

REQUEST FOR PROPOSALS

EXTERNAL AUDITING SERVICES

**PROCUREMENT OF AUDITING SERVICES FOR NORTHERN
CORRIDOR TRANSIT AND TRANSPORT CORDINATION AUTHORITY**

APRIL 2021

Invitation to Tender

NORTHERN CORRIDOR TRANSIT AND TRANSPORT COORDINATION AUTHORITY (NCTTCA) intends to procure an External Auditor to provide **Audit Services for Northern Corridor Transit and Transport Coordination Authority** for next 2 years, for which this Request for Proposals (RFP) is issued.

NCTTCA now invites Auditing Firms to provide Technical and Financial Proposals for the following Services: **Procurement of Auditing Services for Northern Corridor Transit and Transport Coordination Authority**. More details on the services are provided in the attached Terms of Reference (TOR).

The Audit Firm will be selected under a Quality – Cost Based Selection procedures described in this RFP.

The RFP includes the following documents:

- Section I. Instructions to Audit Firms
- Section II. Technical Proposal – Standard Forms
- Section III. Financial Proposal – Standard Forms
- Section IV. Terms of Reference
- Section V. Standard Form of Contract

The Proposals must be sent through email to NCTTCA on procurement@ttcanc.org by **26th May 2021** at 10am. Late Proposals shall not be accepted.

NCTTCA reserves the right to accept or reject any proposal and to annul the selection process and reject all Proposals at any time prior to contract award, without thereby incurring any liability to affected Audit Firms.

Canvassing will lead to automatic disqualification.

Omae NYARANDI
EXECUTIVE SECRETARY

Table of Contents

Section I - Instructions to Audit Firms.....	4
Section II – Technical Proposal Standard Forms	13
Section III. Financial Proposal - Standard Forms.....	20
Section IV. Terms of Reference.....	Error! Bookmark not defined.
Section V – Pro-forma Contract.....	32

Section I - Instructions to Audit Firms

1. Introduction

- 1.1 Only eligible Audit Firms may submit a Technical Proposal and Financial Proposal for the services required. The proposal shall be the basis for contract negotiations and ultimately for a signed contract with the selected Consultant Firm.
- 1.2 Audit Firms should familiarize themselves with local conditions and take them into account in preparing the proposal. Audit Firms are encouraged to attend a pre-proposal conference as is specified in Item 2.3. of this Instruction.
- 1.3 The Audit Firm's costs of preparing the proposal and of negotiating the contract, are not reimbursable as a direct cost of the assignment.
- 1.4 Audit Firms shall not be hired for any assignment that would be in conflict with their prior or current obligations to other procuring entities, or that may place them in a position of not being able to carry out the assignment in the best interest of the NCTTCA.
- 1.5 NCTTCA is not bound to accept any proposal and reserves the right to annul the selection process at any time prior to contract award, without thereby incurring any liability to the Service Providers/Audit Firms.
- 1.6 NCTTCA shall provide at no cost to the Service Provider/Audit Firm the necessary inputs and facilities, and assist the Firm in obtaining licenses and permits needed to carry out the services and make available relevant project data and reports (see Section V. Terms of Reference).
- 1.7 Audit Firms interested in bidding for this assignment should register with us on procurement@ttcanc.org to facilitate easier communication of the addendum if any.

2. Corrupt, Fraudulent, and Coercive Practices

- 2.1 NCTTCA Policy requires that all NCTTCA Staff, bidders or suppliers, observe the highest standard of ethics during the procurement and execution of all contracts. NCTTCA shall reject any proposal put forward by bidders, or where applicable, terminate their contract, if it is determined that they have engaged in corrupt, fraudulent, collusive or coercive practices. In pursuance of this policy, NCTTCA defines for purposes of this paragraph the terms set forth below as follows:
 - Corrupt practice means the offering, giving, receiving or soliciting, directly or indirectly, of any thing of value to influence the action of the Procuring/Contracting Entity in the procurement process or in contract execution;
 - Fraudulent practice is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, the Procuring/Contracting Entity in the procurement process or the execution of a contract, to obtain a financial gain or other benefit to avoid an obligation;

- Collusive practice is an undisclosed arrangement between two or more bidders designed to artificially alter the results of the tender procedure to obtain a financial gain or other benefit;
- Coercive practice is impairing or harming, or threatening to impair or harm, directly or indirectly, any participant in the tender process to influence improperly its activities in a procurement process, or affect the execution of a contract

