



A Guide

for

Practitioners on Bidding for Procurement Tenders and Quotations





The Institute of Certified Public Accountants of Kenya (ICPAK) was established in 1978. The Institute is a member of the Pan-African Federation of Accountants (PAFA) and the International Federation of Accountants (IFAC), the global umbrella body for the accountancy profession. The Vision of the Institute is ***‘A world class professional accountancy Institute’***, while the Mission is ***‘To develop and promote internationally recognised accountancy profession that upholds public interest through effective regulation, research and innovation’***.

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- To promote standards of professional competence and practice amongst members of the Institute.
- To promote research into the subject of accountancy and finance and related matters, and the publication of books, periodicals, journals, and articles in connection therewith.
- To promote the international recognition of the Institute.
- To advise the Examination Board on matters relating to examinations standards and policies.
- To advise the Minister on matters relating to financial accountability in all sectors of the economy.
- To carry out any other functions prescribed for it under any of the other provisions of this Act or any other written law.
- To prescribe the remuneration order for the accountancy profession with the approval of the Cabinet Secretary responsible for finance; and
- To do anything incidental or conducive to the performance of any of the preceding functions.

In line with the mandate of the Institute as outlined in Section 9(4) of the Accountant Act, the Council may with the approval of the Minister, issue by-laws, regulations, and guidelines to govern matters affecting the operations of the Institute and practice by members of the Institute.

It is on this premise that the Council's Practitioners Development Committee has developed this guide for practitioners on bidding for procurement tenders and quotations to enhance the bidding capacity for small and medium sized practices.

Introduction

Bidding is a form of solicitation that is used in the procurement of goods and services by organizations companies and government agencies that require the delivery of products or services. The agency or company must issue a form of solicitation, commonly referred to as a Request for Proposal (RFP), which details the products or services that it requires vendors to show interest in supplying through a competitive bidding process. This process allows transparency and fair competition among the suppliers and additionally, it creates a benefit for the procuring entity by selecting the most suitable supplier for the lowest price possible.

In bidding it is also important to learn the terminologies used. Let's simplify them:

- Pre-qualification questionnaire (PQQ) - This is usually a stage-one questionnaire asking about specific company details like statutory supplier registration requirements, insurance and similar contracts you've worked on. Along with simple 'yes and no' questions making sure you're not fraudulent and you are tax compliant etc.
- Invitation to tender (ITT) – This is where you price the job at hand and answer several technical questions about your ability to undertake the work in accordance with the detailed specification/scope of work.
- Request for proposal (RFP) - Very similar to an ITT, where cost and quality are assessed, however, RFPs are used in situations where the client either can't or doesn't want to define the scope of work up front. This means you need to be very descriptive and state a clear proposal to what's needed.
- Request for quotation (RFQ) - The RFQ is a lot like the tender, however, typically smaller in size and scope. It is often more geared towards clients who are seeking pricing information for a defined scope of work or supply of service. Detailed proposals aren't typically required here.
- A framework agreement (Framework) - is an agreement between one or more businesses or organisations. If you enter into a framework agreement, usually you will be one of many suppliers contractually bound to deliver against buyer requirements. Practitioners offering advisory services may find themselves in this kind of tendering process.
- Dynamic Purchasing System (DPS) - A DPS is like an electronic framework agreement, with two exceptions. New suppliers can join at any time and can be run as a completely electronic process. DPS' are used exclusively by public sector organisations and can be considered as a 'competitive supply chain', where all chosen supply chain members regularly compete for work via ITTs and RFQs.

In public procurement, there are also guiding legislations that you ought to familiarize with, these include:

- i. Article 227 of the Constitution of Kenya
- ii. Public Procurement and Asset Disposal Act 2015
- iii. Public Procurement and Asset Disposal Regulation 2020
- iv. Standard Tender Documents

Benefits of Winning Bids and Tenders

There are advantages of securing bids and tenders, for example:

i. Sustainability

Tenders offer a huge opportunity to secure a steady stream of income/ pipeline of work.

ii. Building your reputation

In the process of fulfilling a contract, you will establish and start building relationships with key procuring entities and contacts in the industry. Successfully completed contracts can lead to many more and even if you don't win a bid, your tender submission will show a potential buyer exactly what your business can offer.

iii. Gaining experience

You can use the experience you gain while responding to a tender to demonstrate your expertise and reliability when you move on to bid for a larger contract. You also gain experience when you win and undertake long-term contracts.

iv. Guaranteed pay

One of the biggest advantages of tendering for work is the guaranteed payment. In the public sector, suppliers benefit from guaranteed pay upon winning a contract. Unlike private procuring entities, public organisations are bound by their contractual agreements to pay the awarded supplier.

v. Gather insights on buyer demands

When tendering for contracts, you get an insight into what procuring entities require and how they are spending their budgets. This will allow you to evaluate and align your business offerings to meet the demands of the market and the customers you are serving.

