form of Tender

e. County Government Single Business Permit

f. Attach duly signed and stamped pre-bid meeting certificate

g. Certificate of Confirmation of Directors and Shareholding (CR 12)
(Issued within the last 12 Months to Tender Opening Date)

h. Bid Security of Kshs. 1,000,000.00 (Kenya Shillings One Million) Only from a reputable Financial Institution in Kenya valid for 30 days beyond Tender Validity period.

2.4.2 Taxes

The financial proposal should clearly estimate, as a separate amount, the local taxes (including social security), duties, fees, levies, and other charges imposed under the applicable law, on the consultants, the sub consultants, and their personnel as charges required under the Kenyan law. Allowed reimbursable for tax purposes shall be within the tax law.

2.4.3 Consultants to state local cost in Kenya Shillings

2.4.5 Proposals must remain valid for **150 days** after the submission

2.5.2 Consultants must submit **one (1) original and Five (5) copies (technical proposals)** and **one (1) original and Five (5) copies (financial proposals)**.

2.5.3 The proposal submission address is:

**Principal Secretary,
The National Treasury,
P.O. Box 30007 00100
Nairobi**

2.5.3 Proposals must be submitted no later than the following date and time:
Tuesday 25th February, 2020 at 11.00 am

2.6.1 The address to send information to the Client is

**Principal Secretary,
The National Treasury,
P.O. Box 30007 - 00100
Nairobi**

2.6.3 The minimum technical score required to pass: **70%**

2.7.1 The number of points to be given under each of the evaluation criteria are:

Evaluation Criteria

Mandatory Requirement

- i) Certificate of Incorporation or Certificate of Registration
- ii) Valid current Tax Compliance Certificate
- iii) Duly filled, signed and stamped Confidential Business Questionnaire
- iv) Duly filled, signed and stamped Form of Tender
- v) County Government Single Business Permit
- vi) Attach duly signed and stamped pre-bid meeting certificate
- vii) Certificate of Confirmation of Directors and Shareholding (CR 12) (Issued within the last 12 Months to Tender Opening Date)
- viii) Bid Security of Kshs. 1,000,000.00 (Kenya Shillings One Million) Only from a reputable Financial Institution in Kenya valid for 30 days beyond Tender Validity period.

Detailed technical evaluation

- (i) **Specific Experience of the firm/consultant related to the Assignment (attach relevant supporting documentation e.g contracts, LPO etc).Total 10 Marks**

	Item description	Total marks	Marks
a	Experience in the provision of technical assistance in the preparation and consolidation of government financial statements;	10	3
b	Experience in providing technical support in the application of International Public Sector Accounting Standards (IPSAS) using cash and accrual basis of accounting and International Financial Reporting Standards (IFRS)		2
c	Experience in supporting implementation of external audit recommendations		1
d	Experience in training and capacity building in financial management and reporting for large number of participants within the public sector		2
e	Ability to draw from a wide network of subject matter experts to support the succesful implementation of this assignment		1
f	Provide company profile		1

	Total marks	10	
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- (ii) **Adequacy of the proposed work plan and methodology in responding to the Terms of Reference.**
30 marks

	Item description	Total Marks	Marks
1	Methodology of implementing the assignment	30	10
2	Understanding the scope of work / interpretation of TOR's		10
3	Work plan to incorporate all the activities to be undertaken as per the Terms of Reference		5
4	Organization structure and staffing		5
		30	

- (iii) **Qualification and competence of key staff for the assignment**
Clearly indicate which consultant is the lead. Lead consultant who does not attain 8 marks and above will Not be evaluated further
50 marks

	Item description	Total marks	Marks
1	The lead consultant (1 in number)	10	
a)	The Lead Consultant should hold a minimum of a Bachelor's Degree and be a professionally qualified accountant and a member in good standing of ICPAK (must attach degree certificate and membership certificate to a professional body)		2
b)	The Lead Consultant must have at least 10 years' post professional qualification experience (must attach the membership certificate to a professional body clearly indicating date of registration as a member).		2
c)	Must have experience working in Kenya Government Public Sector or other African Countries Public Sector		1
d)	Must have working knowledge of Integrated Financial Management Information System (IFMIS) or related public sector systems.		1
e)	Experience in facilitation of senior and middle level management training on a large scale with the public sector		1
f)	Demonstrate experience gained while providing technical support in financial reporting in public sector		1
g)	Must demonstrate working experience in implementation of International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRS) within the public sector		2

2.	Senior Financial Management Consultants (5 in number) Where more than 5 are provided clearly indicate the core 5 consultants that should be evaluated. The consultants who do Not score above 6 marks will not be evaluated further. Maximum score for each consultant is 8 marks	40	
a)	The Senior Financial Management Consultants deployed should hold a minimum of a Degree in relevant field and be professionally qualified accountant and a member of ICPAK (Must attach academic and professional certificates) (1 mark for each)		5
b)	They should have a post qualification experience of not less than Five (5) years (Must attach certificate indicating the date of registration with professional body) (1 mark for each)		5
c)	Experience in facilitation of middle level management training on a large scale within the public sector (2 mark for each)		10
d)	Demonstrate experience gained while providing technical financial consultancy support in the public sector (2 mark for each)		10
e)	Demonstrate experience in preparation of consolidated financial statements within public sector of a large organization (2 mark for each)		10
3.	Adequacy of the proposed training and knowledge transfer	10	10

The number of points to be given to each evaluation sub criteria for qualification of staff are;

	Points
(i) Experience of the firm / consultant	10
(ii) Proposed work plan and approach	30
(iii) Key Professional personnel	50
(iv) Training and knowledge transfer	10
Total	100

NOTES:

1. The minimum technical score required to pass is 70 %. The proposals that shall not attain the minimum score of 70% shall not proceed to the Financial Evaluation
2. The successful firm will not be allowed to vary the team of experts as presented in the bid documents without prior approval of the National Treasury.
3. While consultancy firms can bid for all LOTs, no single firm shall be awarded more than one Lot.
4. Financial quote to be provided per LOT, per year with a cumulative Tender sum for the Three (3) years
5. For the purposes of the assignment, state organs and public entities have been grouped into the following Three(3) clusters:
 - a) **LOT 1: National Government Ministries, Department and Agencies (MDAs), and subsidiary entities under their control including Development Projects, Consolidated Fund, Consolidated Fund Services Statement and Constitutional Commissions (but excluding State Corporations);**
 - b) **LOT 2: National Government State Corporations, Semi-Autonomous Government Agencies (SAGAs) and Public Funds established and governed under an Act of Parliament or a Legal Notice, Universities, TVET's and other Learning Institutions**
 - c) **LOT 3: County Governments and County Government entities including Water Service Providers**

2.8.4 The single currency for price conversions is Kenya Shillings

The source of official selling rates is Central Bank of Kenya (CBK)
The date of exchange rates is the date of opening of Financial Proposal.

2.8.5 The formulae for determining the Financial Score (Sf) is as follows: -

(Sf = 100 X 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 or another proportional linear formula)

Alternative formulae for determining the financial scores is the following:

The weights given to the Technical and Financial Proposals are:

T= 0.80
P=0.20

2.9.1 The address for negotiations is:

**Principal Secretary,
The National Treasury,
P.O. Box 30007 00100
Nairobi**

2.10.1 The assignment is expected to commence seven (7) days after signing and approval of contract by the client.

2.10.2 The award shall be made on **LOT** basis after successful negotiations with the technically lowest evaluated Consultant. Firms shall be awarded a maximum of **ONE (1No) LOT**

SECTION III: - TECHNICAL PROPOSAL

Notes on the preparation of the Technical Proposals

- 3.1 In preparing the Technical Proposal, the consultant is expected to examine all terms and information included in the RFP. Failure to provide all requested information shall be at the consultant's own risk and may result in rejection of the consultant's proposal.
- 3.2 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.
- 3.3 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.

SECTION III - TECHNICAL PROPOSAL

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. FIRM'S REFERENCES

Relevant Services Carried Out in the Last Five 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 Approx. Value of Services (Kshs) (Month/Year):
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; _____

(May be amended as necessary)

3. 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.

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

5. TEAM COMPOSITION AND TASK ASSIGNMENTS

1. Technical/Managerial Staff

Name	Position	Task

2. Support Staff

Name	Position	Task

6. 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.]

Employment Record:

[Starting with present position, list in reverse order every employment held. List all positions held by staff member since graduation, giving dates, names of employing organizations, titles of positions held, and locations of assignments.]

