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By Hon. Asler Keya
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PARLIAMENTARY SERVICE COMMISSION



COMMISSION PAPER NO. 949

ON

PROCUREMENT OF A PROFESSIONALLY QUALIFIED
ACCOUNTANT TO AUDIT AND REPORT ON THE ACCOUNTS
OF THE OFFICE OF THE AUDITOR-GENERAL

PRESENTED TO THE COMMISSION

PARLIAMENT BUILDINGS
NAIROBI.

NOVEMBER, 2016

BACKGROUND

1. The Constitution of Kenya 2010 establishes under Article 226, the independent office of the Auditor-General whose function is to audit and report on accounts of all governments and State organs. Article 229(4) of the Constitution further provides that within six months after the end of each financial year, the Auditor-General shall audit and report, in respect of that financial year, on—

- (a) the accounts of the national and county governments;
- (b) the accounts of all funds and authorities of the national and county governments;
- (c) the accounts of all courts;
- (d) the accounts of every commission and independent office established by this Constitution;
- (e) the accounts of the National Assembly, the Senate and the county assemblies;
- (f) the accounts of political parties funded from public funds;
- (g) the public debt; and
- (h) the accounts of any other entity that legislation requires the Auditor-General to audit.

229(5) The Auditor-General may audit and report on the accounts of any entity that is funded from public funds.

229(6) An audit report shall confirm whether or not public money has been applied lawfully and in an effective way.

229(7) Audit reports shall be submitted to Parliament or the relevant county assembly.

2. In order to strengthen the Office of the Auditor-General and make it accountable to the public on use of the resources allocated to it, **Article 226(4) of the Constitution** provides that the accounts of the office of the

Auditor-General shall be audited and reported on by a professionally qualified accountant **appointed by the National Assembly**.

3. Pursuant to the above provisions and in order to facilitate and operationalise the process of recruiting a professionally qualified external accountant to audit and report on the accounts of the Office of the Auditor-General, the Clerk of the National Assembly on behalf of the Parliamentary Service Commission and as the accounting officer under section 3 of the Procurement and Disposals Act, 2005, an Open Tender for Request for proposals (Tender No. NA/005/2011-2012) from suitably qualified Audit firms to conduct annual audits of the Office of the Auditor-General for the financial year 2012-2017
4. Following a competitive tendering process for the provision of External Audit Services for the Office of the Auditor-General and after evaluation of all the bids, the National Assembly Tender Committee awarded the tender to *Mr. Mahmud Pyrali Kassamali Merali and Mr. Madhav Sudhir Bhandari* Carrying Business in the name and style as **M/s Baker Tilly Merali's**, the lowest bidder. A contract agreement was thereafter signed on 28th September, 2012, by Mr. Mahmud Pyrali Kassamali Merali and Mr. Madhav Sudhir Bhandari in accordance with **section 68 (2)** of the Public Procurement and Disposals Act.
5. Pursuant to the provisions of Article 226(4) of the Constitution the Parliamentary Service Commission directed that the contract be forwarded to the National Assembly for approval. On 9th January, 2013, the National Assembly passed a resolution approving the **Contract but reducing the contract period by two (2) years (2015/2016 and 2016/2017)**. The audit

period was therefore reduced from 2012/2013, 2013/2014, 2014/2015, 2015/2016 and 2016/2017.

6. Consequently, the revised contract was amended to indicate that the Contract period is for three years and not five and signed by Mr. Mahmud Pyralli Kassamali Merali and Mr. Madhav Sudhir Bhandari in accordance with **section 68 (2)** of the Public Procurement and Disposals Act and in effect, amending the earlier contract signed on 28th September, 2012.
7. By a letter dated 19th January 2016, the Auditor – General wrote to the Clerk of the National Assembly who was the Contract Administrator and advised that the contract to audit the Office of the Auditor General had expired because the Auditors had been forced to start by conducting audit for **2011/2012, 2012/2013 and 2013/2014**. The reason for this is that the Office of the Auditor General had come into existence in 2011 and not 2012, therefore the audit had to commence for the accounts which began in 2011. Consequently, the Accounts of the Office of the Auditor-General for the period 2014/2015 have not been audited. The Auditor General accordingly requested for the National Assembly to consider an extension of the Contract to M/s Baker Tilly Merali's by one year so as to allow the company audit the accounts of the Auditor –General for 2014/2015, because the accounts were prepared and submitted in accordance with the Public Finance Management Act 2012.
8. Following the request, the National Assembly Management Tender Committee considered the matter and noted that the National Assembly had only approved a three year audit contract. The Tender Committee therefore that the services be procured through a fresh advertisement for Auditors for

the Office of the Auditor General for the period **2014/2015, 2015/2016** and **2016/2017**, instead of extending the contract for one year.

9. Pursuant to the above provisions and in order to facilitate and operationalise the process of recruiting a professionally qualified external accountant to audit and report on the accounts of the Office of the Auditor-General, the Clerk of the Senate/Secretary to the Parliamentary Service Commission, on behalf of the Parliamentary Service Commission and as the accounting officer under the new Procurement and Asset Disposal Act, 2015, did on Wednesday, 8th June, 2016 invite for Request for proposals (Tender No. PSC/RFP/02/2015-2016) from suitably qualified Audit firms to conduct annual audits of the Office of the Auditor-General for the financial years **2014/2015, 2015/2016** and **2016/2017**.
10. The technical bids were opened on Friday, 24th June, 2016 at 10.00 am. Four (4 No.) firms submitted their bid documents. The tender evaluation committee appointed by the Accounting Officer, Clerk of the Senate/Secretary, Parliamentary Service Commission evaluated the four bid documents during the month of July. The evaluation committee recommended award to **M/s Baker Tilly Merali's**, the lowest evaluated bid.
11. The Chief Procurement Officer prepared a Professional Opinion on 29th July, 2016 requesting the Accounting Officer to consider and approve the award of the contract for the provision of external audit services to the Office of the Auditor General to **M/s Baker Tilly Merali's**. The Accounting Officer approved the award on 19th August, 2016.
12. The Commission through a letter Ref: Procurement/2016-2017/056, dated 24th August, 2016, notified **M/s Baker Tilly Merali's** of the award of the

contract for the external audit services to the office of the Auditor General at a tender sum as stipulated below:

Year	Proposed Amount all Taxes Inclusive (Kshs.)
Year 1 (2014/2015)	7,842,600.00
Year 2 (2015/2016)	8,234,730.00
Year 3 (2016/2017)	8,646,467.00

13. A negotiation committee was constituted and appointed on 1st September, 2016 by the Accounting Officer, Clerk of the Senate/Secretary PSC, pursuant to Section 128(1) of the Public Procurement and Asset Disposal Act, 2015. The Committee recommended as follows:

- a) That the Audit firm shall be paid on a 30/70 basis, where 30% of the contract amount per year shall be paid when the first draft report is out, and 70% of the same be paid when the actual report is signed and presented to Parliament.
- b) That the audit firm would provide quality assurance by also auditing processes within the Office of the Auditor-General.
- c) That Parliament shall appoint an administrator to provide a linkage in the processes.
- d) That Parliament would be represented during the opening and closing meetings of the audit.

14. Under Article 226(4) of the Constitution, the Commission is required to lay the negotiated award before the National Assembly so as to facilitate the appointment of the selected Audit firm by the National Assembly in accordance with the Constitution.

15. That the following documents are annexed hereto:

- (i) Resolution by the National Assembly made on 9th January, 2013 appointing the firm of M/s Baker Tilly Merali's to audit the accounts of the office of the Auditor General for a three (3) year period;
- (ii) Advertisement in the Standard Newspaper of 8th June 2016;
- (iii) Memo dated 23rd June 2016 from the Clerk of the Senate/Secretary, Parliamentary Service Commission appointing a tender opening committee;
- (iv) Minutes of the Tender Opening Committee meeting held on 24th June 2016;
- (v) Memo dated 20th June 2016 from the Clerk of the Senate/Secretary, Parliamentary Service Commission appointing a tender evaluation committee;
- (vi) Evaluation report dated 20th July 2016;
- (vii) Professional opinion dated 29th July 2016;
- (viii) Letters of regret dated 24th August 2016 to M/s BDO East Africa, M/s Olsen Partners CPA and M/s Nelson & Francis Associates;
- (ix) Letter of award to M/s Baker Tilly Merali dated 24th August 2016;
- (x) Letter of acceptance of award dated 30th August 2016;
- (xi) Negotiation Committee report dated September 2016.

RESOLUTION SOUGHT

The Parliamentary Service Commission is requested to consider the contents of this Paper and:-

- (1) Resolve that that the award of the tender for the annual Audits of the office of the Auditor-General be laid before the National Assembly for approval and appointment of the audit firm of **M/s Baker Tilly Merali's** as the professionally qualified auditors to audit and report on the accounts of the

Office of the Auditor-General for the years 2014/2015, 2015/2016 and 2016/2017 pursuant to Article 226(4) of the Constitution; and

- (2) Designate a Commissioner who is a Member of the National Assembly to present to the National Assembly the report of the Commission on the appointment of the audit firm of M/s Baker Tilly Merali's as the professionally qualified auditors to audit and report on the accounts of the Office of the Auditor-General for the years 2014/2015, 2015/2016 and 2016/2017 pursuant to Article 226(4) of the Constitution.

Approved ~~Bat~~ SNA/Chairman, PSC
3/4/16

Wang'ombe Kariuki for appointment as Director-General of the Competition Authority of Kenya.