3. Conflict of Interest

3.1 All bidders found to have conflicting interests shall be disqualified to participate in the procurement at hand. A bidder may be considered to have conflicting interest under any of the circumstances set forth below:

- A Bidder has controlling shareholders in common with another Bidder;
- A Bidder receives or has received any direct or indirect subsidy from another Bidder;
- A Bidder has the same representative as that of another Bidder for purposes of this bid;
- A Bidder has a relationship, directly or through third parties, that puts them in a position to have access to information about or influence on the Bid of another or influence the decisions of the Mission/procuring Entity regarding this bidding process;
- A Bidder submits more than one bid in this bidding process;
- A Bidder who participated as a consultant in the preparation of the design or technical specifications of the Goods and related services that are subject of the bid.

4. Clarifications and Amendments to RFP Documents

4.1 At any time before the submission of the proposals, NCTTCA may, for any reason, whether at its own initiative or in response to a clarification amend the RFP. Any amendment made will be made available to all short-listed Audit Firms who have acknowledged the Letter of Invitation.

4.2. Audit Firms may request for clarification(s) on any part of the RFP. The request must be sent in writing or by standard electronic means and submitted to NCTTCA at the address indicated in the invitation at least *(7) calendar days* before the set deadline for the submission and receipt of Proposals. NCTTCA will respond in writing or by standard electronic means to the said request and this will be made available to all those who acknowledged the Letter of Invitation without identifying the source of the inquiry.

5. Preparation of the Proposal

5.1 An Audit Firm's Proposal shall have two (2) components:

- a) the Technical Proposal, and
 - b) the Financial Proposal.
- 5.2 The Proposal, and all related correspondence exchanged by the Audit Firms and NCTTCA, shall be in *English*. All reports prepared by the contracted Service Provider/Audit Firm shall be in *English*. The final Report will, however, be produced in both English and French.
- 5.3 The Audit Firms are expected to examine in detail the documents constituting this Request for Proposal (RFP). Material deficiencies in providing the information requested may result in rejection of a proposal.

6. Technical Proposal

6.1 When preparing the Technical Proposal, Audit Firms must give particular attention to the following:

- a) If an Audit Firm deems that it does not have all the expertise for the assignment, it may obtain a full range of expertise by associating with individual consultant(s) and/or other consultants or entities in a joint venture or sub-Audit, as appropriate. Audit Firms may associate with the other consultants invited for this assignment or to enter into a joint venture with consultants not invited, only with the approval of NCTTCA. In case of a joint venture, all partners shall be jointly and severally liable and shall indicate who will act as the leader of the joint venture.¹
 - b) For assignment of the staff, the proposal shall be based on the number of professional staff-months estimated by the firm, no alternative professional staff shall be proposed.
 - c) It is desirable that the majority of the key professional staff proposed be permanent employees of the firm or have an extended and stable working relationship with it.
 - d) Proposed professional staff must, at a minimum, have the experience of at least *Five years*, preferably working under conditions similar to those prevailing in the country of the assignment.
- 6.2 The Technical Proposal shall provide the following information using the attached Technical Proposal Standard Forms TECH 1 to TECH 6 (Section III).
- a) A brief description of the Audit Firms organization and an outline of recent experience on assignments of a similar nature (TECH-2), if it is a joint venture, for each partner. For each assignment, the outline should indicate the profiles of
-

the staff proposed, duration of the assignment, contract amount, and firm's involvement.

- b) A description of the approach, methodology and work plan for performing the assignment (TECH-3). This should normally consist of maximum of ten (10) pages including charts, diagrams, and comments and suggestions, if any, on Terms of Reference and counterpart staff and facilities. The work plan should be consistent with the work schedule (TECH-7).
- c) The list of proposed Professional Staff team by area of expertise, the position and tasks that would be assigned to each staff team member (TECH-4).
- d) Latest CVs signed by the proposed professional staff and the authorized representative submitting the proposal (TECH-5) Key information should include number of years working for the firm and degree of responsibility held in various assignments during the last *five years*.
- e) A time schedule estimate of the total staff input (Professional and Support Staff, staff time needed to carry out the assignment, supported by a bar chart diagram showing the time proposed for each Professional and Staff team members (TECH-6). The schedule shall also indicate when experts are working in the project office and when they are working at locations away from the project office.
- f) A time schedule (bar chart) showing the time proposed to undertake the activities indicated in the work plan (TECH-7).
- g) A detailed description of the proposed methodology and staffing for training of NCTTCA Staff as specified in this RFP.

