

KENGEN DEFINED CONTRIBUTION (DC) SCHEME 2012

KenGen Pension Plaza 2, Kolobot Road, Parklands. P.O. Box 47936, 00100

TENDER NO. DC/TENDER/FIN-3/2017

TENDER FOR PROVISION OF EXTERNAL AUDIT SERVICES

SEPTEMBER 2017

KenGen Pension Plaza 2,
11th Floor, Kolobot Road,
P.O Box 47936 - 00100,
Nairobi, Kenya.

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**ALL CANDIDATES ARE ADVISED TO READ CAREFULLY THIS TENDER DOCUMENT IN ITS ENTIRETY
BEFORE MAKING ANY BID**

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INVITATION TO TENDER

TENDER NO. DC/TENDER/FIN-3/2017 FOR REQUEST FOR PROPOSAL OF PROVISION OF EXTERNAL AUDIT SERVICES.

KenGen Defined Contribution Scheme Requests for Proposals from interested and eligible candidates to submit proposals for proposal of provision of External Audit services.

1. Complete set of tender document are here below but may also be obtained by downloading from the KenGen Staff Retirement Benefits Scheme website; www.kengensrbs.co.ke
2. Completed Tender Documents in sealed envelopes marked with the tender number and title are to be deposited in the Tender Box located next to the lift lobby located at KenGen Pension Plaza 2, 11th Floor, Kolobot Road, Nairobi, so as to be received on or before **Friday, 29th September, 2017 at 1400 hrs.**
3. Prices quoted should be global sums inclusive of all taxes and delivery costs, must be expressed in Kenya shillings and shall remain valid for a period of 90 days from the closing date of the tender.

1. Introduction and Background

- 1.1 KenGen Defined Contribution Scheme is a Defined Contribution Scheme established under irrevocable trust. The total Scheme membership stood at 1,836 consisting of in-service members, deferred members and dormant members as at 30th June 2017.
- 1.2 The Trustees of the Scheme are reviewing their External Auditors and seek proposals from consultants for a fund of approximately Kshs 3.5 billion. The monthly contributions under the Scheme currently amount to approximately Kshs.62 million. The DC scheme is open to new members.
- 1.3 The Scheme will select one firm among those invited to submit proposals, in accordance with the method of selection set out in this Request for Proposals (RFP) document.
- 1.4 The bidders are invited to submit a Technical Proposal and a Financial Proposal, for Scheme External audit services as specified in this document. The proposals will be the basis for negotiations and ultimately for a signed Contract with the selected firm(s).
- 1.5 To obtain information on the Scheme or to seek any clarifications, bidders are requested to liaise with the Trust Secretary before submitting a proposal.
- 1.6 At any time prior to the deadline of the submission of tenders, the Board of Trustees, for any reason, whether at its own initiative or in response to a clarification requested by a prospective bidder, may modify the tender documents by issuing an addendum. All prospective bidders who have obtained the tender documents will be notified of the amendment by post or email and such an amendment will be binding on them. The Board of Trustees, at its discretion, may extend the deadline for submission of tenders.
- 1.7 The tenders shall remain valid for **90 days** after the date of tender opening. A tender valid for a shorter period shall be rejected by the Trustees as being non-responsive.
- 1.8 Please note that:
 - (i) The costs of preparing the proposal and of negotiating the Contract, including any visits to the Scheme office shall be met by the bidder;
 - (ii) The Trustees are not bound to accept any of the proposals submitted.

2. Objectives of the Assignment

- 2.1 The main objective of this assignment is to give an assurance that the management accounts give a true and fair view of the Scheme as at the reporting date.
- 2.2 The key areas to be addressed by the selected Consultant (s) include:
 - a. Undertake statutory audit of the Scheme.
 - b. Provide professional advice on the internal controls and general operational system of the Scheme.
 - c. Perform periodic systems audits
 - d. Ensure that the Scheme Accounts and Financial Statements are prepared in accordance with the

International Financial Reporting Standards and the Provisions of Retirement Benefits Authority Act, 1997 and the Regulations there under.

3. Preparation of Proposals

The Technical Proposal

- 3.1 In preparing the Technical Proposal, bidders are expected to thoroughly examine the contents of this RFP. Material deficiencies in providing the information requested may result in rejection of a proposal.
- 3.2 The original proposal shall be prepared in indelible ink. It shall contain no interlineations or overwriting, except as necessary to correct errors made by the firm itself. Any such corrections must be countersigned by the person(s) authorized.
- 3.3 While preparing the Technical Proposal, bidders must give particular attention to the following:
 - i. Each firm is expected to present its own bid without associating with other firms. Joint bids will automatically be disqualified.
 - ii. All key professional staff proposed for this assignment must be permanent employees of the bidding firm.
 - iii. Proposed professional staff must as a minimum, have the relevant experience in external audit matters.
- 3.4 The Proposal shall provide the information requested in Sections 7 to 9 of this RFP

The Financial Proposal

- 3.5 The Financial Proposal shall provide the information requested in the financial bid. The global tender sum shall be quoted in Kenyan Shillings.