Certification:

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

_____ Date: _____
[Signature of staff member]

_____ Date: _____
[Signature of authorised representative of the firm]

Full name of staff member: _____

Full name of authorized representative: _____

7. TIME SCHEDULE FOR PROFESSIONAL PERSONNEL

Name	Position	Reports Due/ Activities	Months (in the Form of a Bar Chart)												Number of months	
			1	2	3	4	5	6	7	8	9	10	11	12		

Reports Due: _____

Activities Duration: _____

Signature: _____
(Authorized representative)

Full Name: _____

Title: _____

Address: _____

8. ACTIVITY (WORK) SCHEDULE

(a). Field Investigation and Study Items

[1st, 2nd, etc, are months from the start of assignment)

	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th	11 th	12 th	
Activity (Work)													

(b). Completion and Submission of Reports

Reports	Date
1. Inception Report	
4. Interim Progress Report (a) First Status Report (b) Second Status Report	
3. Draft Report	
4. Final Report	

SECTION IV: - FINANCIAL PROPOSAL

Notes on preparation of Financial Proposal

- 4.1 The Financial Proposal prepared by the consultant should list the costs associated with the assignment. These costs normally cover remuneration for staff, subsistence, transportation, services and equipment, printing of documents, surveys etc as may be applicable. The costs should be broken down to be clearly understood by the procuring entity.
- 4.2 The Financial Proposal shall be in Kenya Shillings or any other currency allowed in the request for proposal and shall take into account the tax liability and cost of insurances specified in the request for proposal.
- 4.3 The Financial Proposal should be prepared using the Standard forms provided in this part

SECTION IV - FINANCIAL PROPOSAL STANDARD FORMS

1. FINANCIAL PROPOSAL SUBMISSION FORM

To: _____ [Date]

[Name and address of Client]

Ladies/Gentlemen:

We, the undersigned, offer to provide the consulting services to provide support to public entities in financial reporting in accordance with your Request for Proposal dated (_____) [Date] and our Proposal. Our attached Financial Proposal is for the sum of (_____) [Amount in words and figures] inclusive of the taxes.

We remain,

Yours sincerely,

_____ *[Authorized Signature]*
_____ *[Name and Title of Signatory]:*
_____ *[Name of Firm]*
_____ *[Address]*

2. SUMMARY OF COSTS

Costs	Currency	Amount(s)
Subtotal		
Taxes		
Total Amount of Financial Proposal		<hr/>

Please provide prices for each lot separately

3. BREAKDOWN OF PRICE PER ACTIVITY

Activity NO.: _____	Description: _____
Price Component	Amount(s)
Remuneration	
Reimbursable	
Miscellaneous Expenses	
Subtotal	_____

4. BREAKDOWN OF REMUNERATION PER ACTIVITY

Activity No. _____		Name: _____		
Names	Position	Input (Staff months, days or hours as appropriate.)	Remuneration Rate	Amount
(i) Regular staff				
(ii) Consultants				
Grand Total				

5. REIMBURSABLES PER ACTIVITY

Activity No: _____

Name: _____

No.	Description	Unit	Quantity	Unit Price	Total Amount
1.	Air travel	Trip			
2	Road travel	Kms			
3.	Rail travel	Kms			
4.	Subsistence Allowance	Day			
	Grand Total				

6. MISCELLANEOUS EXPENSES

Activity No. _____ Activity Name: _____

No.	Description	Unit	Quantity	Unit Price	Total Amount
1.	Communication costs (Telephone, telegram, telex)				
2.	Drafting, reproduction of reports				
3.	Equipment: computers etc.				
4.	Software				
	Grand Total				

SECTION V: - TERMS OF REFERENCE

PROVISION OF TECHNICAL ASSISTANCE IN THE PREPARATION OF INDIVIDUAL ENTITY AND CONSOLIDATED ANNUAL AND QUARTERLY FINANCIAL STATEMENTS FOR NATIONAL GOVERNMENT PUBLIC ENTITIES FOR A THREE (3) YEAR PERIOD

{LOT 1: National Government Ministries, Department and Agencies (MDAs), and subsidiary entities under their control including Development Projects, Consolidated Fund, Consolidated Fund Services Accounts and Constitutional Commissions (but excluding State Corporations)}

1. Background

The mandate of the National Treasury is to formulate financial and economic policies, effective coordination of Government financial operations, and management of public finances for the rapid and sustainable economic development of Kenya guided by the Public Finance Management Act of 2012. The Act provides for the effective management of public finances by the National and County Governments; the oversight responsibility of Parliament and County Assemblies; and the different responsibilities of government entities and other bodies.

The Director General, Directorate of Accounting Services and Quality Assurance at the National Treasury is responsible for providing technical support to Ministries Departments and Agencies within the National Government.

The Directorate works closely with the Public Sector Accounting Standards Board (PSASB), established under section 192 of the PFM Act 2012, with the responsibility of providing frameworks and set generally accepted standards for the development and management of accounting, financial systems and internal audit functions of all State organs and public entities.

The Directorate has over the past years received technical support through consultancy from professional accounting firms. This consultancy has resulted in considerable achievements as enumerated below:

1. Government-wide Consolidated Financial Statements: - Section 80 of the PFM Act, 2012 require the National Treasury to prepare government-wide consolidated financial statements submit them to the relevant authorities within four months after year end. This requires the MDAs to prepare their individual reports, and the staff at Directorate to review submitted reports and provide feedback and consolidate the financial reports. Preparation of consolidated financial statements is therefore a complex exercise and the technical support from the consultancy firms is essential.
2. Annual financial reporting by public sector entities- Over the last six years, public sector entities have complied with the requirements of the PFM Act,2012 in the preparation and submission of annual financial statements for audit to the Office of the Auditor General. This has resulted to more timely audits by the Office of the Auditor General and subsequent deliberations of these reports by Senate and Parliamentary Committees.
3. Quarterly financial reporting- The PFM Act, 2012 requires public sector entities to prepare quarterly financial statements and submit them the national or county government with copies to the Office of the Controller of Budget and the Commission

on Revenue Allocation. Since 2016, Public sector entities have complied with the requirements of the Act. This has enabled the National Treasury to consolidate quarterly financial statements and provide quality reviews and feedback to the public sector entities with the assistance of the consultants.

4. Support in the external audit process- The National Treasury and the consultants have been engaged in providing technical support to entities during preparation for audits and responding to queries from the Office of the Auditor General. This move has improved understanding between the auditor and the public sector entities being audited and has contributed to an improvement in the kind of opinions being issued to the public sector entities. The number of unqualified audit opinions have been increasing steadily over the last six years.
5. Support and capacity building on IFMIS- Through sustained on the job and workshop training, the National Treasury with the assistance of the consulting firms has been able to sustain use of IFMIS as the Government accounting system. Although there are still challenges with full utilization of the system, some entities are able to generate their financial statements from the IFMIS system.
6. Training and capacity building: - As part of its core mandate, the Directorate has been training MDA accountants on a bi-annual basis over the past few years. This has seen over 2,000 accountants trained over a period of 5 years since FY 2013/2014. The technical support provided by consultancy firms has enabled the Directorate to widen its reach through a Training of Trainers programme on technical areas in financial reporting as well as on-the-job training directly to the MDA accountants. The capacity building exercise has heightened the level of awareness in financial reporting requirements across the MDAs.

Despite these gains resulting from the technical support of consultancy firms, there is need to sustain momentum thus created over an extended period of time for the positive culture to take root within the MDAs.

In addition, there are a number of areas that remain a challenge to the MDAs as well emerging reporting needs that may require continued technical support. These are as outlined below:

- (i) Preparation to migrate to Accrual basis of accounting: - Since FY 2013/2014, MDAs have been applying cash basis of accounting as prescribed by the Public Sector Accounting Standards Board (PSASB). The MDAs are required to migrate towards International Public Sector Accounting Standards (IPSAS) accrual commencing 1st July 2021 as guided by the PSASB. Migration to accrual accounting is a complex exercise that requires a mastery of accrual based accounting standards and as such MDAs will require technical support in applying these standards over the next three years.
- (ii) Challenges in utilization of the IFMIS: Significant effort has been expended in building the capacity MDAs to fully utilize the various functions of IFMIS. There is however a number of areas where there are capacity gaps and in particular around the utilization of auto bank reconciliation function where capacity building will require sustained efforts.

- (iii) Limited capacity within the Directorate to prepare government-wide consolidated financial statements: - There has been a considerable capacity building effort in the preparation of government-wide consolidated financial statements, within staff at the Directorate. This is however a complex exercise and the Directorate is yet to attain a critical mass of in-house experts who can carry out the exercise. This will require on-the-job training over an extended period of time in order to build a pool of in-house experts.
- (iv) Need to strengthen asset management within public sector entities: - The National Treasury is in the process of revising the Standard Chart of Accounts (SCOA) as well as formulating the policy guidelines for the management of assets and liabilities. These deliverables are expected to be ready for implementation by January 2020. They will be part of the support structure and preparatory steps for migration to accrual basis of accounting as noted above.

There is therefore a need to support the MDAs in implementation of the SCOA and the guidelines on management of assets and liabilities. These are technical in nature and may require the support of the consultancy firms.

- (v) Low number of clean audit reports: The technical support thus provided to MDAs has helped in narrowing the accounting related audit issues raised by the Auditor General over a significant number of MDAs. However, unqualified audit reports among the public sector entities are still significantly low and hence the need to continually support the entities to address issues raised in the audit reports.

Having reflected on the above noted areas of continued technical to MDAs and the staff at the Directorate, and in order to consolidate the gains made so far, the National Treasury, through the Directorate of Accounting Services and Quality Assurance, wishes to engage the services of reputable accounting firm to provide consultancy services to the Ministries, Departments and Agencies.