6.3 The technical proposal shall not include any financial information.

7. Financial Proposal

- 7.1 In preparing the Financial Proposal, consultants are expected to take into account the requirements and conditions outlined in the RFP. The Financial Proposal shall follow the Financial Proposal Standard Forms FPF 1 to FPF 4 (Section IV).
- 7.2 The Financial proposal shall include all costs associated with the assignment. If appropriate, these costs should be broken down by activity. All items and activities described in the Technical proposal must be priced separately; activities and items in the Technical Proposal but not priced shall be assumed to be included in the prices of other activities or items.
- 7.3 The Audit Firm may be subject to local taxes on amounts payable under the Contract. If such is the case, NCTTCA may either: a) reimburse the Service Provider/Audit Firm for any such taxes or b) pay such taxes on behalf of the Consultant. Taxes shall not be included in the sum provided in the Financial

Proposal as this will not be evaluated, but they will be discussed at contract negotiations, and applicable amounts will be included in the Contract.

7.4. Audit Firms shall express the price of their services in *USD*.

7.5 The Financial Proposal shall be valid for *90 calendar days*. During this period, Audit Firm is expected to keep available the professional staff for the assignment. NCTTCA will make its best effort to complete negotiations and determine the award within the validity period. If NCTTCA wishes to extend the validity period of the proposals, the Service Provider/Audit Firm has the right not to extend the validity of the proposals.

8. Evaluation of Proposals

8.1 After the Proposals have been submitted to the NCTTCA and during the evaluation period, Audit Firms that have submitted their Proposals are prohibited from making any kind of communication with any NCTTCA member, as well as its Secretariat regarding matters connected to their Proposals. Any effort by the Audit Firms to influence NCTTCA in the examination, evaluation, ranking of Proposals, and recommendation for the award of contract may result in the rejection of the Audit Firm's Proposal.

9. Technical Evaluation & Financial Evaluation

INSTRUCTIONS TO TENDERERS
Name of the Client: NORTHERN CORRIDOR TRANSIT AND TRANSPORT CORDINATION AUTHORITY
Financial Bid to be submitted together with Technical Proposal: YES, BOTH IN PDF, BUT IN SEPARATE FILES. THE FINANCE BID IN PDF FORMAT SHOULD BE PASSWORD PROTECTED. ONCE THE FIRM HAS QUALIFIED IN TECHNICAL, NCTTCA WILL NOTIFY THE FIRM AND REQUEST FOR THE PASSWORD.
Name of the assignment is: PROCUREMENT OF AUDITING SERVICES FOR NORTHERN CORRIDOR TRANSIT AND TRANSPORT CORDINATION AUTHORITY

The Client's representative is: Executive Secretary

Address:

The Executive Secretary
Northern Corridor Transit and Transport Coordination Authority
1196, Links Road, Nyali
P O Box 34068 – 80118
Mombasa, Kenya

The Proposal Validity Period shall be **90 days**

Clarifications may be requested not later than 7 (seven days before the submission date).

The address for clarification on bid document;

The Executive Secretary
Email: procurement@ttcanc.org

Bids must be exclusive of taxes as the institution is tax exempt

Prices quoted shall be in US Dollars

The BID will be sent by email to procurement@ttcanc.org as 2 separate files. The Financial bid shall be in PDF and password protected.

The Proposal submission address is:

Northern Corridor Transit and Transport Coordination Authority
1196, Links Road, Nyali
P O Box 34068 – 80118
Mombasa, Kenya

The Proposal submission will be by *Email* procurement@ttcanc.org

Proposals must be submitted no later than the following date and time:

Thursday 26th May 2021 at 10am.

Attendance at Opening: Due to Covid 19 protocols and restrictions, the bidders will not attend the opening of the bids.

Proposal Evaluation Process

Evaluation of bids shall be done as follows:

Technical & Financial Proposal evaluation will be carried out.

Evaluations will follow a 3-step process:

- i. **Step 1**: Preliminary Evaluation
- ii. **Step 2**: Technical Proposal Evaluation
- iii. **Step 3**: Financial Proposal Evaluation

Proposals will be evaluated as follows:

- i. **Step 1**: Responsiveness to all mandatory requirements
- ii. **Step 2**: Technical Proposal Evaluation: Proposals will be evaluated against the criteria set out below. The financial proposal for bidders whose Technical Proposals are evaluated through scoring. The minimum qualification technical score of 80% will be eligible for Financial Proposal Evaluation.
- iii. **Step 3**: Financial Proposal Evaluation: Financial Proposals will be evaluated according to the criteria set out below.