We did the vetting of Mr. Kariuki and the appointing panel in the Board went through the due process. We also looked at the rating method that was used by the Board and we were satisfied with the process that they took. We saw that they picked on Kariuki after using a rating a process that rated him the best of all the other applicants. We are all aware that the Competition Act is a successor of the Monopolies Act that was there before. We know that there were many loopholes in the previous law, especially where they were not giving opportunities for small businesses to grow. However, the new law gives an impetus and an opportunity for everybody to properly compete fairly without fear or favour. We are sure that Mr. Kariuki will oversee that process and ensure that the Authority does its job as required.

With those few remarks, I support.

(Question proposed)

Mr. Njuguna: Mr. Temporary Deputy Speaker, Sir, let me start very briefly, by thanking the Committee for a job well done. I would like to indicate that this is a candidate who will bring the necessary administrative and managerial skills to lay the required foundation in the Competition Authority of Kenya.

With those few remarks, I support.

The Temporary Deputy Speaker (Mr. Ethuro): I now call upon the Mover to reply because there are no other requests.

Mr. Okemo: Mr. Temporary Deputy Speaker, Sir, mine is to thank hon. Members for their contributions. I hope that they will find it necessary to approve the Report because the Competition Authority is a very important institution. If we have the right person in place, and we believe that Mr. Kariuki is the right person, the Authority will play its rightful role in the economic development of Kenya.

(Question put and agreed to)

ADOPTION OF REPORT ON APPOINTMENT OF M/S BAKER MERALLY'S CPA TO
AUDIT ACCOUNTS OF THE AUDITOR-GENERAL

Mr. Keynan: Mr. Temporary Deputy Speaker, Sir, on behalf of the Parliamentary Service Commission (PSC), I beg to move:-

THAT, pursuant to the provisions of Article 226(4) of the Constitution, this House approves the appointment of the Audit Firm of M/S BAKER TILLY MERALI'S CPA, to audit and report on the Accounts of the Auditor-General for the years 2012/2013, 2013/2014, 2014/2015, 2015/2016 and 2016/2017.

This is a procedural constitutional issue. The PSC is a constitutional Commission established under Section 45(b) of the former Constitution of Kenya. It is also established under Article 127 of the new Constitution. The constitutional responsibilities of the PSC include provision of such services and facilities necessary to ensure efficient and effective functioning of Parliament.

Further, Article 248(3)(a) of the Constitution of Kenya establishes the Office of the Auditor-General as an independent office. The Office of the Auditor-General is a body with a perpetual succession in a seal and is capable of being sued and also suing.

The Constitution provides that Parliament shall allocate adequate funds to enable the office perform its functions and its budget shall be a separate vote.

It is because of this that the Parliamentary Service Commission (PSC) also in consultation with the Auditor-General sought to recruit a firm to audit the accounts of the PSC.

I want to clarify one issue which hon. C. Onyancha picked up with me and I also saw his amendment. We consulted the PSC before even trying to get the service of this firm or other firms who competed. We sought the advice of the office of the Auditor-General. I want to table a letter dated 5th January 2012 and I want to read it, so that hon. C. Onyancha is aware of what actually informed the PSC to come up with this formula.

This is now the Auditor-General actually writing to the Clerk of the National Assembly. The letter reads:-

“As you are aware, the Constitution of Kenya provides that the accounts of the office of the Auditor-General shall be audited and reported on by a professionally qualified accountant appointed by the National Assembly as per Article 246(4).

Accordingly, we should appreciate if the process of appointing an auditor is commenced and concluded in time so as to afford the appointing auditor an opportunity to carry out the interim and final audit for the financial year ending 30th June, 2012. We recommend that the audit engagement becomes effective from 10th June, 2012 for the financial year ending 30th June, 2012 for a period of five years. The contract shall then be evaluated annually and rendered at the end of the five year period.”

(Mr. Keynan laid the document on the Table)

Mr. Temporary Deputy Speaker, Sir, it is because of this that the PSC sought the services and tendered for this particular service and a number of firms applied and this particular firm was rated the best. This is what the PSC has settled for and, therefore, as the PSC we recommend that the National Assembly pursuant to the provisions of Article 224(6) of the Constitution approves and appoints the audit firm BakerTilly Merali's CPA audit firm to report on the accounts of the Kenya National Assembly for the years that I have mentioned.

Mr. Temporary Deputy Speaker, Sir, this is because again the process that the PSC actually used was one that has taken into account the Public Procurement and Disposal Act of 2005 and all other legal mechanisms that take into account prudence, transparency and accountability. Therefore, we believe this firm which the PSC has identified is going to be up to the task and ensure that our accounts are up to date and give us value for money.

*[The Temporary Deputy Speaker
(Mr. Ethuro) left the Chair]*

*[The Temporary Deputy Speaker
(Dr. Laboso) took the Chair]*

Madam Temporary Deputy Speaker, with these few words, I beg to move and request hon. Chris Okemo who is also a commissioner to second.

Mr. Okemo: Thank you very much, indeed, Madam Temporary Deputy Speaker. I would like to second this Motion. First and foremost, the office of the Auditor-General is a constitutional office which is financed and funded by public money. Therefore, like any other body that uses public money, it has to be audited. Although they are the ones who audit the rest of the public bodies, they too must be audited. In selecting this audit firm, we went through a competitive selection process in accordance with the Public Procurement and Disposal Act. So, we believe that this is the best firm. At least it was the best firm among the ones that applied and were considered.

I would, therefore, like to second the Motion and say that the firm be approved by Parliament.

(Question proposed)

Prof. Kaloki: Madam Temporary Deputy Speaker, thank you for this opportunity for me to support the appointment of the audit firm M/S Baker Tilly Merali's CPA to carry out the audit of the Auditor-General's accounts for the years listed herein; this a period of five years.

Madam Temporary Deputy Speaker, this is a reputable firm which has audited many accounts both public and private. Their reputation is the best in this country.

Madam Temporary Deputy Speaker, this particular firm, Baker Tilly Mirali's CPA, have been rated as one of the best in this country. Now with the extended mandate of the National Assembly and the Senate, we need a reputable firm to deal with the extra accounts that will be generated to make sure that the accounts of Parliament and other State bodies will be well audited. The reputation of the firm doing the work is of important. We want this firm to be approved today, so that the accounts and their credibility are reliable.

I support strongly the appointment of this particular firm.

Mr. C. Onyancha: Madam Temporary Deputy Speaker, I beg to move an amendment to this Motion by deleting the figures after 2014/2015.

Madam Temporary Deputy Speaker, the reason for this is generally international practice; also as recommended by our institution, the ICPAK, auditors should be appointed annually. In any event, they cannot be re-appointed after four years in keeping with the practice that you should not get too used to your auditor.

Madam Temporary Deputy Speaker, I wish to ask hon. Kimunya, who is a fellow accountant, to second.

Minister for Transport (Mr. Kimunya): Madam Temporary Deputy Speaker, I rise to second the amendment. In seconding this amendment, I wish to state here that this has nothing to do with the auditor. I believe the audit firm is competent and good enough. Indeed, any firm that is practicing in Kenya and has been authorized under the Accountants Act has no issue. But the practice is usually in companies; the practice is that auditors are appointed on an annual basis, so that the shareholders have the opportunity at the end of the year to receive the report and then pass a resolution to re-appoint the auditors.

Now, we are the shareholders for the purpose of auditing the Auditor-General accounts. But instead of having to do it on an annual basis, we want to do it on a three-year basis so as to also to coincide with the way we do our departmental committees work. Let us do it for three years and then after that, depending on the performance and what will happen, the auditor can be re-appointed. I think that gives audit firm a better standing. We should not also be seen to have closed the door to any other audit firm that may want to have the opportunity to compete for work in the next five years.

Madam Temporary Deputy Speaker, I think on that basis, the auditors will do a good job and merit re-appointment in the second session, after their first three-year stint. So, if that becomes the practice, auditors will be appointed on a three-year cycle.

With those words, I beg to second and ask that we support the amendment for the purpose of creating a situation for the future. That has nothing to do with any doubts as to the work of the Committee or the quality of the auditors.

Thank you.

(Question, that the words to be left out be left out, put and agreed to)

(Question of the Motion as amended proposed)

The Temporary Deputy Speaker (Dr. Laboso): Hon. Members, you will now debate the Motion as amended.

Yes, hon. David Njuguna.

Mr. Njuguna: Madam Temporary Deputy Speaker, very briefly, let me start by thanking the Vice-Chairman of the Parliamentary Service Commission (PSC) for this Report.

Secondly, I wish to congratulate M/s Baker Tilly Merali's CPA for getting the appointment. I hope that they will be able to look at the accounts for the period that is already specified. Being a dealer of transparency and accountability, this firm is competent enough to deliver the required services.

With those few remarks, I beg to support.

The Temporary Deputy Speaker (Dr. Laboso): Yes, hon. Charles Onyancha.

Mr. Onyancha: Madam Temporary Deputy Speaker, I also wish to rise in support of the Motion and thank the Committee for a job well done. I sit as a Commissioner in the Kenya National Audit (KENAO). There is something in process about amending the Public Audit Act. We will be able to incorporate these changes in the new proposed Bill.

With those remarks, I beg to support.

The Temporary Deputy Speaker (Dr. Laboso): Yes, hon. Martin Ogindo.

Mr. Ogindo: Madam Temporary Deputy Speaker, I rise to support the Motion.

