

**Invitation to Tender for Provision of Consultancy Services to Carry Out Financial Audits for RMLF Programmes in Kenya National Highways Authority (KeNHA) for FYs 2021/2022 to 2023/2024**

**KRB/172/2021-2022/PKGFA1**

**PRE PROPOSAL CONFERENCE**

Kenya Roads Board held a pre proposal tender conference on **Wednesday 17<sup>th</sup> November 2021 at 10:00am** virtually on the above mentioned tender. The Board informed all the participating firms that all questions raised during the conference and those submitted in writing would be responded to in writing and shared with all participants and also be uploaded in KRB website. For fairness and transparency no information shall be provided to any firm that will give them competitive advantage over others.

**The following are the Questions and Board's answers/clarifications:**

**QUESTIONS AND CLARIFICATIONS**

**Question 1: Are the audit firms expected to issue an opinion?**

**Answer to Q1:** Sections 1.4, 1.5 and 1.6 of the Terms of Reference provides that the Consultant shall be expected to issue an Independent Assurance on the application of RMLF funds by the benefiting Road Agency.

**Question 2: On business permit from the local authority, is the ICPAK practicing certificate adequate?**

**Answer to Q2:** The ICPAK practising Certificate shall suffice.

**Question 3: Are the audited accounts for the last two years a requirement?**

**Answer to Q3:** Yes, the bidders are required to submit audited financial statements for the last two years dully certified and signed by a Certified Public Accountant.

**Question 4: Is power of attorney a requirement for a single entity firm?**

**Answer to Q4:** Yes, this is mandatory. Refer to Section 2A: Instructions To Consultants, clause 17.2 and 17.3

**Question 5: If there is no field work, is there a need to procure a vehicle as expected in the RFP document?**

**Answer to Q5:** Yes, the Consultant shall be expected to provide a project vehicle as provided in Section 3.0 of the Terms of Reference.

**Question 6: Are the mileage figures on the financial bid to be used or they are just an illustration?**

**Answer to Q6:** The number of kilometres provided in the Financial Proposal templates under Transport Expenses are to be used by the Consultants in costing for their transport costs. The Consultant is expected to insert his or her rate per kilometre and use the mileage provided.

**Question7: Clarification is required between Clauses 11.1 and 30.1 of the Data Sheet since they appeared to be in conflict.**

**Answer to Q7:** For Financial Audits of KeNHA RMLF funded programmes, under Clause 11.1 of Section 2B: Data Sheet, NO Sub Consultant or Key Expert shall be allowed to participate in more than ONE proposal.

However, under Clause 30.1, A Consultant shall only be awarded ONE JOB which can either be Financial Audits of KeNHA, KWS RMLF funded programmes.

**Question 8: Is performance bond a requirement for this assignment at the bidding stage?**

**Answer to Q 8:** No, it is not required.

**Question 9: Are different KRB engagements for different audit series to be treated separately when considering experience on the road sector audits?**

**Answer to Q9:** Bidders should present projects in a format that best represents their experience in various assignments.

**Question 10: Can LSO be used as adequate evidence of work experience?**

**Answer to Q 10:** The Consultant shall be expected to illustrate and provide evidence of performance of any claimed assignment in form of recommendation letters, completion/performance certificates and form of contract.

**Question 11: Should financial audit firms get experience references from engineering firms or from KRB in instances where they have worked together on KRB assignments?**

**Answer to Q 11:** The information should be sought from the contracting entity.

**Question 12: Since the procurement audit is a requirement, does KRB require a consultant to use financial auditors to review procurement process?**

**Answer to Q 12:** Yes, the Procurement Audit shall be performed by the Financial Auditor.

**Question 13: Will the money sent to KeNHA regions be subjected to an audit or not?**

**Answer to Q 13:** The Consultant shall be expected to review and examine all expenditure on road works and other related costs incurred at KeNHA Headquarters and expenditure on road works and other related costs paid by the Head Office on behalf of its Regional Offices. The financial audit shall be carried out at KeNHA Headquarters.

**Question 14: Should the name of the firm appear on the envelope of the financial proposal?**

**Answer to Q 14:** Refer to the guidelines given in Section 2A: Instructions To Consultants, Clauses 17 and 18 which deals with Submission, Sealing and Marking of Proposals.

**Question 15: Section 2(B): Data Sheet Clause 11.1 seems to be in contradiction with Clause 14.1 (d) of Section 2A:**

**Answer to Q 15 :** There is no contradiction between the two mentioned clauses as it emphasizes that Key Experts shall NOT appear in more than ONE proposal submitted for this particular assignment; KeNHA Financial Audits.

**Question 16: Clause 22, what is the maximum score allocated to items under office facilities?**

**Answer to Q 16:** It is One (1) Mark.

**Question 17: Clause 22.2 – additional information on the evaluation criteria, specifically staff experience on road works audits. Can a firm, staff or individual consultant having participated in conducting audits of large road works projects satisfy the criteria?**

**Answer to Q 17:** Each audit project either undertaken by the Consultant or Key Staff shall be assessed and scored accordingly. However, individual Key Expert work experience cannot be claimed as firm experience (refer to **Form Tech-2 B (2)**).

**Question 18: Section2 (B) Data Sheet, Clause 14.1(b), “Estimated inputs for Key Experts’ time input: 702 Man Days”.**

- i. Does this relate to estimated man-days for field work of the entire contract period?