Bidding to Win

For successful tendering, it is important to find the right tender, look carefully at the tender requirements and specifications and make sure it is appropriate for you to undertake the contract.

When tendering for contracts, the procuring entity must always be the key factor. Obtain an understanding of the organisation as much as possible including their objectives, mission, and values. Demonstrate that you understand the requirements of the work. Also express your awareness of their future developments and how you can contribute to them. Understand timelines and various activities like pre bid meetings, site visits, and the bid opening date are also crucial in bidding successfully. It is important to note that preparation of the tender response in line with the evaluation criteria is critical and concentrate on areas with the highest percentage weighting.

In response to the bid, you ought to demonstrate the following:

- | | |
|--|---|
| i. A description of your firm | xi. Your understanding of financial and operational systems |
| ii. Your guiding values and principles | xii. Your timeliness of delivery and quality of service |
| iii. An overview of your firm's structure | xiii. Your responsiveness and issue resolution techniques |
| iv. Compliance with professional practice and ethical standards | xiv. The involvement of senior professionals in the engagement |
| v. Your quality assurance system and reviews | xv. The methodology to be used |
| vi. A profile of the services offered by your firm | xvi. Other proposed services that can be provided |
| vii. Your clientele | xvii. Your proposed fees |
| viii. A profile of your leadership team | xviii. Your commitment to client service and satisfaction |
| ix. Show case your experience of similar work you have previously undertaken | xix. Contact information and name and details of the contact person |
| x. An overview of your staffs' competencies and experience | |

Methodology

Your approach to the engagement should consider the following strategies:

- i. Communication throughout the period of assignment to understand the client's issues and risks
- ii. A full understanding of the entity and industry issues
- iii. Thoughtful planning for a seamless transition
- iv. Advance planning of the processes to ensure there are no surprises while undertaking the engagement
- v. Performance of interim fieldwork
- vi. Detailed examination of your internal controls
- vii. Performance of fieldwork and addressing of key issues identified
- viii. Extensiveness of your quality control procedures
- ix. Proprietary tools to be used in the performance of the engagements

Proposed Fees

The bid response should demonstrate to the procuring entity your importance of maintaining high professional standards and your technical and methodological control over the proposed professional fees to enhance efficiency of your services and enhance further value to the procuring entity. Costing should be guided by the time the audit will take, the team involved and the charge out rates. The Institute has guidelines on charging fees that practitioners can use adopt in preparing their proposals.

However, the proposal should also highlight your sensitivity to the procuring entity's desire to cost reduction and cost containment issues and give assurances of how to deal successfully with the issue while striving to constantly provide the highest value at a reasonable cost.

Appendices

I. Firm particulars

Part 1 – General

Firm Name.....

Location of business premises

Plot No. Street/ Road.....

Postal Address..... Postal Code.....

Tel No

Mobile No

E-mail:

Maximum value of business which you can handle at any time Kshs.....

Name of your Bankers Branch:

*Names of Tenderer's contact person(s).....

Designation/ capacity of the Tenderer's contact person(s)

Address, Tel, and E-mail of the Tenderer's contact person(s)

Part 2 (a) Sole Proprietor

Your name in full

Nationality..... Practicing No.

Firm License No

Part 2 (b) Partnership

Give details of partners as follows:

Name	Nationality	Practicing No.	Shares
.....
.....
.....
.....

Firm License No

Part 2 (c) Limited Liability Partnership (LLP)

Give details of all partners as follows:

Name	Nationality	Practicing No.	Shares
.....
.....
.....

Firm License No

Name of duly authorized person to sign for and on behalf of the Tenderer

Capacity of the duly authorized person

Signature of the duly authorized person

Appendices

II. Checklist for compliance

Documents required for tender submission	Yes/No	N/A
Business/ Partnership registration certificate		
Practicing certificate(s)		
Professional Body membership certificate(s)		
Firm license		
KRA PIN Number		
Tax compliance certificate		
Registration and listing with other relevant regulatory bodies		
Firm profile		
References		
Financial proposal		

III. Firm Profile

The firm's profile should entail:

- A brief about the firm
- Guiding values and principles of the firm
- Services offered by the firm
- The leadership of the firm
- Structure of the firm
- The firm's client base
- The firm contacts and contact persons

IV. Curriculum Vitae template for engagement team members

Full name of Team Member:

Position in firm Years and or months with the firm:

Membership (and status) in Professional Bodies:

Key Qualifications:

[Give an outline of the team member's key experience most pertinent to the Services (the number of years can be dictated by the RFP). Indicate degree of responsibility held by the team member on relevant previous assignments. Also give types of activities performed and client references, where appropriate].