The consultancy services shall be through a framework contract for a period of three years effective **1st April 2020 to 31st March 2023** but shall be renewed on a yearly basis subject to satisfactory performance by the consultant and availability of funds.

2. Scope of Work

This is an advisory assignment with the objective of providing technical assistance support to government accountants and other officers in the preparation of individual entity financial statements and consolidated financial statements.

Capacity building is a core objective of this consultancy. The target group within the entities includes Heads of Accounts Units (HAUs) and accounting staff involved in accounting, internal controls and financial management.

These ToRs are issued as part of wider consultancy sought to cover all State Organs and Public Entities, which have been grouped into the following three clusters:

- Lot 1: National Government Ministries, Department and Agencies (MDAs), and subsidiary entities under their control including development projects, Independent

Commissions, Consolidated Fund and Consolidated Fund Services Accounts (but excluding State Corporations);

- Lot 2: National Government State Corporations, Semi-Autonomous Government Agencies and Public Funds established and governed under an act of Parliament or a Legal Notice; Universities, TVETs and other learning Institutions;
- Lot 3: County Governments and County government entities including Water Service Providers, Municipal Boards, County hospitals, and County Funds.

The Following Terms of Reference are specifically for LOT 1.

The successful consultant will be expected to deliver services described under section 3 'Detailed Tasks' of these ToRs.

This assignment is supported by the Government of Kenya and PFM Development Partners under the Public Financial Management Reform (PFMR) Strategy 2018-2023.

The consultancy services shall be through a framework contract for a period of Three (3) years effective 1st April, 2020 to 31st March, 2023 but shall be renewed on a yearly basis subject to satisfactory performance by the consultant and availability of funds.

3. Detailed Tasks

In carrying out the assignment, it is expected that the Consultants will undertake the following key activities: -

3.1 Inception Phase

- (i) Preparing the inception report for the assignment;
- (ii) Capacity building gap analysis and preparing an annual training curriculum to ensure efficient transfer of skills. The training curriculum should cover both on the job training and formal workshops interventions;
- (iii) Updating and validating the list of entities within the Lot; and
- (iv) Consulting the relevant stakeholders to agree on the role and responsibilities for the assignment.

3.2 Training and capacity building

- (i) Bi-annual training Government accountants working for Lot 1 entities on the cash based IPSAS reporting standards as well as accrual based IPSAS;
- (ii) In collaboration with the PSASB, review the accounting standards and prioritize training of the standards based on needs of public sector entities and the requirements of the roadmap to accrual accounting.
- (iii) Review of tools issued by the PSASB to further comply with prescribed standards for purposes of annual reporting;
- (iv) Provide guidance on areas of enhancement to the SCOA manual;
- (v) Formal and on-the-job Training of Trainers (ToT) primarily focusing on twenty (20) Financial Reporting Unit (FRU) within the Directorate;

- (vi) Clear work plan/methodology on transfer of knowledge to the Financial Reporting Unit at the National Treasury and to public sector accountants working under the Ministries, Departments and Agencies
- (vii) Facilitating formal workshops as guided by the annual capacity building plan;
- (viii) Providing on-the-job technical support in financial reporting to public entities;
- (ix) Building capacity within the FRU to enable the team carry out the inter-entity reconciliation and consolidation of government wide financial statements on a quarterly basis;
- (x) A road map on how transition period will be handled, 6 months before the expiry of the contract including transfer of ownership of training manuals and software tools to National Treasury

3.3 Technical support in consolidation of financial statements

- (i) Prepare a manual on the processes and procedures of preparation of consolidated financial statements for training of FRU and for future reference;
- (ii) Support validation of the opening balance for entities and follow up of all opening balance adjustments to ensure they are adequately supported and authorized;
- (iii) Guide FRU on automation of consolidation templates;
- (iv) Facilitate the MDAs to, where necessary, prepare entity consolidated financial statements;
- (v) Support in preparing annual consolidated financial statements that consolidates all the MDAs Projects and the Consolidated Fund;
- (vi) Consolidated statements for Central Government as required under GFS 2014 and Consolidated whole of Government as required by GFS 2014.
- (vii) Support the Debt Department in preparing the debt report;
- (viii) Preparing annual feedback letters to each entity detailing the areas of improvements the entity is required to address in the short and long term;
- (ix) Liaison with the sending and receiving entities to completely offset inter-entity balances;
- (x) Reconciling exchequer releases recorded by entities with records maintained by Exchequer Operations unit; and
- (xi) Revise the consolidated financial statements upon receipt of the audited financial statements.
- (xii) Develop innovative ways to ensure timely and accurate consolidation through use of technology.

3.4 Technical support for in-year financial reporting

- (i) Reviewing the submitted financial statements for quality and completeness before consolidation;
- (ii) Reviewing Reconciliations - and assisting entities in resolving any differences and long outstanding items;
- (iii) Preparing quarterly consolidated financial statements that consolidates all entities within the Lot;
- (iv) Preparing quarterly feedback letters to each entity detailing the areas of improvements the entity is required to address in the short and long term; and
- (v) Providing technical assistance to entities to enable them implement recommendations.
- (vi) Offer on the job training and coaching to reporting entities to ensure improvement of quality of financial statements being submitted

3.4 Technical Support in use of IFMIS

- (i) Ensuring opening balances have been properly captured in IFMIS;
- (ii) Quality assurance of financial templates designed in IFMIS and advising their regular updating based on templates prescribed by PSASB.
- (iii) Assist in operationalizing the fixed asset module of IFMIS as per guidelines to be issued on management of assets and liabilities;
- (iv) Assist in operationalization of other assets and liabilities modules to support accrual accounting
- (v) Assist in operationalization of the updated Standard Chart of Accounts including training of users
- (vi) Assist entities to collate fixed assets data to enable them update the fixed asset module in IFMIS;
- (vii) Assist entities in carrying out reconciliation between manual records and financial statements maintained in IFMIS; and
- (viii) Assist entities carry out period end (annual and monthly) procedures in IFMIS.

3.5 Technical support in implementation of audit issues

- (i) Supporting entities during the audit process;
- (ii) Supporting entities to prepare adequately for the audit process through coaching and formal training at workshops
- (iii) Regular review and update of audit opinions from the OAG for the Lot and developing innovative means to address the audit issues with a view to increase the number of unqualified audit opinions
- (iv) Support entities in implementation of the previous years' audit recommendations;
- (v) Assisting entities to clear old unreconciled balances in liaison with the task force on old balances set up by National Treasury; and

- (vi) Attending and offering technical support during entrance and exit audit meetings held by public entities.

3.6 Migration to accrual basis exercise

- (i) Provide technical support and guidance in the migration to accrual basis for whole of government including development of training materials and training;
- (ii) Regular review of the milestones within the roadmap with a view of advising the drivers of the transition of anticipated challenges and implementation gaps based on experience with the implementing entities
- (iii) Ensuring financial statements prepared are in line with guidelines issued during the transition process
- (iv) Provide regular feedback on tools and templates developed by PSASB during the transition process in order to improve and enhance them.
- (v) Ensure accrual based concepts are cascaded to implementing agencies through on the job and regular training workshops
- (vi) Assist in updating government accounting manuals to accommodate accrual accounting

3.7 Closure of the assignment

- (i) Assist the Directorate to gather and maintain a database of financial reports from MDAs and to archive in both soft and hard copy before closure of the assignment; and
- (ii) Ensure formal transfer of materials, manuals and other materials and software developed in the course of the assignment
- (iii) Prepare an end of assignment report.

4 Expected deliverables

In line with the objectives of the assignment, and tasks set out in Section 3 above, the consultant will be expected to prepare the following deliverables:

Deliverable	Deliverables
Inception report	(i) Acceptable Inception report; (ii) Capacity building plan.
1st Progress report	Progress report entailing: (i) Individual entity annual financial statements; (ii) Draft Consolidated Financial Statements (iii) Annual consolidated financial statements as per statutory

	<p>deadline; and</p> <p>(iv) Feedback letters for each entity and summary of key issues for attention of National Treasury.</p>
2nd Progress report	<p>Progress report entailing:</p> <p>(i) 1st Quarter consolidated financial statements;</p> <p>(ii) Half year formal workshop training report on lessons learnt on consolidation.</p>
3rd Progress report	<p>Progress report entailing:</p> <p>(i) 2nd Quarter consolidated financial statements.</p> <p>(ii) Progress report on Detailed Tasks outlined in Section 3 of these TORs</p>
4 th Progress Report	<p>Progress report entailing:</p> <p>(i) 3rd Quarter consolidated financial statements; and</p> <p>(ii) Annual training report</p>
End of assignment report	<p>Progress report entailing:</p> <p>(i) 4th Quarter consolidated financial statements;</p> <p>(ii) Knowledge transfer report</p> <p>(iii) Formal transfer of tools , manuals and reports obtained or generated in the course of the assignment</p> <p>(iv)Consolidation tools transfer; and</p> <p>(v) End of assignment report.</p>

5 Reporting and management of the assignment

The Consultants will report to the Director General, Directorate of Accounting Services, National Treasury and will work closely with the Departments of Accounting Services, IFMIS, and other departments within National Treasury, PSASB, MDAs and other subsidiary entities under their control.