4. Submission, Receipt and Opening of Proposals

4.1 The bidders shall prepare two sets of each bid. Each Technical bid shall consist of one original marked “**original**” and one copy each marked “**copy**”. Likewise, each Financial bid shall consist of one original marked “**Original**” and one copy marked “**Copy**”. If there are any discrepancies between the original and the copy of the bids, the original shall prevail.

4.2 The original and the copy of the Technical Bids shall be placed in a sealed envelope clearly marked “Technical Bid” and the original and copy of the Financial Bids shall be placed in a sealed envelope clearly marked “Financial Bid”. The envelope containing the Financial Bid must clearly state the name and address of the bidder. Both envelopes shall be placed into an outer envelope, marked and sealed.

4.3 The Proposal shall be placed in an outer sealed envelope clearly marked “**Proposal For Provision of External audit Services**”. The envelope shall bear the following submission address:

CEO & Trust Secretary
KenGen Defined Contribution Scheme
KenGen Pension Plaza 2
11th Floor, Kolobot Rd
P. O. Box 47936 - 00100
NAIROBI

4.4 The completed Proposal must be delivered and deposited in the tender box next to the lift lobby located at KenGen Pension Plaza 2, 11th Floor, Kolobot Road, Nairobi, Kenya on or before **Friday, 29th September, 2017 at 1400 hrs.** Any proposal received after the closing time for submission of proposals shall not be accepted.

5. Evaluation of Proposals

From the time the bids are opened to the time the Contract is awarded, if any bidder wishes to contact the Scheme on any matter related to his proposal, he should do so in writing at the submission address indicated above. Any canvassing shall result in the rejection of the bidder's proposal.

Communication to the Bidders

The Trustees shall evaluate the Proposals and the results of the evaluation will be communicated to all the bidders at an appropriate time that will be decided by the Trustees.

Preliminary Evaluation

During this stage, bidders' responsiveness to the tender mandatory requirements will be determined based on a "YES/NO" basis (implying compliance or non-compliance respectively). Only bidders that comply with the mandatory requirements shall proceed to any evaluation.

For the preliminary evaluation, please attach certified copies of the following:

- i. Company registration certificate
- ii. Current tax compliance certificate
- iii. PIN registration certificate
- iv. VAT registration certificate
- v. ICPAK registration certificate
- vi. Audited financial statements for the last three years
- vii. Partners' practicing Certificates

Evaluation

Each responsive proposal shall be evaluated and awarded marks as shown below:

Area	Points
General Information on the Company (See 7)	Mandatory
Capability (technical team & financial) (See 8.1)	30
Relevant experience (See 8.2)	30
Adequacy of the proposed Methodology in responding to the objectives of the assignment ((See 8.3)	40
Total Points	100

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Minimum overall score required to pass is 70%.

The bidder(s) with the highest overall score (technical & financial) will be the winner of the evaluation process and will be awarded a three-year contract.

The formulae for determining the Financial Score (Sf) shall, be as follows:-

$Sf = 100 \times \frac{Fm}{F}$ where Sf is the financial score; Fm is the lowest priced financial proposal and F is the price of the proposal under consideration.

Proposals will be ranked according to their combined technical (*St*) and financial (*Sf*) scores using the weights (*T*=the weight given to the Technical Proposal; *P* = the weight given to the Financial Proposal; $T + P = 1$)

The combined technical and financial score, S, is calculated as follows: -

$S = St \times T\% + Sf \times P\%$. The firm achieving the highest combined technical and financial score will be invited for negotiations.

6.0 Award of Contract and Confidentiality

6.1 Discussions will be held at the submission address mentioned above. The aim is to reach an agreement on all points and to sign a contract.

6.2 Having selected the firm on the basis of, among other things, an evaluation of proposed key professional staff, the Board of Trustees expect to negotiate a Contract on the basis of experts named in the proposal. Before contract negotiations, the Board of Trustees will require assurances that the experts will be actually available. The Board of Trustees may choose to visit the service provider at their premises. The Board 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.

6.3 To complete negotiations, the Board of Trustees and the selected firm(s) will initial the agreed Contract. If negotiations fail, the Board will invite the firm whose proposal received the second highest score to negotiate a Contract.

6.4 The Contract will be awarded following negotiations. After negotiations are completed, the Board of Trustees will promptly notify other bidders on the shortlist that they were unsuccessful.

6.5 The selected firm(s) is (are) expected to commence the assignment on a date mutually agreed upon for a term of three years, subject to an annual performance evaluation. The selected firm(s) will also enter into a Service Level Agreement (herein referred to as “SLA”) with the Board of Trustees before commencement of the contract term and shall be evaluated based on this SLA.