It is important that even as Parliament does the oversight role, let the watchdog also be watched. This will go a long way in instilling public confidence in the manner in which this institution carries out its business. This is unprecedented and will go a long way, particularly at this point when we are going to have the county governments.

We are going to have county assemblies. We want to create a precedence of having auditors even at the county level auditing the county assemblies, which will oversee the county governments. This is a positive departure from the past. It will go a long way in ensuring that this country becomes more and more transparent in its utilisation of public resources.

Madam Temporary Deputy Speaker, this is good practice. I want to believe that due diligence was done in coming up with this firm. I want to trust that the audit firm will do a good job during their first term. I wish that they prove themselves, so that they can be re-appointed.

With those remarks, I beg to support.

The Temporary Deputy Speaker (Dr. Laboso): I call upon the Mover to reply.

Mr. Keynan: Madam Temporary Deputy Speaker, I appreciate the sentiments of hon. Members. Basically, I always say I hold the view that the PSC is a specialized Commission in the sense that it represents parliamentarians. Therefore, in essence, we can also say that it is a political Commission. This is why the Members have always a right to exercise. This is why I grudgingly accepted the amendment by Mr. Onyancha; they are the consumers of our services.

I remember with nostalgia what happened in 1999. To date I reflect on the landmark achievements of the Commission; it is something that I am very proud of. I hope the next Commission in the next Parliament will do even better. We want to be the best example, the best Commission in the Republic of Kenya. We want to lead by example. I serve one arm of Government and is also an independent Commission.

This is why every action of the Commission has been fairly transparent. Even the procuring of this specialized audit firm was arrived at after a very thorough procurement process. We hope we will get value for our money. Going by the records, this particular firm is a competent audit firm.

Madam Temporary Deputy Speaker, I want to thank hon. Members for their continued support. I know I may not get an opportunity to thank all of you as your Commissioner. I am an appointee of the whole House. In particular I want to thank the Back Bench for their support. I believe by the time our term legally comes to an end on 14th January, or before then, if we decide to go *sine die* we will reflect on some of the achievements by the current PSC. I am sure that we will leave something that the current hon. Members will appreciate. This is something that will also add value to the lives and activities of hon. Members of the future parliaments.

Finally, I want to thank my fellow Commissioners headed by the Speaker, who is also the Chairman of the Commission. I also thank the entire staff of the PSC for their dedication and support. Any parliament is a specialized institution. It is not an institution where you can just employ somebody and expect that person to perform. These Clerks-at-the-Table have had many years of training at the institutional level and even outside. Therefore, this is a unique institution that requires expertise. This is why as a Commission, we have decided as a policy to make the best use of the staff that we have here in order to raise their morale and also ensure that we capitalize on their expertise. I want to thank all of them for their support and dedication.

I want to also thank all hon. Members and wish them well in their re-election efforts. Those who want to be governors, those who want to pursue different political

ambitions, those who still want to come back as Members of Parliament, I wish you well and hope I will meet as many of you as possible after 5th March.

I beg to move.

Resolved Accordingly:

THAT,* pursuant to the provisions of Article 226(4) of the Constitution, this House approves the appointment of the Audit Firm of M/S BAKER TILLY MERALI'S CPA, to audit and report on the Accounts of the Auditor-General for the years 2012/2013, 2013/2014 and 2014/2015.

The Temporary Deputy Speaker (Dr. Laboso): Hon. Members, the next Order has been deferred to this afternoon. I will now call upon the Minister for Finance to report on the fate of Order No. 11 and Order No.12.

The Minister for Finance (Mr. Githae): Madam Temporary Deputy Speaker, I wish to report on the conclusion of our discussions with Members of the Budget Committee on Order Nos.12 and 13; The Division of Revenue Bill (Bill No.88 of 2012) and The County Allocation of Revenue Bill (Bill No.89 of 2012).

Madam Temporary Deputy Speaker, these Bills were really for the next Financial Year. The Treasury was only trying to be efficient to do as much work as possible to assist the incoming Government and Parliament. That is why even for the BPS, which was not due in 15th February, we did it in December. It was in this spirit that we were doing it. But since then, the Members of the Committee feel that as of today the audited accounts that we have are for 2010/2011. Those are the audit accounts that we have been using as a basis for revenue allocation. The hon. Members feel that if it proceeds then counties may be shortchanged.

Madam Temporary Deputy Speaker, there is also the other issue of the fact that before the Supplementary Estimates are tabled in this House, they are based on the Budget Policy Statement, which I tabled I think three weeks ago. But, again, the Committee has said that it does not have the time now to go round the country seeking the views of members, because that is a requirement that they must go round and seek the views of stakeholders. The Committee has said that in view of the short time remaining of the Parliament term, they will not have the time.

Madam Temporary Deputy Speaker, in view of that, we have agreed that we defer The Division of Revenue Bill (Bill No.88 of 2012) and The County Allocation of Revenue Bill (Bill No.89 of 2012) to the next Parliament. But in the meantime, Treasury will continue with budgetary provisions under administrative instructions and so will be the county treasuries. They will continue preparing their plans and budgets awaiting the elections of county assemblies. The National Assembly and Senate will be awaiting the election of Members of Parliament and Members of the Senate.

Madam Temporary Deputy Speaker, that was the conclusion of our discussions.

ADJOURNMENT

REPUBLIC OF KENYA



PARLIAMENTARY SERVICE COMMISSION
PARLIAMENTARY SERVICE COMMISSION

REQUEST FOR PROPOSALS
FOR

PROVISION OF EXTERNAL AUDIT SERVICES FOR PURPOSES
OF AUDITING THE OFFICE OF THE AUDITOR GENERAL FOR
A THREE YEAR PERIOD 2014/15, 2015/16 AND 2016/17
(RFP NO. PSC/RFP/02/2015-2016)

The Parliamentary Service Commission (PSC) invites sealed bids from interested, qualified and competent audit firms to provide External Audit Services for purposes of auditing the Office of the Auditor General for a period of three (3) years.

Interested firms may obtain further information and inspect the Request for Proposal (RFP) Document for free from the Procurement Office on 10th Floor, Protection House at the Junction of Parliament Road and Haile Selassie Avenue, Nairobi or download the same from Commission's Website: www.parliament.go.ke or IFMIS Portal website: www.supplier.treasury.go.ke. The RFP Document may be purchased upon payment of a non-refundable fee of Kshs. 1,000.00 in cash or Banker's Cheque to the Cashier on 9th Floor, Protection House, Nairobi within normal working hours or download the RFP Document for free. Those bidders who choose to download the RFP Document MUST submit their details to the Procurement Office for registration before the submission deadline.

Duly completed Proposal documents are to be enclosed in plain sealed envelopes, marked with the proposal number, name and as prescribed and be deposited in the tender box provided on 10th floor, Protection House, at the Junction of Parliament Road and Haile Selassie Avenue, Nairobi or be addressed to:-

The Clerk of the Senate/Secretary,
Parliamentary Service Commission,
P. O. Box 41842-00100
NAIROBI

so as to be received on or before Friday, 24th June 2016 at 10.00am.

Tenders will be opened immediately thereafter in the presence of the Candidates who choose to attend or their representatives, on 11th floor, Protection House at the Junction of Parliament Road and Haile Selassie Avenue, Nairobi.

Prices quoted should be net inclusive of all taxes and duties applicable, must be in Kenya Shillings and shall remain valid for (90) days from the closing date of the tender.
The Commission reserves the right to accept or reject any proposal and does not bind itself to accept the lowest or any proposal.

J.M. NYEGENYE, CBS
CLERK OF THE SENATE/SECRETARY,
PARLIAMENTARY SERVICE COMMISSION

Buying



Kenya Police
SACCO KENYA POLICE SACCO

TransCentury
Investing in Africa

NOTICE

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at Fairmont, The Norfolk Hotel, Nairobi on Thursday 30th June 2016 at 11.00 a.m. to conduct the following business:

AGENDA

A. ORDINARY BUSINESS

- To read the notice convening the meeting and determine if a quorum is present;
- To receive and adopt, the Chairman's statement, reports of the Directors and Auditors and audited financial statements for year ended 31st December, 2015;
- To note that the directors do not recommend payment of a dividend for the year ended 31st December, 2015.
- To elect Directors in accordance with the Company's Articles of Association;
 - In accordance with the Company's Articles of Association, Mr. Robin Kimotho retires by rotation from the office as a Director of the Company and does not offer himself for re-election;
 - In accordance with the Company's Articles of Association, Mr. Peter T. Kanyago retires by rotation from the office as a Director of the Company and does not offer himself for re-election;
 - Mr. Michael Gitau Waweru who was appointed as a director of the Company with effect from 1st December 2015, retires in accordance with the Company's Articles of Association and does not offer himself for re-election
 - Ambassador Dennis Awori who was appointed as a director of the

MEMO

FROM : Clerk of the Senate/Secretary
Parliamentary Service Commission

TO : Ms. Sophie Otieno, Legal Counsel
Mr. Simon Muthai, Accountant
Mr. Johana Macharia, Accountant
Mr. Meshack Ogoma, Procurement Assistant

Chair
Member
Member
Secretary

DATE : 23rd June 2016

REF. NO. : Procurement 2015-2016/206B

SUBJECT : TENDER OPENING – PROVISION OF EXTERNAL AUDIT SERVICES FOR PURPOSES OF AUDITING THE OFFICE OF THE AUDITOR GENERAL FOR A THREE YEARS PERIOD 2014/15, 2015/16 AND 2016/17 RFP NO. PSC/RFP/02/2015-2016

The above tender closes on **Friday, 24th June 2016** at **10.00am**. You have been appointed to open and record the bids received and note any matter that needs to be noted during the evaluation process.