Step 1: Preliminary Evaluation

The bid;

Shall contain the following components:

Particulars of Tendering Company including:

- a. The Company background/profile (**Mandatory**).
- b. Postal and physical address of the business (**Mandatory**).
- c. Certificate of Registration/Incorporation (**Mandatory**).
- d. Valid and Current Tax Compliance or Tax-Exempt Certificate from Kenya Revenue Authority where the business operations of tenderer are domiciled (**Mandatory**). Just for inquiry.....is this applicable/mandatory to all bidders including those from outside Republic of Kenya..
- e. Tax registration certificate (Company PIN number) (**Mandatory**).

Evaluation of all bids submitted will be made firstly in respect of their responsiveness to preliminary requirements set above on a pass-fail basis. The bids that are not responsive to any of the **Mandatory** requirements shall be rejected and disqualified from further consideration.

Step 2: Technical Evaluation

Technical Evaluation Criteria	Allotted Maximum Score	Passing Score 80%
1. Specific Experience of the Auditor relevant to the assignment (30 points) including a. Experience of carrying out assignment in regional organization (15 points). b. Experience in Tax Advisory (5 points). c. Experience in Forensic Audit (5 points). d. Experience in audits relating to either roads, rail, pipeline or inland water ways (5 points).	30	24
2. Adequacy of the proposed Auditing methodology and audit plan. It should cover specific deliverables and their timeframe	20	16
3. Specified Key Personnel – professional staff qualifications and competence for the assignment i. Audit Manager (20 points) ii. Audit Supervisor (10 points) iii. Audit Assistants (2) (10 points) iv. Tax Expert (10 points)	50	40
TOTAL	100	80

The minimum technical score, Ts, required to pass and proceed to Financial Proposal opening is: **80%**

Technical and Financial Weights

Technical proposal weight: **80%**

Financial proposal weight: **20%**

Step 3: Financial Proposal Evaluation

The lowest evaluated Financial Proposal (Fm) is given the maximum financial score (Sf) of 100.

The formula for determining the financial scores (Sf) of all other Proposals is calculated as following:

$S_f = 100 \times F_m / F$, in which “Sf” is the financial score, “Fm” is the lowest price, and “F” the price of the proposal under consideration.

The weights given to the Technical (T) and Financial (P) Proposals are:

T = _____ 80, and

P = _____ 20

Proposals are ranked according to their combined technical (Ts) 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) as following: $S = T_s \times T\% + S_f \times P\%$.

Section II – Technical Proposal Standard Forms

TECH-1: Technical Proposal Submission Form

[Location, Date]

To: *[Executive Secretary, NCTTCA]*

Ladies/Gentlemen:

We, the undersigned, offer to provide the Services for *[insert Title of Auditing services]* in accordance with your Request for Proposal (RFP) dated *[insert Date]* and our Proposal. We are hereby submitting our Proposal, which includes this Technical Proposal, and a Financial Proposal sealed under a separate envelope.

If negotiations are held after the period of validity of the Proposal, we undertake to negotiate on the basis of the proposed staff. Our Proposal is binding upon us and subject to the modifications resulting from Contract negotiations.

We acknowledge and accept NCTTCA's right to inspect and audit all records relating to our Proposal irrespective of whether we enter into a contract with NCTTCA as a result of this proposal or not.

We understand you are not bound to accept any Proposal you receive.

We remain,

Yours sincerely,

Authorized Signature:

Name and Title of Signatory:

Name of Firm:

Address:

TECH – 2: Audit Firms Organization

[Provide here brief (two pages) description of the background and organization of your firm/entity and each associate for the assignment (if applicable).]

TECH – 3: Description of the Approach, Methodology and Work Plan for Performing the Assignment

[The description of the approach, methodology and work plan should normally consist of 10 pages, including charts, diagrams, and comments and suggestions, if any, on Terms of reference and counterpart staff and facilities.]