**Answer to Q 18 (i) :** Yes, these are the estimated time inputs for the Consultancy Services.

- ii. If true that the estimated 702 man days, translating to an estimated 23 man-days for each financial auditor relate to the entire period, It may not be realistic taking into account of the scope of the assignment, that with one (1) financial auditor participating in team one (1) that may comprise of KeNHA HQ, Coast, Nairobi, Corridor "A" and weighbridges along the corridors including participating in planning, inception report, procurement report, audit report and management letter etc.

**Answer Q 18(ii) :** The Consultant should note that the time inputs allocated is for Financial Audits at KeNHA Headquarters only as contained in the RFP document. The Consultant can make further references to Clause 14 of Section 2(A): Instruction To Consultants.

- iii. The estimated man-days provided do not reconcile with reports submission timelines provided i.e.
- Interim audit – the audits run from 1<sup>st</sup> February to 31<sup>st</sup> March, (a two months duration).
  - Annual audit – the audits run from 1<sup>st</sup> August to 31<sup>st</sup> October, (a three months duration).

**Answer Q 18(iii):** The Consultant is expected to work within the reporting timelines provided in the RFP document and distribute the man-days accordingly.

- iv. Section 5 Clause 6 – Working Relationship between the Financial and Technical Audits
- Clause 6.2 provides that "During the audit, the Financial and Technical auditors shall be expected to populate the APRP Implementation Matrix with verified information as provided in Table 7 of Appendix A on Reporting Requirements. The Financial Auditors are required to complete their sections as indicated in the matrix and submit to the Client One Month after commencement of the audit assignment with a copy to the Technical Auditor.
  - Section 6.4 provides that "The Client will then forward to the Technical Auditor to populate the fields as indicated".
  - Clause 6.5 provides that "The APRP Implementation Matrix will form basis for sampling for both Financial and Technical Auditors".

We are of the view that the above clauses are not very clear especially the sampling aspect and the one-month period.

**Answer to Q 18(iv):** The Financial Audit is expected to commence one month before the Technical Audit. During this one month period, the Financial Auditor is expected to have populated his/her sections in the APRP Implementation Matrix and submit the same to the Client.

The Financial as well as the Technical Auditor shall use the populated matrix for sampling road works expenditure for review and verification.

- v. **Form FIN-3A: Breakdown of Remuneration under Transport Expenses** has provided for 1,500 kms mileage – 750 kms (Interim Audit) and 750 Kms (Annual audit). The standard form does not provide for any other transportation such as air transport. It is therefore not realistic that the provision of 1500 per audit cycle will be adequate for an assignment covering 14 KeNHA units (HQ, 10 Regions and three corridors).

**Answer to Q 18(v):** The Consultant should note that Financial Audits **SHALL ONLY** be undertaken at KeNHA Headquarters. Therefore the mileage provided is sufficient.

**Question 19: Is a firm or consortium allowed to bid for more than one Road Agency Audit?**

**Answer to Q 19:** Yes, but can **ONLY** be awarded one package (Refer to Clause 30.1 of the Data Sheet).

**Question 20: Sample Template for presentation of the financial report not provided in the RFP document.**

**Answer to Q 20 :** It is a separate document which has been uploaded in the KRB Web Site.

**Question 21: We note only KeNHA and KWS RFPs on the KRB Procurement site – Are KURA and KeRRA undergoing financial and technical audits procurement cycle?**

**Answer to Q 21:** Currently the Board is procuring only the foresaid Financial Audit Consultancy Services.

**Question 22: Do clarify for us the Standard that will guide the assurance report of the Kenya National Highways Authority (KeNHA) RMLF funded programmes for FYs 2021/2022 to 2023/2024. Would this be an opinion as per ISA 800/ISA 805 or a report on the factual findings as per ISRS 4400 or an assurance report as per ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information.**

**Answer to Q 22:** This being a special purpose audit, the Consultant should be guided by ISA 800/ISA805 as these ISA deals with Audits for financial statements prepared in accordance with Special Purpose Frameworks and Audits of single financial statements and specific elements, accounts or items of a financial statement. In addition, these two standards have provided illustrations on presentation and contents of the audit opinion.

The bidders are encouraged to refer to the sample financial reporting template provided on the KRB website Titled: *Kenya Roads Authority (KeNHA, KURA, KERRA, KWS) - Annual Financial Statements For Road Maintenance Levy Fund For The Financial Year Ended June 30, 2021* which forms part of this procurement.

International Standard on Related Services- (ISRS) 4400 deals with agreed upon procedures engagement which is not the case on this assignment.

**Question 23: Please describe the meaning of "E.O. item 7(a) as Percentage of O/H and Profit" page 59.**

**Answer to Q 23:** Extra Over (EO) item 5(a) - and not (7a) as a Percentage of Over Heads (O/H) and profit.

**Question 24:**

**i) Running Costs of the Project Vehicle with a Driver - Should we employ the driver?**

**Answer Q 24(i):** Yes. Refer to Section 4 on the Financial Proposal which states as follows: "The Consultant shall be expected to cost for the running costs of the Project Vehicle with a Driver: Fuel, Maintenance, Insurance and any other incidental costs limited to 15,000 Km per half year audit cycle (i.e. average of 2,500 km per month)".

**ii) If we employ driver, are we required to take care of his meals and accommodation when he travels with KRB?**

**Answer Q 24(ii):** No. A provisional sum of KShs. 150,000.00 per audit cycle has already been provided in **Section 4** of the RFP document under FORM FIN-4 on miscellaneous expenses (Subsistence Allowance for the Client's Project Manager's Driver on Field Trips). This translates to KShs. 25,000.00 per month.