The Tender Opening Committee shall open the tenders in accordance with Section 78 (3) to 6(a,b,c) and 78 (9)-12 of the Public Procurement and Asset Disposal Act 2015 which states as follows:-

Section 78 (3) to 6(a,b,c)

"Immediately after the deadline for submitting tenders, the tender opening committee shall open all tenders received before that deadline.

Those submitting tenders or their representatives may attend the opening of tenders.

The tender opening committee shall assign an identification number to each tender and record the number of pages received.

As each tender is opened, the following shall be read out loud and recorded in a document to be called the tender opening register-
d) the name of the person submitting the tender;

- e) *the total price, where applicable including any modifications or discounts received before the deadline for submitting tenders except as may be prescribed; and*
- f) *if applicable, what has been given as tender security”.*

Section 78 (9-12)

“Each member of the tender opening committee shall –

- (c) sign each tender on one or more pages as determined by the tender opening committee; and*
- (d) initial, in each tender, against the quotation of the price and any modifications or discounts, where applicable.*

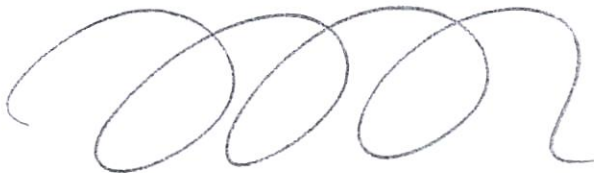
The tender opening committee shall prepare tender opening minutes which shall set out –

- (c) a record of the procedure followed in opening the tenders; and*
- (d) the particulars of those persons submitting tenders, or their representatives, who attended the opening of the tenders.*

To acknowledge that the minutes are true reflection of the proceedings held, each member of the tender opening committee shall-

- (a) initial each page of the minutes;*
- (b) append his or her signature as well as initial to the final page of the minutes indicating their full name and designation.*

A person who causes the physical loss of tender documents provided for under this section commits an offense”.



**J. M. NYEGENYE, C.B.S.,
CLERK OF THE SENATE/SECRETARY,
PARLIAMENTARY SERVICE COMMISSION.**

MINUTES OF THE TENDER OPENING COMMITTEE MEETING NO.(RFP NO. PSC/RFP/02/2015-2016) FOR THE PROVISION OF EXTERNAL AUDIT SERVICES FOR PURPOSES OF AUDITING OF THE AUDITOR GENERAL FOR A THREE YEAR PERIOD 2014/15,2015/16AND 2016/17 ON 24TH JUNE, 2016.

MEMBERS PRESENT:

- | | | | |
|----|---------------------|---------------------|------------|
| 1 | Ms. Sophie Otieno | Legal Counsel | Chaiperson |
| 2. | Mr. Johana Macharia | Accountant | Member |
| 1. | Mr. Meshack Ogoma | Procurement Officer | Secretary |

ABSENT WITH APOLOGY:

- | | | | |
|----|------------------|------------|--------|
| 1. | Mr. Simon Muthai | Accountant | Member |
|----|------------------|------------|--------|

IN ATTENDANCE

- | | | |
|----|---------------|-------------|
| 1. | Martha Odongo | Secretariat |
| 2. | Mary Otieno | Secretariat |

BIDDERS REPRESENTATIVE IN ATTENDANCE

- | | | |
|----|-------------------------|---|
| 1. | Mr. Kamau James Mucheru | Nelson Korir & One- Source Financial Services |
| 2. | Mr. Domnic Ndege | Olsen Partners |

MIN. No.01/(RFP NO .PSC/RFP/02/2015-2016 OPENING OF THE TENDER BOX

The Tender Box was opened at 10.00 am in the presence of the firm's representatives who witnessed the opening of the Tender Box. Two firm's representatives who were present were asked to confirm that the box had been emptied. Members present and the firms representatives who were present confirmed that there were only four [04] sealed envelopes.

MIN. No.02/(RFP NO .PSC/RFP/02/2015-2016 OPENING OF THE TENDER REMARKS

The Chair called the meeting to order at 10.10am and asked one of the bidding firm's representatives to lead us with a word of prayers. The Chair then informed the meeting that its mandate was just to open the bids as spelt out in section 78(1) to 6 (a)(b)(c) of The Public Procurement and Asset Disposal Act, 2015. Members and the firms representatives then introduced themselves.

[Signature]
19/07/2016

[Signature] 19/07/2016

[Signature] 19/07/16

MIN. No.03/(RFP NO .PSC/RFP/02/2015-2016 OPENING PROCESS

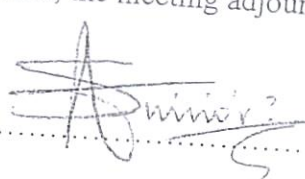
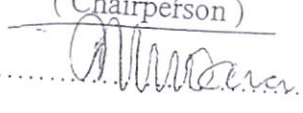
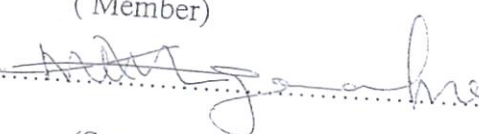
The Chairman ordered the opening of the bids one at a time and a total of Four bids [04] were opened and the names and bid bonds were read out loudly and were recorded as shown below:-

No.	FIRMS NAMES	SECURITY BOND[KSHS]	INSURANCE COMPANY	COMMENTS
1.	M/s BDO EAST AFRICA	N/A	N/A	
2.	M/s. OLSEN PARTNERS	N/A	N/A	
3.	M/s . NELSON KORIR & ONE- SOURCE FINANCIAL SERVICES	50,000.00	AMACO	
4.	M/s. BAKER TILLY MERALIS	50,000.00	CBA	

MIN. No.03/(RFP NO .PSC/RFP/02/2015-2016 A.O.B

There being no other business, the meeting adjourned at 11.30 a.m.

Confirmed

- Ms. Sophie Otieno..........Date..19/07/2016.
(Chairperson)
- Mr. Johana Macharia..........Date..19/7/2016
(Member)
- Mr. Meshack Ogoma..........Date..19/07/2016
(Secretary)

MEMO

FROM : Clerk of the Senate/Secretary
Parliamentary Service Commission

TO : Mr. Irungu Kigundu, Chief Finance Officer
Ms. Wanjiru Ndindiri, Clerk Assistant
Mr. Josphat Kihuro, Accountant
Mr. Martin Mukabi, Procurement Officer

DATE : 20th June 2016

REF. NO. : Procurement 2015-2016/207B

SUBJECT : TENDER EVALUATION – PROVISION OF EXTERNAL AUDIT SERVICES FOR PURPOSES OF AUDITING THE OFFICE OF THE AUDITOR GENERAL FOR A THREE YEARS PERIOD 2014/15, 2015/16 AND 2016/17 RFP NO. PSC/RFP/02/2015-2016

Chair
Member
Member
Secretary

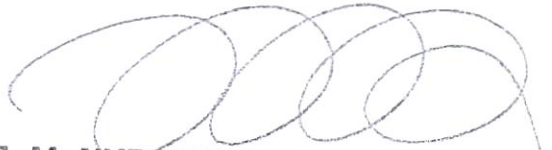
The above tender opens on Friday, 24th June 2016.

You have been appointed to the evaluation committee. Please ensure the exercise is completed within the shortest time possible and that evaluation process is conducted in accordance with Section 80 (1), (2), (3), (4), (6) and (7) of the Public Procurement and Asset Disposal Act, 2015 which stipulates as follows:-

- (9) "The evaluation committee appointed by the accounting officer pursuant to section 46 of this Act, shall evaluate and compare the responsive tenders other than tenders rejected under section 82(3)".
- (10) "The evaluation and comparison shall be done using the procedures and criteria set out in the tender documents and, in the tender for professional services, shall have regard to the provisions of this Act and statutory instruments issued by the relevant professional associations regarding regulation of fees chargeable for services rendered".
- (11) "The following requirements shall apply with respect to the procedures and criteria referred to in subsection (2) –
- (m) the criteria shall, to the extent possible, be objective and quantifiable;
 - (n) each criterion shall be expressed so that it is applied, in accordance with the procedures, taking into consideration price, quality, time and service for the purpose of evaluation; and
- (12) The evaluation committee shall prepare an evaluation report containing a summary of the evaluation and comparison of tenders and shall submit the report to the person responsible for procurement for his or her review and recommendation".
- (6) "The evaluation shall be carried out within a maximum period of thirty days".

(7) "The evaluation report shall be signed by each member of evaluation committee".

Notwithstanding subclause (6) please ensure the evaluation is completed within five (5) days from commencement of the exercise since we are constrained with time.



**J. M. NYEGENYE, C.B.S.,
CLERK OF THE SENATE/SECRETARY,
PARLIAMENTARY SERVICE COMMISSION.**



PARLIAMENTARY SERVICE COMMISSION

RFP NO: PSC/RFP/02/2015-2016

FOR

**PROVISION OF EXTERNAL AUDIT SERVICES FOR PURPOSES
AUDITING THE OFFICE OF THE AUDITOR GENERAL FOR A THREE
YEAR PERIOD 2014/15, 2015/16 AND 2016/17**

EVALUATION REPORT

BY: TENDER EVALUATION COMMITTEE

© JULY 2016

1.0 INTRODUCTION

The Parliamentary Service Commission invited sealed bids from eligible consultants for the Provision of External Audit Services for Purposes Auditing the Office of the Auditor General for a Three Year Period 2014/15, 2015/16 and 2016/17 through an open tender advertised on Wednesday, 8th June, 2016 in the Standard Newspaper.