TECH – 4: Team Composition and Task Assignments

1. Technical/Managerial Staff		
Name	Position	Task

2. Support Staff		
Name	Position	Task

TECH – 5: Format of Curriculum Vitae (CV) for Proposed Professional Staff

Proposed Position: _____
Name of Firm: _____
Name of Staff: _____
Profession: _____
Date of Birth: _____
Years with Firm/Entity: _____ Nationality: _____
Membership in Professional Societies: _____

Detailed Tasks Assigned: _____

Key Qualifications:

[Give an outline of staff member’s experience and training most pertinent to tasks on assignment. Describe degree of responsibility held by staff member on relevant previous assignments and give dates and locations. Use about half a page.]

Education:

[Summarize college/university and other specialized education of staff member, giving names of schools, dates attended, and degrees obtained. Use about one quarter of a page.]

Employment Record:

[Starting with present position, list in reverse order every employment held. List all positions held by staff member since graduation, giving dates, names of employing organizations, titles of positions held, and locations of assignments. For experience in last ten years, also give types of activities performed and client references, where appropriate. Use about two pages.]

Languages:

[For each language indicate proficiency: excellent, good, fair, or poor in speaking, reading, and writing.]

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience. I understand that any willful misstatement described herein may lead to my disqualification or dismissal, if engaged.

Date: _____
[Signature of staff member and authorized representative of the firm] Day/Month/Year

Full name of staff member: _____
Full name of authorized representative: _____

TECH-6: Time Schedule for Professional Personnel

Name	Position	Reports Due/Activities	1	2	3	4	Number of Weeks
							Subtotal (1) _____
							Subtotal (2) _____
							Subtotal (3) _____
							Subtotal (4) _____

Full-time: _____
 Reports Due: _____
 Activities Duration: _____
 Location: _____

Part-time: _____

Signature _____ of _____ Authorized Representative:

Full Name: _____

Title : _____

TECH-7: Activity (Work) Schedule

A. Field Investigation and Other Activities														
No.	Activity/Work Description	<i>Duration (Weeks)</i>												
		1st	2nd	3rd	4th	5th	6th	7th	8 th	9th	10 ^t h	11 ^t h	12 ^t h	
1														
2														
3														
4														
5														

B. Completion and Submission of Reports

Reports	Date
1. Audit Plan	2 weeks (After signing of contract)
2. Draft Audit Report & Management letter	4 weeks (30 th October)
3. Final Audit Report & Management letter	6 weeks (2 nd week of November)

Section III. Financial Proposal - Standard Forms

FPF-1: Financial Proposal Submission Form

[Location, Date]

To: *[Executive Secretary, NCTTCA]*

Ladies/Gentlemen:

We, the undersigned, offer to provide the Audit services for *[insert Title of Audit services]* in accordance with your Request for Proposal (RFP) dated *[insert date]* and our Proposal (Technical and Financial Proposals). Our attached Financial Proposal is for the sum of *[Amount in words and figures]*. This amount is exclusive of the local taxes.

Our Financial Proposal shall be binding upon us subject to the modifications resulting from Contract negotiations, up to expiration of the validity period of *[insert validity period]* of the Proposal.

We acknowledge and accept the NCTTCA right to inspect and audit all records relating to our Proposal irrespective of whether we enter into a contract with the NCTTCA as a result of this Proposal or not.

We confirm that we have read, understood and accept the contents of the Instructions to Audit Firms (ITC), Terms of Reference (TOR), the Draft Contract, the provisions relating to the eligibility of Service Providers/ Audit Firms, any other attachments and inclusions included in the RFP sent to us.

We understand you are not bound to accept any Proposal you receive.

We remain,

Yours sincerely,

Authorized Signature:

Name and Title of Signatory:

Name of Firm:

Address:

FPF- 2: Summary of Costs

Costs	Currency	Amount(s)
I – Remuneration Cost (see FPF- 3 for breakdown)		
II - Reimbursable Cost (see FPF – 4 for breakdown)		
Total Amount of Financial Proposal ¹		

¹ Indicate total costs, net of local taxes, to be paid by NCTTCA in each currency. Such total costs must coincide with the sum of the relevant subtotal indicated in all Forms FPF-3 provided with the Proposal.

Authorized Signature:
Name and Title of Signatory:

FPF-3: Breakdown of Costs by Activity

Group of Activities (Phase): ² <hr/> <hr/>	Description: ³ <hr/> <hr/>	
Cost Component	Costs	
	Currency	Amount
Remuneration ⁴		
Reimbursable Expenses ⁴		
Subtotals		

¹ Form FPF3 shall be filed at least for the whole assignment. In case some of the activities require different modes of billing and payment (e.g. the assignment is phased, and each phase has a different payment schedule), the Service Provider/ Audit Firm shall fill a separate Form FPF-3 for each Group of activities.