7. General Information about the Bidder

7.1 Name and Location of the Bidder

7.1.1 Please provide the following information about your company:

- a. Name of the bidder
- b. Registered office
- c. Postal Address
- d. Telephone number
- e. Fax number
- f. Email address
- g. Date of incorporation
- h. Country of incorporation
- i. International Affiliations-branches/dealing counterparties
- j. Main company objectives and business areas

7.1.2 Please provide the following information for each of the members of your Board of Directors:

- a. Name
- b. Nationality
- c. Date of Appointment
- d. Academic and professional qualifications
- e. Proportion held of company’s shares

8.0 Technical Evaluation

<i>Area</i>	<i>Points</i>	<i>Cut off score</i>
<p><i>8.1 Capacity</i></p> <p><i>Professional Qualifications:</i></p> <p>1) The Audit (firm) shall be:</p> <p>Minimum experience of 10 years in external audit.....5 marks</p> <p>Duly registered as external audit service providers by ICPAK & IIAK.....3 marks</p> <p>2) The Audit Firm shall provide evidence of Professional Indemnity Insurance Cover with a reputable insurance company.4 marks</p> <p>3) The Audit Firm shall submit curriculum vitae of least one lead consultant and three other key personnel proposed as part of the Consultancy team.....2 marks for each CV</p> <p><i>NB: Each of the partners and or associates of the firm (if a professional partnership) to be engaged in the consultancy must be tax compliant and Certified Public Accountant (K). Attach tax compliance certificates and valid membership certificates respectively.</i></p> <p><i>Academic qualification (Economics, Finance, Accounting or any other related areas)</i></p> <p>Lead Consultant (1):</p> <p>Masters & CPA(K).....4 Marks</p> <p>Degree & CPA(K).....3 marks &</p> <p>CPA(K)..... 2 marks</p> <p>Associate Consultants (3):</p> <p>Degree & CPA(K).....2 marks each</p> <p>CPA(K).....1 mark each</p>	40	20

<p><u>8.2 Experience</u></p> <p>The consultant must demonstrate experience in carrying out external audit services for a comparable pension scheme of at least 3 billion fund value. (Attach Written and certified References from at least three (3) existing clients complete with telephone & email addresses.)5 Marks (for each)</p>	30	20
<p>Relevant technical experience</p> <p>Lead Consultant (1):</p> <p>Over 10 years' experience.....6 marks</p> <p>5-10 years' experience.....5 marks</p> <p>3-5years' experience.4 marks</p> <p>1-2 years' experience.3 marks</p> <p>Associate Consultant (3):</p> <p>Over 5 years' experience.....3 marks each</p> <p>3-5 years' experience.....2 marks each</p> <p>1-3 years' experience.1 mark each</p> <p>(provide copies of CVs and Certificates for all proposed staff in this assignment)</p>		
<p><u>8.3 Methodology</u></p> <p>Adequacy of the proposed Methodology and Work Plan in responding to the Terms of Reference. The consultant should capture in the proposal how the following will be handled;</p>	40	30
<p>Whether there is preparation of periodic alerts or newsletters on the reporting and relevant regulatory environment to the clients. (provide evidence)</p>	4	
<p>Appreciation of KENGEN SRBS, nature of assignment and industry</p>	5	

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Comments on Terms of Reference, on data and facilities to be provided by the client. Comments and suggestions that add value	<i>4</i>	
Bidder to explain and illustrate audit process (how you will execute the audit process) - audit program/plan, notice of commencement/entry meeting, execution/audit process, analysis/preliminary presentation of audit findings and reporting, follow ups and resolutions of issues highlighted in the ML	<i>5</i>	
How the Auditor will liaise with relevant consultants like the tax consultant	<i>5</i>	
Suitable work plan schedule of the consultancy	<i>7</i>	
Reports to be submitted-inception, quarterly, annual and any other.	<i>5</i>	
Suitability to the transfer of Knowledge Program (Training)	<i>5</i>	
Total Points	<i>100</i>	<i>70</i>

9.0 Standard Forms

Financial Proposal

[Date]

To:

CEO & Trust Secretary
KenGen Defined Contribution Scheme
KenGen Pension Plaza 2
11th Floor, Kolobot Rd
P. O. Box 47936 - 00100
NAIROBI

Dear Sir,

1. Having examined the Tender document the receipt of which is hereby duly acknowledged, we, the undersigned, offer to provide Scheme External audit services in accordance with the said tender document for the total annual sum of *[Amount in words and figures]* inclusive of the taxes on the basis of the nature of the operations of the fund on the assumption(s) that *[state the assumptions, if any]*.

The fees mentioned above shall be charged in the following manner:

Description	Amount (KShs.)
Net Fees	
Taxes <i>[please indicate the tax]</i>	
Other charges [if any, please provide details]	
Gross Fees	

Kindly also let us know:

- a) Under what circumstances is your fees negotiable
- b) What your billing frequency is

2. We undertake, if our proposal is accepted, to provide External Audit Services in accordance with the conditions of this tender

3. We agree to abide by this tender for a period of **90 days** from the date fixed for tender opening, and it shall remain binding upon us and may be accepted at any time before the expiration of that period.
4. This t e n d e r , together with your written acceptance thereof and your notification of award, shall constitute a basis signing of the contract by both parties.
5. We understand that the Board of Trustees is not bound to accept the lowest or any proposal they receive.

Yours faithfully,

[Authorized Signature]

[Name and Title of Signatory]