2.0 TENDER OPENING RESULTS

The technical bids were opened on Friday, 24th June, 2016 at 10:00 am in Protection House 11th Floor Board Room, in the presence of bidders' representatives who chose to attend. Four (4No.) firms submitted their bid documents as per the tender opening register

(see Annex 1- Tender Opening Report)

The results are as shown in **Table 1 below:**

Table 1: List of Bidders

B. No.	Name of firm and address	Bid (Kshs)	Bond	Insurance Co./Bank
1	M/s BDO East Africa Kenya P.O Box 10032-00100, Nairobi	None		N/A
2	M/s Olsen Partners P.O Box 27451-00100, Nairobi	None		N/A
3	M/s Nelson & Francis Associates P.O Box 19897-00100, Nairobi	50,000.00		AMACO
4	M/s Baker Tilly Merali's P.O Box 67486-00200, Nairobi	50,000.00		Commercial Bank of Africa Ltd.

3.0 TENDER EVALUATION COMMITTEE

The Tender Evaluation Committee was appointed by the Accounting Officer, Clerk of the Senate / Secretary to the Parliamentary Service Commission pursuant to Section 46 of the Public Procurement and Asset Disposal Act, 2015

The evaluation committee comprised the following:-

- | | | |
|-------------------------|-----------------------|-----------|
| 1. Mr. Irungu Kigundu | Chief Finance Officer | Chairman |
| 2. Ms. Wanjiru Ndindiri | Clerk Assistant | Member |
| 3. Mr. Josphat Kihuro | Accountant | Member |
| 4. Mr. Martin Mukabi | Procurement Officer | Secretary |

However, Mr. Josphat Kihuro did not participate in the evaluation process as he was out of the country on official duty.

4.0 TENDER EVALUATION

4.1 Evaluation Methodology

The Evaluation process was conducted in four (4No.) stages as follows:-

- i) Preliminary/ Mandatory Evaluation.
- ii) Technical Evaluation.
- iii) Financial Evaluation.
- iv) Determination of the highest Combined Score

4.2 Preliminary/ Mandatory Evaluation

The 4 No. bid documents were presented to the evaluation committee and they were subjected to a preliminary evaluation. The bids were examined on the following the criteria set out in the tender document.

1. Attach evidence of having purchased the tender document at Kshs.1,000.00 or registered with Commission as having downloaded the document for free.
2. Submit **one (1) original** and **a copy** of separate Technical and Financial Bid enclosed in separate and clearly marked envelopes.
3. Attach a Certificate of Incorporation/Registration.
4. Attach a valid Tax Compliance/Clearance Certificate.
5. Submit a duly signed joint venture or consortium agreement (if applicable) for firms that have chosen to collaborate to enhance their qualifications.
6. Submit a company's profile detailing among others, the names of the Directors, key staff and organizational structure.
7. CVs of at least four (4) key staff with relevant academic and professional qualifications and adequate experience in undertaking assignments of similar magnitude preferably in large Government Institutions and Regulatory bodies.
8. Attach a bid security of Kshs. 50,000.00 from a reputable Kenyan bank or Insurance Company approved by Public Procurement Regulatory Authority (PPRA) as prescribed valid for 150 days from the date of tender closing.
9. Fully fill the attached mandatory Confidential Business Questionnaire.



10. A list of five (5) major Clients, their location, description of the assignment, date, duration of the assignment and contact details of persons in client's organization who supervised the assignment (name of the person, telephone and email address).
11. Evidence in form of recommendation letters from at least three (3) large firms/institutions of having offered audit services.
12. Proof of registration with ICPAK and Partners' Practicing Certificates.
13. Confirmation/evidence of having undergone a Quality Assurance Review by ICPAK.
14. Confirmation that neither the firm, nor any of its partners or key staff, have faced any disciplinary action by ICPAK or other professional bodies.
15. Confirmation that the firm and /or its partners and key staff are not aware of any conflict of interest which may exist between the auditee and the auditor.



20/7/16



STAGE 1: PRELIMINARY EVALUATION MATRIX: RFP NO.: PSC/RFP/02, 2015-2016

CRITERIA	BIDDERS			
	B1	B2	B3	B4
1. Evidence of having purchasing of tender document at Kshs.1,000.00 or registered with Commission as having downloaded the document for free.	Y	Y	Y	Y
2. Submit clearly marked one (1) original and a copy of separate Technical and Financial Bid	Y	Y	Y	Y
3. Attach a Certificate of Incorporation/Registration.	Y	Y	Y	Y
4. Attach a valid Tax Compliance/Clearance Certificate.	Y	Y	Y	Y
5. Submit a duly signed joint venture or consortium agreement (if applicable) for firms that have chosen to collaborate to enhance their qualifications.	Y	Y	Y	Y
6. Submit a company's profile detailing among others, the names of the Directors, key staff and organizational structure.	N	Y	Y	Y
7. CVs of at least four (4) key staff with relevant academic and professional qualifications and adequate experience in undertaking assignments of similar magnitude preferably in large Government Institutions and Regulatory bodies.	Y	Y	Y	Y
8. Attach a bid security of Kshs. 50,000.00 from a reputable Kenyan bank or Insurance Company approved by Public Procurement Regulatory Authority (PPRA) as prescribed valid for <u>150 days</u> from the date of tender closing.	N	N	Y	Y
9. Fully fill the attached mandatory Confidential Business Questionnaire.	Y	N	Y	Y
10. A list of five (5) major Clients, their location, description of the assignment, date, duration of the assignment and contact details of persons in client's organization who supervised the assignment (name of the person, telephone and email address)	Y	Y	Y	Y
11. Evidence in form of recommendation letters from at least three (3) large firms/institutions of having offered audit services	Y	N	N	Y
12. Proof of registration with ICPAK and Partners' Practicing Certificates	Y	Y	Y	Y
13. Confirmation/evidence of having undergone a Quality Assurance Review by ICPAK	N	N	Y	Y
14. Confirmation that neither the firm, nor any of its partners or key staff, have faced any disciplinary action by ICPAK or other professional bodies	Y	N	Y	Y
15. Confirmation that the firm and /or its partners and key staff are not aware of any conflict of interest which may exist between the auditee and the auditor	N	N	Y	Y
RESPONSIVE (R)/NON-RESPONSIVE (NR)	NR	NR	NR	R

Key: Y=YES N=NO
R=RESPONSIVE NR=NON-RESPONSIVE

The Tenderers who did not satisfy any of the above requirements were considered Non-Responsive and their tenders were not evaluated further.

4.2.1

OBSERVATIONS:

The following firms were found to be Non-Responsive for the reasons given.

Bidder No. 1: M/s BDO East Africa Kenya P.O Box 10032-00100, Nairobi

- a) The Company Profile attached lacked information on the Directors, and organizational structure.

(6. Submit a company's profile detailing among others, the names of the Directors, key staff and organizational structure.)

- b) Did not attach a bid security.

(8. Attach a bid security of Kshs. 50,000.00 from a reputable Kenyan bank or Insurance Company approved by Public Procurement Regulatory Authority (PPRA) as prescribed valid for 150 days from the date of tender closing)

- c) No evidence of having undergone Quality Assurance Review by ICPAK

(13. Confirmation/evidence of having undergone a Quality Assurance Review by ICPAK.)

- d) No confirmation of not being aware of any conflict of interest that may exist between the Auditee and the Auditor

(15. Confirmation that the firm and /or its partners and key staff are not aware of any conflict of interest which may exist between the auditee and the auditor.)

Bidder No. 2: M/s Olsen Partners P.O Box 27451-00100, Nairobi

- a) Did not attach a bid security.

(8. Attach a bid security of Kshs. 50,000.00 from a reputable Kenyan bank or Insurance Company approved by Public Procurement Regulatory Authority (PPRA) as prescribed valid for 150 days from the date of tender closing.)

- b) Did not sign the Mandatory Confidential Business Questionnaire.

(9. Fully fill the attached mandatory Confidential Business Questionnaire.)

- c) Did not attach recommendation letters from firms audited before.

(11. Evidence in form of recommendation letters from at least three (3) large firms/institutions of having offered audit services)



d) No evidence of having undergone Quality Assurance Review by ICPAK
(13. Confirmation/evidence of having undergone a Quality Assurance Review by ICPAK.)

e) Did not provide confirmation any disciplinary action by ICPAK or other professional bodies against the firm or its partners or staff
(14. Confirmation that neither the firm, nor any of its partners or key staff, have faced any disciplinary action by ICPAK or other professional bodies)

f) No confirmation of not being aware of any conflict of interest that may exist between the Auditee and the Auditor
(15. Confirmation that the firm and /or its partners and key staff are not aware of any conflict of interest which may exist between the auditee and the auditor.)

Bidder No. 3: M/s Nelson & Francis Associates P.O Box 19897-00100, Nairobi

a) Did not attach recommendation letters from firms audited before.
(11. Evidence in form of recommendation letters from at least three (3) large firms/institutions of having offered audit services)

Nelson and Francis Associates were partnering with the following firms

- ± OneSource Financial Services Ltd
- ± Walubengo and Associates
- ± Ronalds and Associates

Therefore, only one bidder was responsive and hence recommended for technical evaluation:

- Bidder No. 4: - M/s Baker Tilly Merali's P.O Box 67486-00200, Nairobi



4.3

TECHNICAL EVALUATION

The following major specifications/requirements were used for the assessment of bidders based on tender document.