² Names of activities (phase) should be same as, or corresponds to the ones indicated in Form TECH-8.

³ Short description of the activities whose cost breakdown is provided in this Form.

⁴ For each currency, Remuneration and Reimbursable Expenses must coincide with relevant Total Costs indicated in FPF-4 and FPF-5.

Authorized Signature:

Name and Title of Signatory:

FPF-4: Breakdown of Remuneration per Activity

[Information provided in this Form should only be used to establish payments to the Service Provider/ Audit Firm for possible additional services requested by Client/NCTTCA]

Name of Staff	Position	Staff-month Rate
Professional Staff		
1.		
2.		
3.		
4.		
5.		
Support Staff		
1.		
2.		
3.		
4.		
5.		

¹ Names of activities (phase) should be same as, or corresponds to the ones indicated in Form TECH-8.

² Short description of the activities whose cost breakdown is provided in this Form.

Authorized Signature:
Name and Title of Signatory:

FPF-5: Breakdown of Reimbursable Expenses

[Information provided in this Form should only be used to establish payments to the Service Provider/ Audit Firm for possible additional services requested by Client/NCTTCA]

Description ¹	Unit	Unit Cost ²
1. Subsistence Allowance		
2. Transportation Cost		
3. Communication Costs		
4. Printing of Documents, Reports, etc		

¹ Delete items that are not applicable or add other items according to Paragraph 7.2 of Section II-Instruction to Service Providers/ Audit Firms

² Indicate unit cost and currency.

Authorized Signature:
Name and Title of Signatory:

NB: Financial Submission will be for the two years; it is advisable that the rates remain fixed and the final financial computation for year one will be applicable for year two.



**TERMS OF REFERENCE
FOR
PROCUREMENT OF AUDIT SERVICES FOR NORTHERN CORRIDOR TRANSIT
AND TRANSPORT COORDINATION AUTHORITY**

I. Background

1. The Northern Corridor is the transport system linking the Countries of the Great Lakes Region, i.e. Burundi, the Democratic Republic of Congo, Rwanda, South Sudan and Uganda, to the maritime port of Mombasa in Kenya. The Corridor also serves parts of Southern Somalia, Northern Tanzania and Ethiopia.
2. Before the signing of the Northern Corridor Transit and Transport treaty, transport used to be conducted under bilateral agreements, which never guaranteed a coherent framework for the normalization of transit services and procedures through the territories of the different Member States.
3. In order to facilitate the movement of transit cargo from the port of Mombasa toward the hinterland, countries in the region, i.e. Kenya, Uganda, Rwanda, Burundi signed a multilateral treaty in 1985/86 otherwise known as the Northern Corridor Transit Agreement (NCTA). The Democratic Republic of Congo and later the Republic of South Sudan became part of the Treaty. The agreement which is currently undergoing a review was reviewed earlier in 2007.
4. The Northern Corridor Transit Agreement (NCTA) is a Multilateral Treaty for facilitating the movement of transit cargo from the port of Mombasa toward the hinterland of the Member States. Signed in 1985 and ratified in 1986, NCTA offers a mechanism for the facilitation of transit trade in the landlocked countries through the port of Mombasa. To ensure its implementation, NCTA led to creation of the Northern Corridor Transit and Transport Coordination Authority (NCTTCA).
5. The objective of the Northern Corridor Transit and Transport Agreement is to promote the use of the Northern Corridor as the most efficient way for land/surface transport between respective countries and the sea; and to offer the right of transit to the signatory countries in order to facilitate the movement of goods through respective territories, in addition to providing all the necessary transit traffic facilities between them, in accordance with the provisions of the agreement. Consequently, member countries are called upon to deploy efforts in order to guarantee:

- (i) An expeditious movement of traffic and to avoid unnecessary delays to the movement of goods in transit in their territories;
 - (ii) Minimal incidences of customs fraud and taxes;
 - (iii) Simplification and harmonization of documentation and procedures regarding the movement of goods in transit; and
 - (iv) Cooperation in the development and improvement of infrastructure, transport and communications facilities.
6. The resources of the Authority primarily come from three sources which include the following:
- (i) Contributions of the contracting parties;
 - (ii) Funding of specific activities by Donor agencies;
 - (iii) Levy on goods loaded or unloaded at the port of Mombasa.