The Consultants may also need to consult with representatives from other Government agencies involved in public financial management.

The Director General, Directorate of Accounting Services will facilitate and provide logistical support relating to this assignment. The Consultant will be required to submit weekly updates on the progress of the assignment.

For effective management of the assignment, the Consultant is required to provide bi-weekly status update on the agreed upon areas of technical support highlighting among others; activities carried out against the approved work plan, accounting and financial management

issues arising, planned activities for the following weeks, overall progress of the assignment and any delays and proposed course of action.

6. Qualifications of the Consultants

6.1 The Firm must demonstrate: -

- a. Experience in the provision of technical assistance in preparation and consolidation of government wide financial statements;
- b. Experience in the application of the International Public Sector Accounting Standards (IPSAS) using the cash and accrual basis of accounting;
- c. Familiarity with Public Financial Management Systems in an African country in particular with Integrated Financial Management Information System (IFMIS);
- d. Experience in supporting implementation of external audit issues;
- e. Experience in training and capacity building in financial management and reports for large number of participants within the public sector;
- f. A proven methodology and work plan capable of executing the assignment in a timely and cost effective manner.
- g. Ability to draw from a wide network of subject matter experts to support the successful implementation of this assignment;
- h. A thorough understanding of the Terms of Reference.

6.2 Specific Qualifications of Proposed Team Members:

This cluster requires a Lead Consultant supported by at least 5 senior accounting and financial management consultants. The Lead Consultant will be in charge of the Senior Consultants deployed on the assignment.

The qualifications and experiences of the consultants are as follows:

a) The Lead Consultant:

- ii) Must be professionally qualified accountant and a member of ICPAK.
- iii) Must have at least 10 years post professional qualification experience.
- iv) Must demonstrate experience in preparation of financial statements for public sector entities with the application of IPSAS and IFRS.
- v) Should demonstrate experience in facilitation of senior and middle level management trainings on a large scale within the public sector.
- vi) Should demonstrate experience in preparation of consolidated financial statements of a large group of companies or within public sector.
- vii) Must demonstrate working knowledge of Integrated Financial Management Systems (IFMIS) or related systems.
- viii) Should demonstrate working knowledge on the Government Chart of Accounts.

b) Senior Accounting and Financial Management Consultants:

- (i) The Senior Consultants deployed should be professionally qualified and members of ICPAK.
- (ii) They should have a post qualification experience of not less than 5 years;
- (iii) They must be familiar with and should demonstrate experience in public sector accounting and financial management and the application of IPSAS and IFRS.
- (iv) Should have working knowledge of Integrated Financial Management Systems (IFMIS).
- (v) Should be experienced in preparation of consolidated financial statements within public sector.
- (vi) Should be experienced in facilitation of middle level management trainings on a large scale within the public sector.

7. Key Reference Documents

Bidders are advised to read the following background documents, which may be obtained from the National Treasury website or the Director General's Office in order to familiarize themselves with the assignment: -

- a) The Kenya Constitution 2010;
- b) Public Financial Management Act 2012;
- c) Public Finance Management Regulations, 2015;
- d) Vision 2030 and Medium Term Plans I, II and III;
- e) Consolidated financial statements for FY 2013/2014 to FY 2017/2018 available at National Treasury website;
- f) Gazette notice no. 5440 on Public Sector Accounting Standards Board (PSASB) Financial Reporting and Internal Auditing Standards Pronouncement;
- g) Printed Budget Estimates for the relevant previous financial year;
- h) Reports of the Auditor General for individual entities available at the Office of Auditor General website;
- i) The Strategy for Public Finance Management Reforms in Kenya 2018-2023;

TERMS OF REFERENCE

PROVISION OF TECHNICAL ASSISTANCE IN THE PREPARATION OF INDIVIDUAL ENTITY AND CONSOLIDATED ANNUAL AND QUARTERLY FINANCIAL STATEMENTS FOR NATIONAL GOVERNMENT PUBLIC ENTITIES FOR A THREE (3) YEARS PERIOD

{Lot 2: National Government State Corporations, Semi-Autonomous Government Agencies (SAGAs) and Public Funds established and governed under an act of Parliament or a Legal Notice, Universities and other Learning Institutions (including TVETS)}

1. Background

The mandate of the National Treasury is to formulate financial and economic policies, effective coordination of Government financial operations, and management of public finances for the rapid and sustainable economic development of Kenya guided by the Public Finance Management Act of 2012. The Act provides for the effective management of public finances by the National and County Governments; the oversight responsibility of Parliament and County Assemblies; and the different responsibilities of government entities and other bodies.

The Director General, Directorate of Accounting Services and Quality Assurance at the National Treasury is responsible for providing technical support to National Government State Corporations, Semi- Autonomous Government Agencies (SAGAs) and Public Funds established and governed under an Act of Parliament or a Legal Notice, Universities and Other Learning institutions (including TVETs).

The Directorate works closely with the Public Sector Accounting Standards Board (PSASB), established under section 192 of the PFM Act 2012, with the responsibility of providing frameworks and set generally accepted standards for the development and management of accounting, financial systems and internal audit functions of all State organs and public entities.

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1. Government-wide Consolidated Financial Statements: - Section 80 of the PFM Act, 2012 require the National Treasury to prepare government-wide consolidated financial statements submit them to the relevant authorities within four month after year end. This requires the MDAs to prepare their individual reports, and the staff at Directorate to review submitted reports and provide feedback and consolidate the financial reports. Preparation of consolidated financial statements is therefore a complex exercise and the technical support from the consultancy firms is essential.
2. Annual financial reporting by public sector entities- Over the last six years, public sector entities have complied with the requirements of the PFM Act in the preparation and submission of annual financial statements for audit to the Office of the Auditor General. This has resulted to more timely audits by the Office of the Auditor General and subsequent deliberations of these reports by Senate and Parliamentary Committees.

3. Quarterly financial reporting- The PFM Act, 2012 requires public sector entities to prepare quarterly financial statements and submit them the national or county government with copies to the Office of the Controller of Budget and the Commission on Revenue Allocation. Since 2016, Public sector entities have complied with the requirements of the Act. This has enabled the National Treasury to consolidate quarterly financial statements and provide quality reviews and feedback to the public sector entities with the assistance of the consultants.
4. Support in the external audit process- The National Treasury and the consultants have been engaged in providing technical support to entities during preparation for audits and responding to queries from the Office of the Auditor General. This move has improved understanding between the auditor and the public sector entities being audited and has contributed to an improvement in the kind of opinions being issued to the public sector entities. The number of unqualified audit opinions have been increasing steadily over the last six years.
5. Training and capacity building: - As part of its core mandate, the Directorate has been training accountants from State Corporations (SC) and Semi-Autonomous Government Agencies (SAGAs) on a bi-annual basis over the past few years. This has seen over 1400 accountants from State Corporations (SC) and Semi-Autonomous Government Agencies (SAGAs) trained over a period of 5 years since FY 2013/2014.

The technical support provided by consultancy firms has enabled the Directorate to widen its reach through a Training of Trainers programme on technical areas in financial reporting as well as on-the-job training directly to the State Corporations (SC) and Semi-Autonomous Government Agencies (SAGAs) accountants. The capacity building exercise has heightened the level of awareness in financial reporting requirements across these entities.

Despite these gains resulting from the technical support of consultancy firms, there is need to sustain momentum thus created over an extended period of time for the positive culture to take root within the State Corporations (SC) and Semi-Autonomous Government Agencies (SAGAs).

In addition, there are a number of areas that remain a challenge to the State Corporations (SC) and Semi-Autonomous Government Agencies (SAGAs) as well emerging reporting needs that may require continued technical support. These are as outlined below:

- (i) Large number of entities: This category has a total of 456 entities comprised of the following:

Entities Classification	Number
State Corporations and Semi - Autonomous Government Agencies (SAGAs)	205
Public Funds established under an Act of Parliament or a Legal Notice	64
Universities and Other Learning Institutions	65
Technical and Vocational Education and Training Institutions	122
Total number of entities	456

This is a significantly large number of entities and National Treasury therefore requires technical support to effectively support them. These numbers also keep on increasing year after year and therefore maintaining a database for the same is essential.

- (ii) Limited capacity to implement the prescribed accounting standards: State Corporations and Semi-Autonomous Government Agencies are applying IPSAS Accrual and IFRS accounting standards as prescribed by PSASB. These are complex standards and will require sustained capacity building over an extended period of time for the users to assimilate them.
- (iii) Limited capacity within the Directorate to prepare government-wide consolidated financial statements: - There has been a considerable capacity building effort in the preparation of government-wide consolidated financial statements, within staff at the Directorate. However, given the large number of entities involved, the Directorate is yet to attain a critical mass of in-house experts who can carry out the exercise. This will require on-the-job training over an extended period of time in order to build a pool of in-house experts.
- (iv) Need to strengthen asset management within public sector entities: - The National Treasury is in the process of formulating the policy guidelines for the management of assets and liabilities. This deliverable is expected to be ready for implementation by January 2020 and will be part of the support structure for development of National Asset register.