Education:

[Summarize education, other trainings and specialized education of the team member, giving names of universities, dates attended, and degrees, diplomas other certification or accolades obtained]

Employment Record:

[Starting with present position, list in reverse order every employment held (the number of years may be dictated by the RFP) giving dates, names of employing organizations, titles of positions held, and station of work].

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, the information given above correctly describes me, my qualifications, and my experience.

[Signature of Team Member] Date:

Yours sincerely,

Full name of Firm:

Appendices

Signature of duly authorized person signing the Tender:.....

Name and Capacity of duly authorized person signing the Tender:

Stamp of the Firm

V. Reference Letter Template

Guided by the format below, provide information on each assignment for which your firm either in individually or as one of the major firms within an association, was legally contracted.

VI. Engagement timetable for timing and procedures**Actual/Budget time summary**

BUDGET	Current Year				Prior Year	
		Charge out				
Staff name	Category	Rate per Hour	Time budget	Total Budget		
		Kshs	Hours	Kshs	Hours	Kshs
Partner:	Partner	14,500	4	58,000		
Director/ Senior Manager:	Sup1	3,500	4	14,000		
Audit Manager:	Sup2	2,000	8	16,000		
Audit Senior:	S1	1,000	66	66,000		
Audit Assistant:	AA1	500	41	20,500		
Total			123	174,500	-	-

Prior year fees	Shs					
Audit fee - Interim	-					
Audit fee - Final	-					
Accountancy	-					
Total fees	-					
Disbursements						
Printing and stationery	-					
Travel and transport	-					
Total disbursements	-					

ACTUAL	Partner	Sup1	Sup2	S1	AA1	Total
Week ended:	Hours	Hours	Hours	Hours	Hours	Hours
						-
25/03/2022	2	4	8	-	-	14
						-
04/08/2022	-	-	41	41	41	123
						-
15/04/2022	2	3	14	-	-	19
						-
Total time	4	7	63	41	41	156
Charge out rate	14,500	3,500	2,000	1,000	500	
Total cost	58,000	24,500	126,000	41,000	20,500	270,000
Less billed:						
Interim						130,000
Final						220,000
(Profit) / loss on job						(80,000)

Appendices

Assignment Name:	Country:	
Location within Country:	Professional staff provided by your firm (profiles):	
Name of Client:	No. of staff:	
Address:	No. of staff-months; duration of assignment:	
Start date (Month/Year):	Completion Date (Month/Year):	Approx. value of services (in Kshs.):
Name of associated Transaction Advisors, if any:	No. of months of professional staff provided by associated Transaction Advisors:	

Name of senior staff (Project Director/Coordinator, Team Leader) involved, and functions performed:

Narrative Description of Project:

Description of actual services provided by your staff and the outcome of the Consultancy.

Yours sincerely,.....

Name of Firm:

Signature of duly authorized person signing the Tender:

Name and Capacity of duly authorized person signing the Tender:.....

Stamp or Seal of Firm

VII. Methodology

Tenderer’s Description of the Methodology and Workplan for performing the assignment.

Yours sincerely,

Name of Tenderer:

Signature of duly authorised person signing the Tender:

Name and Capacity of duly authorised person signing the Tender:

Stamp or Seal of Firm

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Sample Audit Methodology for Proposal Purposes



The Institute of Certified Public Accountants of Kenya (ICPAK) was established in 1978. The Institute is a member of the Pan-African Federation of Accountants (PAFA) and the International Federation of Accountants (IFAC), the global umbrella body for the accountancy profession. The Vision of the Institute is ***‘A world class professional accountancy Institute’***, while the Mission is ***‘To develop and promote internationally recognised accountancy profession that upholds public interest through effective regulation, research and innovation’***.

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Teaming and communication

Competent and experience team Teaming

We have selected a team tailored to your industry based on experience and expertise.

Our partner(s) will be highly involved in the audit and will be the main contact people.

The engagement partner will be the main contact person in order to ensure quality of service offered and maintain a working relationship

Appendices

Communication

Our approach:

- Our teams will support your team to produce quality financial statements and enhance capacity at the firm level. We will proactively assist in resolving accounting, regulatory and compliance issues to the extent that our independence will not be compromised.
- We will work with the Finance personnel and those charged with governance in the development of our audit timetable. This will ensure that we properly phase the audit and co-ordinate with finance team to minimize interruption of the normal operations during the audit period. .

Client satisfaction procedures

We appreciate feedback from our clients on what we can do better. This is an integral part of our service delivery. The engagement partner and other members of the audit team will ensure regular meetings where feedback can be given as the audit is on-going. On closure of the audit, we will ask for a comprehensive feedback on the entire process. We aim to achieve this without causing any inconvenience to your team.