Item	Consultancy skills, competencies and key staff evaluation criteria parameters
A.	<p>Specific experience of the Consultant and profile of the firm relevant to the assignment (15 Marks)</p> <p>a) Brief Company profile (Maximum of three pages) covering:</p> <ul style="list-style-type: none"> • Organization structure and staffing set-up for the relevant staff to be engaged in the task • A list of five (5) major Clients, their location, description of the assignment, date, duration of the assignment and contact details of persons in client's organization who supervised the assignment (name of the person, telephone and email address); • Contact details-address, telephone numbers, email • Firm's staff policy on rotational of staff/substitution etc <p>b) Provide proof/evidence of minimum three (3) past assignments of similar nature and magnitude (both private/ public sector institutions) in the last 5 years by the company,</p>
B.	<p>Adequacy of the proposed work plan and methodology in responding to the ToR (40 marks)</p> <p>a) General understanding of the Commission's Terms of Reference</p> <p>b) Adequacy of the following in responding to the Terms of Reference;</p> <ol style="list-style-type: none"> I) Methodology II) Approach III) Work Plan <p>c) Consultant's suggestions on improvement to the Commission's Terms of Reference</p>
C.	<p>Qualifications and Competence of key staff for the assignment (30 marks)</p> <p>Provide CVs and relevant certificates of at least 1 lead Consultant, 2 Associates and any other relevant staff for the assignment. Proof of working for the company should be given.</p> <p>TEAM LEADER/LEAD CONSULTANT</p> <ul style="list-style-type: none"> • Master's Degree or post graduate degree in accounts, finance, business administration or any other related field. • Have attained full professional qualifications in CPA (K), ACCA, CIMA or their equivalent. • Full member of ICPAK in good professional standing (attach current certificate). • At least ten (10) years professional experience in audit and management assignments • Thorough understanding of the Public Sector /Government laws, regulations, operations, policies and guidelines. • Thorough understanding of the International auditing reporting requirements <p>THREE (3) ADDITIONAL STAFF</p> <ul style="list-style-type: none"> • Advanced degree in accounts, finance, business administration or any other related field. • Have attained full professional qualifications in CPA (K), ACCA, CIMA or their equivalent. • Membership to ICPAK or its equivalent and in good professional standing (attach current certificate) • Adequate and strong experience in audit, risk management, management, regulatory affairs etc <p>Only the technical proposals that scores 75% and above shall be considered as responsive for further consideration i.e. opening of their financial proposals.</p>

4.3.1 STAGE 2: PSC/RFP/02/2016: TECHNICAL EVALUATION MATRIX

Item	Consultancy skills, competencies and key staff evaluation criteria parameters	Marks	
		Max	B4
D.	Specific experience of the Consultant and profile of the firm relevant to the assignment (15 Marks)		
	c) Brief Company profile (Maximum of three pages) covering: <ul style="list-style-type: none"> Organization structure and staffing set-up for the relevant staff to be engaged in the task A list of five (5) major Clients, their location, description of the assignment, date, duration of the assignment and contact details of persons in client's organization who supervised the assignment (name of the person, telephone and email address); Contact details-address, telephone numbers, email Firm's staff policy on rotational of staff/substitution etc 	2 2 2 2 2	2 1.67 1 2 1.67
	d) Provide proof/evidence of minimum three (3) past assignments of similar nature and magnitude (both private/ public sector institutions) in the last 5 years by the company,	5	4
E.	Adequacy of the proposed work plan and methodology in responding to the ToR (40 marks)		
	d) General understanding of the Commission's Terms of Reference		
	e) Adequacy of the following in responding to the Terms of Reference; <ul style="list-style-type: none"> IV) Methodology V) Approach VI) Work Plan 	5 30	4.33 26.67
	f) Consultant's suggestions on improvement to the Commission's Terms of Reference	5	3.33
F.	Qualifications and Competence of key staff for the assignment (45 marks)		
	Provide CVs and relevant certificates of at least 1 lead Consultant, 2 Associates and any other relevant staff for the assignment. Proof of working for the company should be given.	10	9
	TEAM LEADER/LEAD CONSULTANT <ul style="list-style-type: none"> Master's Degree or post graduate degree in accounts, finance, business administration or any other related field. Have attained full professional qualifications in CPA (K), ACCA, CIMA or their equivalent. Full member of ICPAK in good professional standing (attach current certificate). At least ten (10) years professional experience in audit and management assignments Thorough understanding of the Public Sector /Government laws, regulations, operations, policies and guidelines. Thorough understanding of the International auditing reporting requirements 	5 3 3 3 3	5 3 3 3
	THREE (3) ADDITIONAL STAFF <ul style="list-style-type: none"> Advanced degree in accounts, finance, business administration or any other related field. Have attained full professional qualifications in CPA (K), ACCA, CIMA or their equivalent. Membership to ICPAK or its equivalent and in good professional standing (attach current certificate) Adequate and strong experience in audit, risk management, management, regulatory affairs etc 	3 3 4 4 4	2.33 2.33 2 3.67 2.67
	TOTAL	3	2.33
		100	85

Only the technical proposals that scores 75% and above shall be considered as responsive for further consideration i.e. opening of their financial proposals.

4.3.1.1 OBSERVATIONS

The bidder was responsive in the Technical Evaluation and was therefore recommended to proceed to the financial evaluation stage.

4.4 STAGE 3: PSC/RFP/02/2015-2016: FINANCIAL EVALUATION

ITEM	BIDDER 4: M/s Baker Tilly Merali's P.O Box 67486-00200, Nairobi
Form of Tender Duly filled	Yes
Arithmetic error	None
Bid sum- (Kshs.)	7,842,600.00
Tax	Inclusive

4.4.1 OBSERVATIONS

1. The bidder quoted for the three years as follows:
 - Year 1: 7,842,600.00
 - Year 2: 8,234,730.00
 - Year 3: 8,646,467.00
2. In the Financial Proposal Submission Form, the Bidder gave a proposal for year 2015/2016. The base year should be clarified when signing the contract.
3. The bid sum was inclusive of all local taxes and disbursements.

5.0 STAGE 4: Determination of the Highest Combined Score and ranking stage

The Technical Proposal Score of the responsive firm was weighted up to 80% whereas the financial proposal score weighted up to 20%.

ITEM:	BIDDER 4: M/s Baker Tilly Merali's P.O Box 67486-00200, Nairobi
Bid Sum (Kshs.)	7,842,600.00
Technical Evaluation Score	85%
Technical Evaluation T (Weighted Score: 80%)	68%
Financial Score ($S_f = 100 \times \frac{FM}{F}$)	100%
Financial Score P (Weighted Score: 20%)	20%
Combined Score ($T + P$)	88%

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

Proposals were 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).

6.0 RECOMMENDATION

The firm whose proposal scored the highest combined technical and financial score is recommended for award.

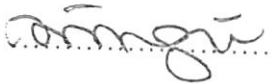


Therefore **M/s Baker Tilly Merali's** of P.O Box 67486-00200, Nairobi is recommended for award of the Provision of External Audit Services for Purposes Auditing the Office of the Auditor General for a Three Year Period 2014/15, 2015/16 and 2016/17 at a Bid Sum of **Kenya shillings Seven million, eight hundred and forty two thousand, six hundred shillings (Kshs. 7,842,600.00) only** for the first year and as below for the subsequent years:

Year 2: 8,234,730.00

Year 3: 8,646,467.00

7.0 Evaluation Committee

Evaluated by:

1. Mr. Irungu Kigundu		<u>20/7/16</u>
	Chairman	Date
2. Ms. Wanjiru Ndindiri		<u>20/7/2016</u>
	Member	Date
3. Mr. Martin Mukabi		<u>20/7/2016</u>
	Secretary	Date

MEMO

To : Clerk of the Senate/Secretary, PSC

From : Chief Procurement Officer

Date : 29th July 2016

REF. NO. : Procurement 2016-2017/009

Subject : **PROFESSIONAL OPINION ON PROCUREMENT OF
EXTERNAL AUDITORS FOR THE OFFICE OF THE AUDITOR
GENERAL (TENDER NO. PSC/010/2015-2016)**

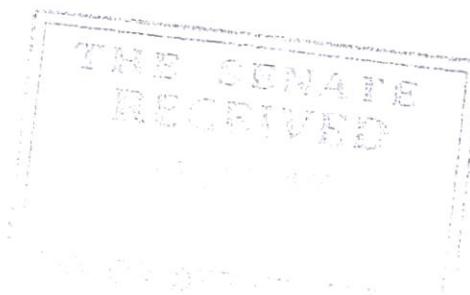


A) Background information

- 1) The Commission intends to engage a firm for provision of external Audit services for the office of the Auditor General for a three (3) financial year period; 2014/2015, 2015/16 and 2016/2017
- 2) The Tender was advertised on 8th June 2016 through an Open Tender in the Standard Newspaper.
- 3) The Tender submission and opening date was on 24th June 2016 at 10.00am. The Tender required bidders to submit separate technical and financial bids.
- 4) The following four (4) Bidders responded by submitting their bids:-
 - a) BDO East Africa Limited Kenya
 - b) Olsen Partners
 - c) Nelson & Francis Associates
 - d) Baker Tilly Merali's
- 5) A Technical Evaluation Committee was appointed by the Accounting Officer pursuant to Section 46 of the Public Procurement and Asset Disposal Act, 2015 to evaluate the bids submitted by the four (4) bidders.
- 6) The Evaluation Committee concluded the evaluation exercise on 20th July 2016 and submitted the Evaluation Report to the Head of the Procurement Function as per the requirements of Public Procurement and Asset Disposal Act, 2015.