There is therefore a need to support the State Corporations (SC) and Semi-Autonomous Government Agencies (SAGAs) to implement the guidelines on management of assets and liabilities. These are technical in nature and may require the support of the consultancy firms.

- (v) Low number of clean audit reports: The technical support thus provided to SC and SAGAs has helped in narrowing the accounting related issues raised by the Auditor General over a significant number of entities. However, unqualified audit reports among the public sector entities are still low and hence the need to continually support the entities to address issues raised in the audit reports.

Having reflected on the above noted areas of continued technical to SC and SAGAs and the staff at the Directorate, and in order to consolidate the gains made so far, the National Treasury, through the Directorate of Accounting Services and Quality Assurance, wishes to engage the services of reputable accounting firm to provide consultancy services to the Ministries, Departments and Agencies.

The consultancy services shall be through a framework contract for a period of Three (3) years effective **1st April 2020 to 31st March 2023** but shall be renewed on a yearly basis subject to satisfactory performance by the consultant and availability of funds.

2. Scope of Work

This is an advisory assignment with the objective of providing technical assistance support to government accountants and other officers in the preparation of individual entity financial statements and consolidated financial statements.

Capacity building is a core objective of this consultancy. The target group within the entities includes Heads of Finance and/ Accounting and Chief Finance Officers and the accounting and budget staff below them involved in accounting, internal controls and financial management.

These ToRs are issued as part of wider consultancy sought to cover all State Organs and Public Entities, which have been grouped into the following three clusters:

- Lot 1: National Government Ministries, Department and Agencies (MDAs), and subsidiary entities under their control including development projects, Independent Commissions, Consolidated Fund and Consolidated Fund Services Accounts (but excluding State Corporations);
- Lot 2: National Government State Corporations, Semi-Autonomous Government Agencies and Public Funds established and governed under an act of Parliament or a Legal Notice; Universities, TVETs and other learning Institutions;
- Lot 3: County Governments and County government entities including Water Service Providers, Municipal Boards, County hospitals, and County Funds.

These Terms of Reference are specifically for Lot 2.

The successful consultant will be expected to deliver services described under section 3 'Detailed Tasks' of these ToRs.

This assignment is supported by the Government of Kenya and PFM Development Partners under the Public Financial Management Reform (PFMR) Strategy 2018-2023.

The consultancy services shall be through a framework contract for a period of Three (3) years effective 1st April, 2020 to 31st March, 2023 but shall be renewed on a yearly basis subject to satisfactory performance by the consultant and availability of funds.

3. Detailed Tasks

In carrying out the assignment, it is expected that the Consultants will undertake the following key activities: -

3.1 Inception Phase

- (i) Preparing the inception report for the assignment;
- (ii) Capacity building gap analysis and preparing an annual training curriculum to ensure efficient transfer of skills. The training curriculum should cover both on the job training and formal workshops interventions;
- (iii) Updating and validating the list of entities within the Lot; and
- (iv) Consulting the relevant stakeholders to agree on the role and responsibilities for the assignment.

3.2 Training and capacity building

- i. Bi-annual training Government accountants working for Lot 2 entities on the accrual based IPSAS reporting standards as well as cash based IPSAS and IFRSs;
- ii. In collaboration with the PSASB, review the accounting standards and prioritize training of the standards based on needs of public sector entities and the requirements of the roadmap to accrual accounting.
- iii. Review of tools issued by the PSASB to further comply with prescribed standards for purposes of annual reporting;
- iv. Provide guidance on areas of enhancement to the SCOA manual;
- v. Formal and on-the-job Training of Trainers (ToT) primarily focusing on twenty (20) Financial Reporting Unit (FRU) within the Directorate;
- vi. Clear work plan/methodology on transfer of knowledge to the Financial Reporting Unit at the National Treasury and to public sector accountants working under the State Corporations and SAGAs.
- vii. Facilitating formal workshops as guided by the annual capacity building plan;
- viii. Providing on-the-job technical support in financial reporting to public entities;
- ix. Building capacity within the FRU to enable the team carry out the inter-entity reconciliation and government wide consolidation on a quarterly basis;
- x. A road map on how transition period will be handled, 6 months before the expiry of the contract including transfer of ownership of software tools to the National Treasury

3.3 Preparing annual consolidated financial statements

- i. Prepare a manual on the processes and procedures of preparation of consolidated financial statements for training of FRU and for future reference;
- ii. Support validation the opening balance for entities and follow up of all opening balance adjustments to ensure they are adequately supported and authorized;
- iii. Guide FRU on automation of consolidation templates;
- iv. Prepare a guide on process and procedures on preparation of consolidated financial statements for training of Government accountants and for future reference;
- v. Facilitating the individual entities to, where necessary, prepare entity consolidated financial statements;
- vi. Preparing annual consolidated financial statements that consolidates all the entities within the Lot;
- vii. Provide Technical Support in consolidation of the Central Government entities as required under GFS 2014 and preparation of financial statements that Consolidated the whole of government as required under GFS 2014
- viii. Preparing annual Management Letters to each entity detailing the areas of improvements the entity is required to address in the short and long term;

- ix. Liaison with the sending and receiving entities to completely offset inter-entity balances;
- x. Providing National Treasury with a tool/system that can automate the consolidation process and archiving of information; and
- xi. Revise the consolidated financial statements upon receipt of the audited financial statements.
- xii. Develop innovative ways to ensure timely and accurate consolidation through use of technology.

3.4 Support for in-year financial reporting

- (i) Reviewing the submitted financial statements for quality and completeness before consolidation;
- (ii) Providing formal feedback to reporting entities;
- (iii) Providing technical assistance to entities to enable them implement recommendations;
- (iv) Review Reconciliations and assisting entities in resolving any differences and long outstanding items;
- (v) Preparing quarterly consolidated financial statements that consolidates all entities within the Lot;
- (vi) Preparing quarterly Management Letters to each entity detailing the areas of improvements the entity is required to address in the short and long term;
- (vii) Offer on the job training and coaching to reporting entities to ensure improvement of quality of financial statements being submitted

3.5 Support on implementation of audit issues

- (i) Supporting entities on implementation of the previous years' audit recommendations;
- (ii) Supporting entities to prepare adequately for the audit process through coaching and formal training at workshops
- (iii) Regular review and update of audit opinions from the OAG for the Lot and developing innovative means to address the audit issues with a view to increase the number of unqualified audit opinions
- (iv) Supporting entities during the audit process;
- (v) Attending and offering technical support during entrance and exit audit meetings held by public entities.

3.6 Migration to accrual basis exercise

- (i) Provide technical support and guidance in the migration to accrual basis for whole of government including development of training materials and training;

- (ii) Regular review of the milestones within the roadmap with a view of advising the drivers of the transition of anticipated challenges and implementation gaps based on experience with the implementing entities
- (iii) Ensuring financial statements prepared are in line with guidelines issued during the transition process
- (iv) Provide regular feedback on tools and templates developed by PSASB during the transition process in order to improve and enhance them.
- (v) Ensure accrual based concepts are cascaded to implementing agencies through on the job and regular training workshops
- (vi) Assist in updating government accounting manuals to accommodate accrual accounting

3.7 Closure of the assignment

- (i) Assist the Directorate to gather and maintain a database of financial reports from entities in this **Lot** and to archive in both soft and hard copy before closure of the assignment;
- (ii) Ensure formal transfer of materials, manuals and other materials and software developed in the course of the assignment; and
- (iii) Prepare an end of assignment report.

4 Expected deliverables

In line with the objectives of the assignment, and tasks set out in Section 3 above, the consultant will be expected to prepare the following deliverables:

Deliverable	Deliverables
Inception report	<ul style="list-style-type: none"> (i) Acceptable Inception report; (ii) Capacity building plan.
1st Progress report	<p>Progress report entailing:</p> <ul style="list-style-type: none"> (i) Individual entity annual financial statements; (ii) Draft Consolidated Financial Statement; (iii) Annual consolidated financial statements as per statutory deadline; and (iv) Feedback letters for each entity and summary of key issues for attention of National Treasury.
2nd Progress report	<p>Progress report entailing:</p>

	<ul style="list-style-type: none"> i. 1st Quarter consolidated financial statements; ii. Half year formal workshop training report on lessons learnt on consolidation.
3rd Progress report	<p>Progress report entailing:</p> <ul style="list-style-type: none"> (i) 2nd Quarter consolidated financial statements.
4 th Progress report	<p>Progress report entailing:</p> <ul style="list-style-type: none"> (i) 3rd Quarter consolidated financial statements; and (ii) Annual training workshop report
End of assignment report	<p>Progress report entailing:</p> <ul style="list-style-type: none"> (i) 4th Quarter consolidated financial statements; (ii) Knowledge transfer report (iii) Formal transfer of tools, manuals and reports obtained or generated in the course of the assignment (iv) Consolidation tools transfer; and (v) End of assignment report.