II. Objective of the Audit

The key objective for the recruitment of an External Auditor for the Northern Corridor Transit and Transport Coordination Authority is to;

- a) Obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, either due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework, and;
- b) Report on the financial statements, and communicate as required by the ISAs, in accordance with the auditor's findings.

III. Scope of the Audit

7. The following is the scope of the assignment:
The audit will be carried out in accordance with the International Auditing Standards and will include tests and verification procedures as the auditors deem necessary to verify that;
- a) All funds received have been used in accordance with the established rules and regulations of the Northern Corridor Transit and Transport Coordination Authority and only for the purposes for which the funds were provided;

- b) Goods, works and services obtained have been procured in accordance with the established rules and procedures of the Northern Corridor Transit and Transport Coordination Authority;
- c) Appropriate supporting documents, records and books of accounts relating to all activities have been kept by the Authority;
- d) There are clear linkages between the books of accounts and the financial statements presented to Policy Organs;
- e) The financial statements prepared by the Secretariat are in accordance with applicable accounting standards and give a true and fair view of the financial position of the Northern Corridor Transit and Transport Coordination Authority and of its receipts and expenditures for the period ended on that date;

The External Auditor will also;

- f) Provide a comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transactions of the Authority;
- g) Express an opinion as to reasonableness of the financial statements in all material respects;
- h) Include in their reports opinion on compliance with procedures designed to provide reasonable assurance of detecting misstatements due to errors or fraud that are material in the financial statements;
- i) Provide updates on the reconciliation of the Secretariat's books of Accounts as par appropriate standards;
- j) Conduct entry and exit meeting with the Northern Corridor Executive Secretary and present to the Policy Organs as scheduled. This is done once a year unless there are special circumstances that warrant an extra ordinary meeting;
- k) In addition to the audit reports, the auditors will prepare a Management Letter:
 - (i) Giving comments and observations on the accounting records, procedures, systems and controls that were examined during the course of the audit;
 - (ii) Identifying specific deficiencies and areas of weakness in systems and controls and making recommendations for improvement;
 - (iii) Report on the implementation status of recommendations pertaining to previous period audit reports;

- (iv) Communicating matters that have come to their attention during the audit which might have a significant impact on the sustainability of the organization;
- (v) Bring to the attention of the Executive Secretary of the Northern Corridor Transit and Transport Coordination Authority any other matters that the auditors consider pertinent;
- (vi) From time to time, consult with the Secretariat on tax issues and exemptions.

IV. Anticipated Responsibilities

8. The responsibility for the preparation of the Financial Statements lies with the Permanent Secretariat of the Northern Corridor. The Secretariat is also responsible for:
 - (i) The selection and application of accounting policies. The Secretariat will prepare the Financial Statements in accordance International Financial Reporting Standards (IFRs.);
 - (ii) Implementing accounting, administrative and financial procedures documented in manuals.
9. The auditors are responsible for the formulation of an opinion on the Financial Statements based on their audit conducted in accordance with (International Standards on Auditing) issued by the IFAC (International Federation of Accountants) or ISSAIs (International Standards of Supreme Audit Institutions) issued by the INTOSAI. National Auditing Standards that comply with ISAs or ISSAIs in all material respects will also be accepted. In accordance with these standards, the auditors will request the Permanent Secretariat for an Engagement/Confirmation Letter committing the Secretariat's management to the preparation of the Financial Statements and maintenance of proper internal control systems as well as acceptable documentation for all financial transactions.

V. Duration of the Auditor's Contract

10. The Auditor will sign a 2-year nonrenewable contract.
11. For general guidance, the financial year for NCTCCA ends on 30th June every year and financial statements will be completed within ninety days after closure of the financial year and submitted to the External Auditors.
12. Once the Audit for a financial year has commenced, it should be completed within 30 days.

VI. Deliverables

13. The following deliverables are expected from the Auditors:
- (i) The Auditors on completion of the audit work will submit 5 (five) original copies of the Audit Report appended to the Financial Statements along with the reports to the attention of the Executive Secretary;
 - (ii) Management letter in accordance with the scope of work described earlier.