B) Evaluation Process

- 7) The four (4) bids were subjected to an evaluation process as per the criteria outlined in the Tender Document issued to the bidders.



8) The Technical Evaluation Report is attached but the following are the highlights of the Evaluation Report:-

a) Evaluation process was conducted in the following four (4) stages:-

- Preliminary/Mandatory Evaluation
- Technical Evaluation
- Financial Evaluation
- Determination of the highest combined score.

b) The following bidders were disqualified at the preliminary evaluation stage for the specified reasons:-

	Name of the firm	Reason for disqualifications
1)	BDO East Africa Kenya	<ul style="list-style-type: none">• The company profile attached lacked information on the Directors and organizational structure contrary to the tender document requirement that provided that 'submit a company's profile detailing among others, the names of the Directors, key staff and organizational structure.'• Did not attach a bid security of Kshs. 50,000.00 as required.• No evidence of having undergone a quality assurance review by ICPAK as required.
2)	Olsen and Partners	<ul style="list-style-type: none">• Did not attach a bid security of Kshs. 50,000.00 as required.• Did not sign the mandatory confidential questionnaire.• Did not attach recommendation letters from firms audited before.• No evidence of having undergone a quality assurance review by ICPAK as required.• Did not provide confirmation of any disciplinary action by ICPAK or other professional bodies against the firm or its partners or staff.• No confirmation of not being aware of any conflict of interest that may exist between the auditee and the auditor.
3)	Nelson & Francis Associates	<ul style="list-style-type: none">• Did not attach recommendation letters from firms audited before as required.

c) M/S Baker Tilly Merali was responsive to the requirements of the tender document at the preliminary evaluation stage and therefore recommended for the detailed technical stage of the evaluation.

d) The minimum score required to pass at the detailed technical stage of the evaluation level was set at 75% in the Tender document.

e) The firm scored 85% in the technical evaluation stage hence recommended for further financial evaluation.

f) The financial bid for the technically responsive firm, M/s Baker Tilly Merali was opened and the quoted amount was as follows:-

- ❖ Year 1: Kshs. 7,842,600.00
- ❖ Year 2: Kshs. 8,234,730.00
- ❖ Year 3: Kshs. 8,646,467.00

g) The weighted score for the bidder was as follows:-

	Name of the firm	Technical score	Weighted technical score	Financial score	Weighted financial score	Combined Score	Total Amount (Kshs.)
1)	Baker Tilly Meralli	85%	68%	100	20	88%	7,842,600.00

h) The RFP Document provided that the firm with the highest combined score will be considered for award.

i) The Evaluation Committee recommended the responsive firm, M/S Baker Tilly Meralli's for award of the contract at the tender amount of Kshs. 7,842,600.00 all taxes included.

PROFESSIONAL OPINION

Section 47 (2) of the Public Procurement and Disposal Act, 2015 provides that the Head of the Procurement Function shall among other functions under this Act, be responsible or rendering procurement professional advice to the Accounting Officer.

Based on the evaluation conducted on the bids submitted by the four (4) firms that responded to the tender, the following have been noted and considered:-

- A. The consultancy involves provision of External Audit Services for purposes of auditing the Office of the Auditor General for a period of Three Financial Years 2014/15, 2015/16 and 2016/17.
- B. Four (4) consultancy firms responded to the open tender by submitting their proposals.
- C. Following the evaluation of the four (4) bids submitted, one firm, M/S Baker Tilly Meralli's was responsive to the requirements of the Request for Proposal Document having scored above the set pass mark of 75%.
- D. The Request for Proposal (RFP) document provided that the firm with highest combined score will be considered for the award.
- E. M/S Baker Tilly Meralli's having scored the highest combined score is recommended for the award.
- F. The firm has proposed to offer the services at the following amounts:-

Year 1	Kshs. 7,842,600.00
Year 2	Kshs. 8,234,730.00
Year 3	Kshs. 8,646,467.00

- G. There is need for the Commission to have a negotiation meeting with the successful firm to discuss the detailed terms and conditions of the contract for this assignment including the fee payable in the 2nd and 3rd year.
- H. The funds for the resultant expenditure are available under Contracted Professional Services budget.

RECOMMENDATIONS

The Accounting Officer is requested to consider and approve award of the contract for provision of external audit services to the Office of the Auditor General to the firm that was technically responsive and has achieved highest combined score, **M/S Baker Tilly Meralli's** as follows:-

Year	Proposal Amount (Kshs.)
Year 1 (2014/2015)	7,842,600.00
Year 2 (2015/2016)	8,234,730.00
Year 3 (2016/2017)	8,646,467.00

[Signature]
Dan Ajele
 Chief Procurement Officer

Encls.

ACCOUNTING OFFICER'S /CLERK OF THE SENATE, SECRETARY, PSC

After considering the above request on procurement of External Audit Services for purposes of auditing the Office of the Auditor General for a Three Year Period 2014/15, 2015/16 and 2016/17, I hereby:-

- A. Approve the application as requested;
- Or
- B. Defer approval/award as submitted for more information to be provided in relation to;

Approved.
[Signature]
 19/08/16

.....

 Or

- C. Reject the application for the following reasons that need to be addressed:-

.....

SIGNATURE

[Signature]

DATE

19/08/16

J. M. NYEGENYE, CBS,
 CLERK OF SENATE/SECRETARY
 PARLIAMENTARY SERVICE COMMISSION

REPUBLIC OF KENYA



Telegraphic Address
'Bunge', Nairobi
Telephone 2848000
Fax: 2243694
E-mail: csenate@parliament.go.ke

Parliamentary Service Commission
Parliament Buildings
P. O. Box 41842 -00100
NAIROBI, Kenya

PARLIAMENT

CLERK OF THE SENATE/ SECRETARY TO THE PARLIAMENTARY SERVICE COMMISSION

24th August, 2016

Procurement/2016-2017/056

M/s BDO East Africa
P.O Box 10032-00100
NAIROBI

Dear *Sir/Madam,*

**PROCUREMENT OF EXTERNAL AUDITORS FOR THE OFFICE OF THE
AUDITOR GENERAL - TENDER NO. PSC/010/2015-2016**

Thank you for participating in the above tender.

Following the conclusion of the procurement process, we regret to inform you that your tender was not successful for the following reasons:-

- Your company profile attached lacked information on the Directors and organizational structure,
- You did not attach a bid security,
- There was no evidence of having undergone Quality Assurance Review by ICPAK and
- No confirmation of not being aware of any conflict of interest that may exist between the Auditee and the Auditor

However, we look forward to your participation in our future tenders.

Yours *sincerely,*

A handwritten signature in black ink, appearing to read 'M. A. Mohamed'.

**M. A. MOHAMED,
FOR: CLERK OF SENATE/SECRETARY,
PARLIAMENTARY SERVICE COMMISSION.**

REPUBLIC OF KENYA



Telegraphic Address
'Bunge', Nairobi
Telephone 2848000
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E-mail: csenate@parliament.go.ke

Parliamentary Service Commission
Parliament Buildings
P. O. Box 41842 -00100
NAIROBI, Kenya

PARLIAMENT

CLERK OF THE SENATE/ SECRETARY TO THE PARLIAMENTARY SERVICE COMMISSION

24th August, 2016

Procurement/2016-2017/056

M/s Olsen Partners CPA
P.O Box 27451-00100
NAIROBI

Dear *Sir/Madam,*

**PROCUREMENT OF EXTERNAL AUDITORS FOR THE OFFICE OF THE
AUDITOR GENERAL – TENDER NO. PSC/010/2015-2016**

Thank you for participating in the above tender.

Following the conclusion of the procurement process, we regret to inform you that your tender was not successful for the following reasons:-

- You did not attach a bid security,
- Did not sign the mandatory confidential business questionnaire
- Did not attach recommendation letters from firms audited before
- There was no evidence of having undergone Quality Assurance Review by ICPAK
- Did not provide confirmation of any disciplinary action by ICPAK or other professional bodies against the firm or its partners or staff and
- No confirmation of not being aware of any conflict of interest that may exist between the Auditee and the Auditor

However, we look forward to your participation in our future tenders.

Yours *Sincerely,*

A handwritten signature in black ink, appearing to read 'M. A. Mohamed'.

**M. A. MOHAMED,
FOR: CLERK OF SENATE/SECRETARY,
PARLIAMENTARY SERVICE COMMISSION.**



Telegraphic Address
'Bunge', Nairobi
Telephone 2848000
Fax: 2243694
E-mail: csenate@parliament.go.ke

Parliamentary Service Commission
Parliament Buildings
P. O. Box 41842 -00100
NAIROBI, Kenya

PARLIAMENT

CLERK OF THE SENATE/ SECRETARY TO THE PARLIAMENTARY SERVICE COMMISSION

24th August, 2016

Procurement/2016-2017/056

M/s Nelson & Francis Associates
P.O Box 19897-00100
NAIROBI

Dear *Sir/Madam,*

**PROCUREMENT OF EXTERNAL AUDITORS FOR THE OFFICE OF THE
AUDITOR GENERAL - TENDER NO. PSC/010/2015-2016**

Thank you for participating in the above tender.