5 Reporting Arrangements

The Consultants will report to the Director General, Directorate of Accounting Services, National Treasury and will work closely with the Departments of Accounting Services and other departments within National Treasury, PSASB, MDAs and other subsidiary entities under their control that include SCs, SAGAs, Public Universities and TVETs.

The Consultants may also need to consult with representatives from other Government agencies involved in public financial management.

The Director General, Directorate of Accounting Services will facilitate and provide logistical support relating to this assignment. The Consultant will be required to submit weekly updates on the progress of the assignment.

For effective management of the assignment, the Consultant is required to provide bi-weekly status update on the agreed upon areas of technical support highlighting among others; activities carried out against the approved work plan, accounting and financial management issues arising, planned activities for the following weeks, overall progress of the assignment and any delays and proposed course of action.

6. Qualifications of the Consultants

6.1 The Firm must demonstrate: -

- a) Experience in the provision of technical assistance in preparation and consolidation of government wide financial statements;
- b) Experience in the application of the International Public Sector Accounting Standards (IPSAS) using the cash and accrual basis of accounting and the International Financial Reporting Standards (IFRSs);
- c) Familiarity with Public Financial Management Systems in an African country in particular with Integrated Financial Management Information System (IFMIS);
- d) Experience in supporting implementation of external audit issues;
- e) Experience in training and capacity building in financial management and reports for large number of participants within the public sector;
- f) A proven methodology and work plan capable of executing the assignment in a timely and cost effective manner.
- g) Ability to draw from a wide network of subject matter experts to support the successful implementation of this assignment;
- h) A thorough understanding of the Terms of Reference.

6.2 Specific Qualifications of Proposed Team Members:

This cluster requires a Lead Consultant supported by at least 5 senior accounting and financial management consultants. The Lead Consultant will be in charge of the Senior Consultants deployed on the assignment.

The qualifications and experiences of the consultants are as follows:

a) The Lead Consultant:

- (i) Must be professionally qualified accountant and a member of ICPAK.
- (ii) Must have at least 10 years post professional qualification experience.
- (iii) Must demonstrate experience in preparation of financial statements for public sector entities with the application of IPSAS and IFRS.
- (iv) Should demonstrate experience in facilitation of senior and middle level management trainings on a large scale within the public sector.
- (v) Should demonstrate experience in preparation of consolidated financial statements of a large group of companies or within public sector.
- (vi) Must demonstrate working knowledge of Integrated Financial Management Systems (IFMIS) or related systems.
- (vii) Should demonstrate working knowledge on the Government Chart of Accounts.

b) Senior Accounting and Financial Management Consultants:

- (i) The Senior Consultants deployed should be professionally qualified and members of ICPAK.
- (ii) They should have a post qualification experience of not less than 5 years;

- (iii) They must be familiar with and should demonstrate experience in public sector accounting and financial management and the application of IPSAS and IFRS.
- (iv) Should have working knowledge of Integrated Financial Management Systems (IFMIS).
- (v) Should be experienced in preparation of consolidated financial statements of a large group of companies or within public sector.
- (vi) Should be experienced in facilitation of middle level management trainings on a large scale within the public sector.

7 Key Reference Documents

Bidders are advised to read the following background documents, which may be obtained from the National Treasury website or the Director General's Office in order to familiarize themselves with the assignment: -

- a) The Kenya Constitution 2010;
- b) Public Financial Management Act 2012;
- c) Public Finance Management Regulations, 2015;
- d) Vision 2030 and Medium Term Plans I II and III;
- e) Consolidated financial statements for FY 2013/2014 to FY 2017/2018 available at National Treasury website;
- f) Gazette notice no. 5440 on Public Sector Accounting Standards Board (PSASB) Financial Reporting and Internal Auditing Standards Pronouncement;
- g) Printed Budget Estimates for the relevant previous financial year;
- h) Reports of the Auditor General for individual entities available at the Office of Auditor General website;
- i) The Strategy for Public Finance Management Reforms in Kenya 2018-2023;

TERMS OF REFERENCE

PROVISION OF TECHNICAL ASSISTANCE IN THE PREPARATION OF INDIVIDUAL AND CONSOLIDATED ANNUAL AND QUARTERLY FINANCIAL STATEMENTS FOR COUNTY GOVERNMENTS FOR A THREE (3) YEARS PERIOD

{Lot 3: County Governments and County Government entities including water providers}

1. Background

The mandate of the National Treasury is to formulate financial and economic policies, effective coordination of Government financial operations, and management of public finances for the rapid and sustainable economic development of Kenya guided by the Public Finance Management Act of 2012. The Act provides for the effective management of public finances by the National and County Governments; the oversight responsibility of Parliament and County Assemblies; and the different responsibilities of government entities and other bodies.

The Director General, Directorate of Accounting Services and Quality Assurance at the National Treasury is responsible for providing technical support to County Governments and County Government entities that include Water Service Providers, Municipal Boards, County Hospitals, County Funds and County Corporations.

The Directorate works closely with the Public Sector Accounting Standards Board (PSASB), established under section 192 of the PFM Act 2012, with the responsibility of providing frameworks and set generally accepted standards for the development and management of accounting, financial systems and internal audit functions of all State organs and public entities.

The Directorate has over the past years received technical support through consultancy from professional accounting firms. This consultancy has resulted in considerable achievements as enumerated below:

1. Consolidated Financial Statements: - The National Treasury has been preparing consolidated financial statements for County Governments. This requires the County Governments to prepare their individual reports, and the staff at Directorate to review submitted reports and provide feedback and consolidate the financial reports. Preparation of consolidated financial statements is therefore a complex exercise and the technical support from the consultancy firms has played a critical role.
2. Annual financial reporting by public sector entities- Over the last six years, public sector entities have complied with the requirements of the PFM Act in the preparation and submission of annual financial statements for audit to the Office of the Auditor General. This has resulted to more timely audits by the Office of the Auditor General and subsequent deliberations of these reports by Senate and Parliamentary Committees.
3. Quarterly financial reporting- The PFM Act, 2012 requires public sector entities to prepare quarterly financial statements and submit them the national or county government with copies to the Office of the Controller of Budget and the Commission on Revenue Allocation. Since 2016, Public sector entities have complied with the requirements of the Act. This has enabled the National Treasury to consolidate quarterly financial statements

and provide quality reviews and feedback to the public sector entities with the assistance of the consultants.

4. Support in the external audit process- The National Treasury and the consultants have been engaged in providing technical support to entities during preparation for audits and responding to queries from the Office of the Auditor General. This move has improved understanding between the auditor and the public sector entities being audited and has contributed to an improvement in the kind of opinions being issued to the public sector entities. The number of unqualified audit opinions have been increasing steadily over the last six years.
5. Support and capacity building on IFMIS- Through sustained on the job and workshop training, the National Treasury with the assistance of the consulting firms has been able to sustain use of IFMIS as the Government accounting system. Although there are still challenges with full utilization of the system, some entities are able to generate their financial statements from the IFMIS system.
6. Training and capacity building: - As part of its core mandate, the Directorate has been training County Government accountants on a bi-annual basis over the past few years. This has seen over 500 accountants from County Government trained over a period of 5 years since FY 2013/2014. The technical support provided by consultancy firms has enabled the Directorate to widen its reach through a Training of Trainers programme on technical areas in financial reporting as well as on-the-job training directly to the County Government accountants. The capacity building exercise has heightened the level of awareness in financial reporting requirements across the County Governments.

Despite these gains resulting from the technical support of consultancy firms, there is need to sustain momentum thus created over an extended period of time for the positive culture to take root within the County Governments.

In addition, there are a number of areas that remain a challenge to the County Governments as well emerging reporting needs that may require continued technical support. These are as outlined below:

- (i) Preparation to migrate to Accrual basis of accounting: - Since FY 2013/2014, County Governments have been applying cash basis of accounting as prescribed by the Public Sector Accounting Standards Board (PSASB). The County Governments are required to migrate towards International Public Sector Accounting Standards (IPSAS) accrual commencing 1st July 2021 as guided by the PSASB. Migration to accrual accounting is a complex exercise that requires a mastery of accrual based accounting standards and as such County Governments will require technical support in applying these standards over the next three years.
- (ii) Challenges in utilization of the IFMIS: Significant effort has been expended in building the capacity County Governments to fully utilize the various functions of IFMIS. There is however a number of areas where there are capacity gaps and in particular around the utilization of auto bank reconciliation function where capacity building will require sustained efforts.

- (iii) Limited capacity within the Directorate and the County Treasuries to prepare consolidated financial statements: - There has been considerable capacity building efforts in the preparation of consolidated financial statements, within staff at the Directorate and at the County Treasuries. This is however a complex exercise and the Directorate is yet to attain a critical mass of in-house experts who can carry out the exercise and cascade the learning to reporting accountants at the County Treasuries. This will require on-the-job training over an extended period of time in order to build a pool of in-house experts.
- (iv) Need to strengthen asset management within the County government entities: - The National Treasury is in the process of revising the Standard Chart of Accounts (SCOA) as well as formulating the policy guidelines for the management of assets and liabilities. These deliverables are expected to be ready for implementation by January 2020. They will be part of the support structure and preparatory steps for migration to accrual basis of accounting as noted above.