Our approach to satisfy your current and future needs

The environment in which you operate demands ever higher internal and external standards of governance, regulatory compliance and internal control. Our approach is designed to help you in meeting these challenges. The role of audit as an oversight function is becoming a dynamic management tool. We understand that the role of external audit and its relationship with key stakeholders in terms of achieving desirable control outcomes can be described as below:

An important part of maintaining an existing audit relationship is the seamless and efficient audit exercise which would minimise disruption to your team and allowing you to focus on running your core activities. We have extensive experience with the audit of service and SACCO sector and can carry forward our knowledge to deliver immediate value as part of our audit process.

This is a comprehensive methodology designed to bring our firm's extensive professional and technical resources to our audit engagement in an efficient and cost-effective manner. The methodology is a combination of a rigorous risk-based analysis, diagnostic processes, and a client service assessment-all structured to provide you with a superior audit.

We will follow a clear and straight forward process which focuses effort on the key risks, providing the highest professional standards of assurance whilst avoiding unnecessary work. Our audit methodology follows a risk-based approach with use of technology for efficiency Risk is defined for these purposes as being the probability that an item in the financial statements will be misstated. By carrying out an assessment of risk at the planning stage, the auditor is able to identify the areas that require more attention. The risk assessment determines the amount of effort required in each area and helps to concentrate effort on risky areas.

Knowledge of the business – we obtain a thorough knowledge of the business we are auditing. This includes knowledge of the general economy and industry in which the organisation is operating. We will also engage in a thorough assessment of financial and operational risks.

Understanding of the control systems – an audit involves obtaining an understanding of the accounting and other control systems of the entity being audited. If we establish that the control system can be relied upon and is operating effectively, we will be able to reduce the level of detailed testing.

Accounting systems are increasingly computerised and the auditor is required to design procedures to test such systems. We have sufficient knowledge of computerised information systems.

Our audit is conducted in accordance with International Standards on Auditing and we ensure that all work carried out is planned, controlled, recorded and reviewed and complies with our quality control standards. Although it is management's responsibility to prepare financial statements, we shall provide necessary assistance to ensure that the financial statements are, as far as possible, in accordance with IFRS and contain relevant information to a potential investor.

Appendices

Throughout the audit process we will keep the management and the board of directors informed of and involved in the progress and problems encountered. If any problems are encountered that could impact on our audit opinion, we will inform management at the earliest opportunity and advise them on what they should do to avoid qualification of the accounts. A senior member of the audit team will be on site throughout the audit to guide the rest of the team and resolve issues as they arise.

True and fair view – In planning the work, the auditor is guided by the materiality concept, and aims to identify any material errors in the accounts. The auditor's opinion on the financial statement will state whether those statements present a true and fair view.

Needs Analysis – It is essential that besides carrying out a sound and effective audit, we are able to understand and meet the needs of our clients. In this respect, we ask that you consider us as your partners so that with mutual co-operation, we are able to tailor our work such that it meets your needs fully.


Detailed audit approach




Appendices

OUR OBJECTIVE	HOW WE ACHIEVE IT	MEANS
Obtaining an understanding of the assignment	Develop and expand existing knowledge of the particular assignment and obtain all related documentation, manuals, written policies, relevant procedures and other regulatory guidelines.	Opening meeting and understanding the processes through enquiry. Request for various documents
Prepare an audit strategy	Identify key areas of work, addressing your needs and concerns to meet the objectives and strategies identified.	Agreement of detailed timetable and strategy, taking into account your requirements.
Prepare the audit plan	Focus the audit to key risk areas and reporting requirements based on the information available and assessment of the control environment.	A detailed audit plan incorporating your requirements.
Review of accounting, IT systems and control environment, and detailed testing. Revision of the plan, where necessary.	Critically review the systems and key controls. Discussions with key personnel. Compliance testing with policies, procedures, and local legislation. Carrying out substantive tests and analytical procedures to obtain sufficient audit evidence.	Critical evaluation of internal control systems. Discussion of findings with management to ensure “no surprises”.
Finalisation and review including review of financial statements to ensure compliance with the International Financial Reporting Standards (IFRS)	Review by engagement partner. Draft financial statements issued, and management report issued for comments. Finalisation meeting with management to clear outstanding issues.	Thorough and clarified identification of errors and weaknesses identified, and recommending possible improvement, where necessary.
Ensure that financial statements comply with reporting requirements, and the audit objectives have been met.	Audit completion procedures, attendance of management meetings and presentation of the management report to the organisation Directors.	Close liaison and agreement of findings between the auditor and organisation management.
Ensure recommendations are implemented.	Review of audit recommendations periodically in liaison with organisation management.	Monitoring by the auditor to ensure recommendations are implemented.



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