Following the conclusion of the procurement process, we regret to inform you that your tender was not successful for the following reasons:-

- Did not attach recommendation letters from firms audited before.

However, we look forward to your participation in our future tenders.

Yours *Sincerely,*

A handwritten signature in black ink, appearing to read 'M. A. Mohamed'.

**M. A. MOHAMED,
FOR: CLERK OF SENATE/SECRETARY,
PARLIAMENTARY SERVICE COMMISSION.**

REPUBLIC OF KENYA



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PARLIAMENT

CLERK OF THE SENATE/ SECRETARY TO THE PARLIAMENTARY SERVICE COMMISSION

Procurement/2016-2017/056

24th August, 2016

M/s Baker Tilly Merali's
 P.O. Box 67486-00100
 NAIROBI

Dear *Sir/Madam,*

LETTER OF NOTIFICATION: PROCUREMENT OF EXTERNAL AUDITORS FOR THE OFFICE OF THE AUDITOR GENERAL - TENDER NO. PSC/010/2015-2016

This is to notify you that the Commission has considered your tender bid dated 23rd June, 2016 for the above captioned service.

You have been awarded the contract for the procurement of external audit services to the office of the Auditor General at a tender sum as stipulated below:

Year	Proposed Amount All taxes included Kshs.
Year 1 (2014/2015)	7,842,600.00
Year 2 (2015/2016)	8,234,730.00
Year 3 (2016/2017)	8,646,467.00

The Commission invites you for a negotiation meeting to discuss the detailed terms and conditions of this assignment.

In meantime, a contract document is under preparation to be signed at the expiry of fourteen (14) days from the date of this letter in compliance with the Public Procurement and Asset Disposal Act, 2015.

Kindly acknowledge receipt of this letter signifying your acceptance of the award.

Yours *Sincerely,*

M. A. MOHAMED,
 FOR: CLERK OF SENATE/SECRETARY,
 PARLIAMENTARY SERVICE COMMISSION.



BAKER TILLY MERALI'S

Certified Public Accountants
1st Floor New Rehema House,
Rhapta Road, Westlands,
P.O. Box 67486 - 00200,
Nairobi, Kenya

T: + 254 20 444 1384
F: + 254 20 444 2706
M: +254 738 600 209

reception2@meraliscpa.com
www.bakertillymeralis.co.ke

30 August 2016

Your Ref: Procurement/2016-2017/056

Attn: M. A. Mohamed
For: Clerk of Senate/Secretary
Parliamentary Service Commission
Parliament Buildings
P. O. Box 41842 – 00100
Nairobi - Kenya

Dear Sir/Madam,

**Ref: Letter of Notification: Procurement of External Auditors for the Office of the Auditor General
– Tender No. PSC/010/2015-2016**

This is to acknowledge receipt of your letter dated 24 August 2016 concerning the above notification of award.

We wish to state our acceptance to be the auditors for the Office of the Auditor General for the financial years 2014/2015, 2015/2016 and 2016/2017 subject to contract and hope to have a cordial business relationship with you.

We shall await the contract document for our signature.

Thanking you.

Yours faithfully,

Madhav Bhandari
Managing Partner

Baker Tilly Meralls CPA

- Kigali Office: Centenary House - 4th Floor, P.O. BOX 2619, Nyugenge District, Kigali City, Rwanda. M: +250 786 407 373. E: cible_auditors@yahoo.com

- Uganda Office: National Insurance Corporation (NIC) Building - 6th floor P.O. Box 1239, Plot 3, Pinkington Road, Kampala, Uganda. M: +256 752 555 202. E: datwa@utlonline.co.ug

Affiliate Offices

- Mogadishu Office: E: reception2@meraliscpa.com, M: +252 615 572257



PARLIAMENTARY SERVICE COMMISSION

**NEGOTIATION FOR THE PROVISION OF EXTERNAL AUDIT
SERVICES FOR PURPOSES OF AUDITING THE OFFICE OF
THE AUDITOR GENERAL FOR THE YEAR PERIOD 2014/15,
2015/16 AND 2016/17**

RFP NO. PSC/RFP/02/2015-2016

SERVICE PROVIDER: M/S BAKER TILLY MERALI'S

NEGOTIATION COMMITTEE REPORT

© SEPTEMBER 2016

Background Information

The Parliamentary Service Commission is in the process of procuring the services of an auditing firm to provide external audit services for purposes of auditing the office of the Auditor General for a three year period. The Commission advertised for the procurement of the service in the Standard Newspaper on Wednesday, 8th June, 2016.

The technical bids were opened on Friday, 24th June, 2016 at 10.00 am. Four (4 No.) firms submitted their bid documents. The tender evaluation committee appointed by the Accounting Officer, Clerk of the Senate/Secretary, Parliamentary Service Commission evaluated the four bid documents during the month of July. The evaluation committee recommended award to M/s Baker Tilly Merali's, the lowest evaluated bid.

The Chief Procurement Officer prepared a Professional Opinion on 29th July, 2016 requesting the Accounting Officer to consider and approve the award of the contract for the provision of external audit services to the Office of the Auditor General to M/s Baker Tilly Merali's. The Accounting Officer approved the award on 19th August, 2016.

The Commission through a letter Ref: Procurement/2016-2017/056, dated 24th August, 2016, notified M/s Baker Tilly Merali's of the award of the contract for the external audit services to the office of the Auditor General at a tender sum as stipulated below:

Year	Proposed Amount all Taxes Inclusive (Kshs.)
Year 1 (2014/2015)	7,842,600.00
Year 2 (2015/2016)	8,234,730.00
Year 3 (2016/2017)	8,646,467.00

A negotiation committee was constituted and appointed on 1st September, 2016 by the Accounting Officer, Clerk of the Senate/Secretary PSC, pursuant to Section 128(1) of the Public Procurement and Asset Disposal Act, 2015.

[Handwritten signatures and dates]
11/10/16
1/8 dlo

Negotiation Committee

Parliamentary Service Commission

1. Mr. Irungu Kigundu	Chief Finance Officer	Chairman
2. Ms. Wanjiru Ndindiri	Clerk Assistant	Member
3. Mr. Josphat Kihuro	Accountant	Member
4. Ms. Susan Mukindia	Legal Counsel	Co-opted Member
5. Mr. Martin Mukabi	Procurement Officer	Secretary

M/s Baker Tilly Merali's - Representatives

1. Mr. Madhav Bhandari - Managing Partner
2. Ms. Alice Masaa

The Negotiation team met on 13th September, 2016 at 3.30 p.m. to discuss and plan for the subsequent negotiation to be carried out the next day. The Committee co-opted a Legal Counsel from the Litigation and Compliance Directorate who is involved in the drafting of the requisite contract documents. The Committee came up with the following key areas to be negotiated on the scope of the consultancy:

1. The approach and methodology
2. Time taken to audit
3. Intervals of the audit
4. Quality assurance
5. Advisory role
6. Payment terms

Negotiation Process

The negotiation committee met the two representatives from M/s Baker Tilly Merali's on 14th September, 2016 in the 11th Floor Boardroom of Protection House at 11.00am.

[Handwritten signatures and dates]
11/10/16
6/10

During the deliberations with M/s Baker Tilly Merali's it was noted that:

- a) The Audit firm would require a minimum of one month field time to collect data relevant for the audit, and another two months for the compilation and finalization of the audit report.
- b) The firm requested that the Office of the Auditor General should be encouraged to provide signed Statements of Accounts.
- c) That the audit firm would provide quality assurance by also auditing the processes within the Office of the Auditor General.
- d) Parliament should appoint a contract administrator to provide linkage in the process. Further, the administrator and other representatives from Parliament should attend the opening and closing meetings between the Auditor General and the external auditor.
- e) The firm also explained the approach and methodology that had been included in the tender documents submitted.
- f) Any invoices for payment should be submitted by the external auditor at least two weeks in advance to allow adequate time for processing by the Accounts Department.
- g) It was clarified that the base year would be 2014/2015 as stated in the tender documents


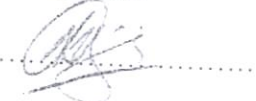
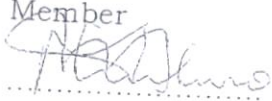
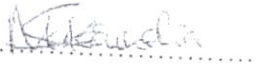
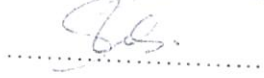
RESOLUTIONS

The Negotiation Committee, after deliberations, agreed on the following:

1. The Audit firm shall be paid on a 30/70 basis, where 30% of the contract amount per year shall be paid when the first draft report is out, and 70% of the same be paid when the actual report is signed and presented to Parliament.
2. The audit firm would provide quality assurance by also auditing processes within the Office of the Auditor General.
3. Parliament shall appoint an administrator to provide a linkage in the process.
4. Parliament would be represented during the opening and closing meetings of the audit.

[Handwritten signatures and dates]
21/07/16
18/08/16

Negotiation Committee

- | | | |
|-------------------------|---|------------|
| 1. Mr. Irungu Kigundu |  | 6-10-16 |
| | Chairman | Date |
| 2. Ms. Wanjiru Ndindiri |  | 10/10/16 |
| | Member | Date |
| 3. Mr. Josphat Kihuro |  | 11/10/16 |
| | Member | Date |
| 4. Ms. Susan Mukindia |  | 10/10/2016 |
| | Co-opted Member | Date |
| 5. Mr. Martin Mukabi |  | 11/12/2016 |
| | Secretary | Date |