There is therefore a need to support the County Governments in implementation of the SCOA and the guidelines on management of assets and liabilities. These are technical in nature and may require the support of the consultancy firms.

- (v) Low number of clean audit reports: The technical support thus provided to County Governments has helped in narrowing the accounting related audit issues raised by the Auditor General over a significant number of County Governments. However, unqualified audit reports among the public sector entities are still significantly low and hence the need to continually support the entities to address issues raised in the audit reports.

Having reflected on the above noted areas of continued technical to County Governments and the staff at the Directorate, and in order to consolidate the gains made so far, the National Treasury, through the Directorate of Accounting Services and Quality Assurance, wishes to engage the services of reputable accounting firm to provide consultancy services to the Ministries, Departments and Agencies.

The consultancy services shall be through a framework contract for a period of Three (3) years effective **1st April 2020 to 31st March 2023** but shall be renewed on a yearly basis subject to satisfactory performance by the consultant and availability of funds.

2 Scope of Work

This is an advisory assignment with the objective of providing technical assistance support to government accountants and other officers in the preparation of individual entity financial statements and consolidated financial statements.

Capacity building is a core objective of this consultancy. The target group within the entities includes County Executive Committee Members of Finance, Chief Officers, and accounting staff under them involved in accounting, internal controls and financial management.

These ToRs are issued as part of wider consultancy sought to cover all State Organs and Public Entities which have been grouped into the following three clusters:

- Lot 1: National Government Ministries, Department and Agencies (MDAs), and subsidiary entities under their control including development projects, Independent Commissions, Consolidated Fund and Consolidated Fund Services Accounts (but excluding State Corporations);
- Lot 2: National Government State Corporations, Semi-Autonomous Government Agencies and Public Funds established and governed under an act of Parliament or a Legal Notice; Universities, TVETs and other learning Institutions;
- Lot 3: County Governments and County government entities including Water Service Providers, Municipal Boards, County hospitals, and County Funds.

These Terms of Reference are specifically for Lot 3.

The successful consultant will be expected to deliver services described under section 3 'Detailed Tasks' of these ToRs.

This assignment is supported by the Government of Kenya and PFM Development Partners under the Public Financial Management Reform (PFMR) Strategy 2018-2023.

The consultancy services shall be through a framework contract for a period of Three (3) years effective 1st April, 2020 to 31st March, 2023 but shall be renewed on a yearly basis subject to satisfactory performance by the consultant and availability of funds.

7. Detailed Tasks

In carrying out the assignment, it is expected that the Consultants will undertake the following key activities: -

3.1 Inception Phase

- (i) Preparing the inception report for the assignment;
- (v) Capacity building gap analysis and preparing an annual training curriculum to ensure efficient transfer of skills. The training curriculum should cover both on the job training and formal workshops interventions;
- (ii) Updating and validating the list of entities within the Lot; and
- (iii) Consulting the relevant stakeholders to agree on the role and responsibilities for the assignment.

3.2 Training and capacity building

- (i) Bi-annual training County Government accountants working for Lot 3 entities on the cash based IPSAS reporting standards as well as accrual based IPSAS and IFRSs;
- (ii) In collaboration with the PSASB, review the accounting standards and prioritize training of the standards based on needs of public sector entities and the requirements of the roadmap to accrual accounting.

- (iii) Review of tools issued by the PSASB to further comply with prescribed standards for purposes of annual reporting;
- (iv) Provide guidance on areas of enhancement to the SCOA manual;
- (v) Formal and on-the-job Training of Trainers (ToT) primarily focusing on twenty (20) Financial Reporting Unit (FRU) within the Directorate;
- (i) Clear work plan/methodology on transfer of knowledge to the Financial Reporting Unit at the National Treasury and to public sector accountants working under the State Corporations and SAGAs.
- (vi) Facilitating formal workshops as guided by the annual capacity building plan;
- (vii) Providing on-the-job technical support in financial reporting to public entities;
- (viii) Building capacity within the FRU to enable the team carry out the inter-entity reconciliation on a quarterly basis;
- (ix) A road map on how transition period will be handled, 6 months before the expiry of the contract including transfer of ownership of software tools to the National Treasury

3.3 Technical support in consolidation of financial statements

- (i) Prepare a manual on the processes and procedures of preparation of consolidated financial statements for training of FRU and for future reference;
- (ii) Support validation the opening balance for entities and follow up of all opening balance adjustments to ensure they are adequately supported and authorized;
- (iii) Guide FRU on automation of consolidation templates;
- (iv) Facilitate the County Governments to, where necessary, prepare consolidated financial statements for County Executive, County Assembly and County Revenue Fund;
- (v) Support County Governments in preparing their individual consolidated financial statements for the County Government;
- (vi) Provide technical support in consolidating the financial statements of all entities under this LOT;
- (vii) Provide Technical Support in consolidation of the General Government entities as required under GFS 2014 and preparation of financial statements that consolidate Whole of Government as required by GFS 2014;
- (viii) Preparing annual feedback letters to each entity detailing the areas of improvements the entity is required to address in the short and long term;
- (ix) Liaison with the sending and receiving entities to completely offset inter-entity balances;
- (x) Reconciling exchequer releases (including conditional grants) recorded by the Counties with records maintained by Exchequer Operations unit; and
- (xi) Revise the consolidated financial statements upon receipt of the audited financial statements.

- (xii) Develop innovative ways to ensure timely and accurate consolidation through use of technology.

3.4 Technical support in in-year financial reporting

- (i) Reviewing the submitted financial statements for quality and completeness before consolidation;
- (ii) Reviewing cash book reconciliations cashbooks and assisting entities in resolving any differences and long outstanding items;
- (iii) Preparing quarterly consolidated financial statements that consolidated all entities within the Lot;
- (iv) Preparing quarterly feedback letters to each entity detailing the areas of improvements the entity is required to address in the short and long term; and
- (v) Providing technical assistance to entities to enable them implement recommendations.

3.4 Technical Support in use of IFMIS

- (i) Ensuring opening balances have been properly captured in IFMIS;
- (ix) Quality assurance of financial templates designed in IFMIS and advising their regular updating based on templates prescribed by PSASB.
- (ii) Assist in operationalizing the fixed asset module of IFMIS as per guidelines to be issued on management of assets and liabilities;
- (iii) Assist in operationalization of other assets and liabilities modules to support accrual accounting
- (iv) Assist in operationalization of the updated Standard Chart of Accounts including training of users
- (v) Assist County entities to collate fixed assets data to enable them update the fixed asset module in IFMIS;
- (vi) Assist County entities in carrying out reconciliation between manual records and financial statements maintained in IFMIS; and
- (vii) Assist County entities carryout period end (annual and monthly) procedures in IFMIS.

3.5 Technical support in implementation of audit issues

- (i) Supporting County entities during the audit process;
- (ii) Supporting entities to prepare adequately for the audit process through coaching and formal training at workshops
- (iii) Regular review and update of audit opinions from the OAG for the Lot and developing innovative means to address the audit issues with a view to increase the number of unqualified audit opinions

- (iv) Support County entities in implementation of the previous years' audit recommendations;
- (v) Assisting County entities to clear old unreconciled balances; and
- (vi) Attending and offering technical support during entrance and exit audit meetings held by County entities.

7.6 Migration to accrual basis exercise

- (i) Provide technical support and guidance in the migration to accrual basis applicable to entities under this LOT including development of training materials and training;
- (ii) Regular review of the milestones within the roadmap with a view of advising the drivers of the transition of anticipated challenges and implementation gaps based on experience with the implementing entities
- (iii) Ensuring financial statements prepared are in line with guidelines issued during the transition process
- (iv) Provide regular feedback on tools and templates developed by PSASB during the transition process in order to improve and enhance them.
- (v) Ensure accrual based concepts are cascaded to implementing agencies through on the job and regular training workshops
- (vi) Assist in updating government accounting manuals to accommodate accrual accounting
- (vii) Training County Treasuries on accrual concepts to enable them review and consolidate accrual based financial statements from their respective entities

3.7 Closure of the assignment

- (i) Assist the Directorate to gather and maintain a database of financial reports from County Governments entities and to archive in both soft and hard copy before closure of the assignment
- (ii) Ensure formal transfer of materials, manuals and other materials and software developed in the course of the assignment; and
- (iii) Prepare an end of assignment report.

8. Expected deliverables

In line with the objectives of the assignment, and tasks set out in Section 3 above, the consultant will be expected to prepare the following deliverables:

Deliverable	Deliverables
Inception report	<ul style="list-style-type: none"> i. Acceptable Inception report; ii. Capacity building plan.
1st Progress report	<p>Progress report entailing:</p> <ul style="list-style-type: none"> i. Individual entity annual financial statements; ii. Draft Consolidated Financial Statements for the 47 County governments iii. Annual consolidated financial statements for the 47 County governments as per guidelines; and iv. Feedback letters for each County entity and summary of key issues for attention of National Treasury.
2nd Progress report	<p>Progress report entailing:</p> <ul style="list-style-type: none"> i. 1st Quarter consolidated financial statements; ii. Half year formal workshop training report on lessons learnt on consolidation.
3rd Progress report	<p>Progress report entailing:</p> <ul style="list-style-type: none"> i. 2nd Quarter consolidated financial statements.
4th Progress report	<p>Progress report entailing:</p> <ul style="list-style-type: none"> i. 3rd Quarter consolidated financial statements; ii. Annual training workshop report;
End of assignment report	<p>Progress report entailing:</p> <ul style="list-style-type: none"> i. 4th Quarter consolidated financial statements; ii. Knowledge transfer report iii. Formal transfer of tools , manuals and reports obtained or generated in the course of the assignment iv. Consolidation tools transfer; and v. End of assignment report.

9. Reporting and management of the assignment

The Consultants will report to the Director General, Directorate of Accounting Services, National Treasury and will work closely with the Departments of Accounting Services, IFMIS, and other departments within National Treasury, PSASB and County Governments.

The Consultants may also need to consult with representatives from other Government agencies involved in public financial management.

The Director General, Directorate of Accounting Services will facilitate and provide logistical support relating to this assignment. The Consultant will be required to submit weekly updates on the progress of the assignment.

For effective management of the assignment, the Consultant is required to provide bi-weekly status update on the agreed upon areas of technical support highlighting among others; activities carried out against the approved work plan, accounting and financial management issues arising, planned activities for the following weeks, overall progress of the assignment and any delays and proposed course of action.

6. Qualifications of the Consultants

6.1 The Firm must demonstrate: -

- a) Experience in the provision of technical assistance in preparation and consolidation of government wide financial statements;
- b) Experience in the application of the International Public Sector Accounting Standards (IPSAS) using the cash and accrual basis of accounting and the International Financial Reporting Standards (IFRSs);
- c) Familiarity with Public Financial Management Systems in an African country in particular with Integrated Financial Management Information System (IFMIS);
- d) Experience in supporting implementation of external audit issues;
- e) Experience in training and capacity building in financial management and reports for large number of participants within the public sector;
- f) A proven methodology and work plan capable of executing the assignment in a timely and cost effective manner.
- g) Ability to draw from a wide network of subject matter experts to support the successful implementation of this assignment;
- h) A thorough understanding of the Terms of Reference.

6.2 Specific Qualifications of Proposed Team Members:

This cluster requires a Lead Consultant supported by at least 5 senior accounting and financial management consultants. The Lead Consultant will be in charge of the Senior Consultants deployed on the assignment.

The qualifications and experiences of the consultants are as follows:

a) The Lead Consultant:

- (i) Must be professionally qualified accountant and a member of ICPAK.
- (ii) Must have at least 10 years post professional qualification experience.
- (iii) Must demonstrate experience in preparation of financial statements for public sector entities with the application of IPSAS and IFRS.
- (iv) Should demonstrate experience in facilitation of senior and middle level management trainings on a large scale within the public sector.
- (v) Should demonstrate experience in preparation of consolidated financial statements of a large group of companies or within public sector.
- (vi) Must demonstrate working knowledge of Integrated Financial Management Systems (IFMIS) or related systems.
- (vii) Should demonstrate working knowledge on the Government Chart of Accounts.

b) Senior Accounting and Financial Management Consultants:

- (i) The Senior Consultants deployed should be professionally qualified and members of ICPAK.
- (ii) They should have a post qualification experience of not less than 5 years;
- (iii) They must be familiar with and should demonstrate experience in public sector accounting and financial management and the application of IPSAS and IFRS.
- (iv) Should have working knowledge of Integrated Financial Management Systems (IFMIS).
- (v) Should be experienced in preparation of consolidated financial statements of a large group of companies or within public sector.
- (vi) Should be experienced in facilitation of middle level management trainings on a large scale within the public sector.

7 Key Reference Documents

Bidders are advised to read the following background documents, which may be obtained from the National Treasury website or the Director General's Office in order to familiarize themselves with the assignment: -

- a) The Kenya Constitution 2010;
- b) Public Financial Management Act 2012;
- c) Public Finance Management Regulations, 2015;
- d) Vision 2030 and Medium Term Plans I, II and III;
- e) Consolidated financial statements for FY 2013/2014 to FY 2017/2018 available at National Treasury website;
- f) Gazette notice no. 5440 on Public Sector Accounting Standards Board (PSASB) Financial Reporting and Internal Auditing Standards Pronouncement;
- g) Printed County Government budget estimates for the relevant previous financial year;
- h) Reports of the Auditor General for individual entities available at the Office of Auditor General website; and
- i) The Strategy for Public Finance Management Reforms in Kenya 2018-2023;

**ANNEX: CONTRACT FORMS
CONTRACT FOR CONSULTING SERVICES
SMALL ASSIGNMENTS
LUMP-SUM PAYMENTS**

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:

- 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 personnel listed in Appendix B, “Consultant’s Personnel,” to perform the Services.
 - (iii) The Consultant shall submit to the Client the reports in the form and within the time periods specified in Appendix C, “Consultant’s Reporting Obligations.”

- 2. Term**
- The Consultant shall perform the Services during the period commencing on _____ *[Insert starting 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 _____ *[Insert 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.

B. Schedule of Payments

The schedule of payments is specified below (Modify in order to reflect the output required as described in Appendix C.)

Kshs _____ upon the Client's receipt of a copy of this Contract signed by the Consultant;

Kshs _____ upon the Client's receipt of the draft report, acceptable to the Client; and

Kshs _____ upon the Client's receipt of the final report, acceptable to the Client.

Kshs _____ Total

C. Payment Conditions

Payment shall be made in Kenya Shillings unless otherwise specified not later than thirty [30] days following submission by the Consultant 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 due 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.

4. **Project Administration**

A. Coordinator.

The Client designates _____ *[insert name]* as Client's Coordinator; the Coordinator will be responsible for the coordination of activities under this Contract, for acceptance and approval of the reports and of other deliverables by the Client and for receiving and approving invoices for payment.

B. Reports.

The reports listed in Appendix C, "Consultant's Reporting Obligations," shall be submitted in the course of the assignment and will constitute the basis for the payments.

5. **Client Obligation** the Client will provide the following to the Consultants to enable them undertake the assignment smoothly:

1. Provide office space for the consultants.

2. Provide necessary assistants to the consultant(s) regarding availing of information/data.

- 6. Performance Standards** 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.
- 7. 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.
- 8. 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.
- 9. 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 and any continuation thereof) for any project resulting from or closely related to the Services.
- 10. Insurance** The Consultant will be responsible for taking out any appropriate insurance coverage.
- 11. Assignment** The Consultant shall not assign this Contract or sub-contract any portion of it without the Client's prior written consent.
- 12. 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.
- 13. Forced Majeure on non performance** (i) Where the performance by the Consultant of its obligation under the contract is delayed, hindered or prevented by an event or events beyond the reasonable control of the Consultant, the Consultant shall promptly notify the Client, in writing, of the nature of the force majeure event stating the anticipated delay in the performance of the contract.
- (ii) Upon the receipt of the notice under paragraph (i), the Client shall consider the request and determine if it is

reasonable to extend the time of the performance of the contract or terminate the contract based on the force majeure event.

14. Dispute Resolution

Any dispute arising out of the 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.

15. Termination for Default

The Client may, without prejudice to any other remedy for breach of Contract, by written notice of default sent to the Consultant, terminate this Contract in whole or in part:

- a) if the Consultant fails to provide any or all of the services within the period(s) specified in the Contract, or within any extension thereof granted by the Client.
- b) if the Consultant fails to perform any other obligation(s) under the Contract.
- c) if the Consultant, in the judgment of the Client has engaged in corrupt or fraudulent practices in competing for or in executing the Contract.

In the event the Client terminates the Contract in whole or in part, it may procure, upon such terms and in such manner as it deems appropriate, services similar to those undelivered, and the Consultant shall be liable to the Client for any excess costs for such similar services.

16. Termination of insolvency

The Client may at anytime terminate the contract by giving written notice to the Consultant if the Consultant becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the Consultant, provided that such termination will not produce or affect any right of action or remedy, which has accrued or will accrue thereafter to the Client.

17. Modifications or Variations

Any modification or variation of the terms and conditions of this Contract, including any modification or variation of the scope of the Services, may only be made by written agreement between the Parties. However, each Party shall give due consideration to any proposals for modification or variation made by the other Party.

18. Severability

If at any time, any provision of this Contract is illegal, invalid

or unenforceable in any respect under any law, neither the legality, validity or enforceability of the remaining provisions will in any way be affected or impaired.

FOR THE CLIENT

FOR THE CONSULTANT

Full name; _____ Full name; _____

Title: _____ Title: _____

Signature; _____ 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.

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

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 of20.....in the matter of Tender No.....of20...

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 order/orders that: -

- 1.
- 2.etc

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 Secretary