VII. Qualifications

14. The following are some of the expected requirements: -
- The audit firm/engagement partner must be a Chartered Accountant and registered with a recognized institute of Public Chartered Accountant;
 - The firm must have at least ten (10) years of relevant and diversified professional experience in auditing with sizeable portfolio with proven experience in the audit of international institutions and donor funded project;
 - The auditor must employ adequate staff with appropriate professional qualifications and suitable experience with International Standard of Auditing;
 - Previous experience in roads, rail, regional infrastructure projects or maritime transport sector will be an added advantage.

VIII. Impartiality

- The auditor must be completely impartial and independent from all aspects of management or financial interests in the entity being audited;
- The auditor should not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as director for, or have any financial or close business relationships with any senior participant in the management of NCTTCA;
- The auditor should disclose any relationship that might possibly compromise his/her independence.

IX. Debriefing Meetings

15. The Auditor/Audit Team will be expected to conduct debriefing meeting to relevant program and finance staff of the Northern Corridor Secretariat in addition to the Management of NCTTCA regarding the audit in overall, response on the management letter, and auditor's final view on the response of management.

X. Access to Facilities and Documents

16. The financial systems of the Northern Corridor Transit and Transport Coordination Authority are partly automated in FAMAS (Financial and Management Accounting System) and uses PASTEL accounting system.
 - (i) The auditor will have full and complete access at any time to all records and documents (including books of account, legal agreements, minutes of committee meetings, bank records, invoices and contracts etc.) and all employees of the entity;
 - (ii) The auditor will have a right of access to banks and depositories, consultants, contractors and other persons or firms engaged by the program management over the period under the audit review.
-

11. Negotiations

- 11.1 The aim of the negotiation is to reach agreement on all points and sign a contract. The expected date and address for contract negotiation is *15th of June 2021*
- 11.2 Negotiation will include: a) discussion and clarification of the Terms of Reference (TOR) and Scope of Services; b) Discussion and finalization of the methodology and work program proposed by the Auditing Firm; c) Consideration of appropriateness of qualifications and pertinent compensation, number of man-months and the personnel to be assigned to the job, and schedule of activities (manning schedule); d) Discussion on the services, facilities and data, if any, to be provided by NCTTCA; e) Discussion on the financial proposal submitted by the Consultant; and f) Provisions of the contract. NCTTCA shall prepare minutes of negotiation which will be signed both by NCTTCA and the Consultant.
- 11.3 The financial negotiations will include clarification on the tax liability and the manner in which it will be reflected in the contract and will reflect the agreed technical modifications (if any) in the cost of the services. Unless there are exceptional reasons, the financial negotiations will involve neither the remuneration rates for staff nor other proposed unit rates.
- 11.4 Having selected the Consultant on the basis of, among other things, an evaluation of proposed key professional staff, NCTTCA expects to negotiate a contract on the basis of the experts named in the proposal. Before contract negotiations, NCTTCA shall require assurances that the experts shall be actually available. NCTTCA will not consider substitutions during contract negotiation for reasons

such as death or medical incapacity. If this is not the case and if it is established that staff were referred in their proposal without confirming their availability the Audit Firm may be disqualified. Any proposed substitution shall have equivalent or better qualifications and experience than the original candidate.

- 11.5 All agreement in the negotiation will then be incorporated in the description of services and form part of the Contract.
- 11.6 The negotiations shall conclude with a review of the draft form of the Contract which forms part of this RFP (Section VI). To complete negotiations, NCTTCA and the Audit Firms shall initial the agreed Contract. If negotiations fail, NCTTCA shall invite the second ranked Audit Firm to negotiate a contract. If negotiations still fail, the NCTTCA shall repeat the process for the next-in-rank Audit Firms until the negotiation is successfully completed.

12. Award of Contract

- 12.1 The contract shall be awarded, through a notice of award, following negotiations and subsequent post-qualification to the Service Provider/Audit Firm with the Highest Rated Responsive Proposal. Thereafter, the NCTTCA shall promptly notify other Audit Firms on the shortlist that they were unsuccessful. Notification will also be sent to those Audit Firms who did not pass the technical evaluation and NCTTCA shall return their unopened Financial Proposals.
- 12.2 Audit Firm is expected to commence the assignment on *1st September 2021*.

13. Confidentiality

- 13.1 Information relating to the evaluation of proposals and recommendations concerning awards shall not be disclosed to the Service Provider/Audit Firm who submitted Proposals or to other persons not officially concerned with the process. The undue use by any Service Provider/Audit Firm of confidential information related to the process may result in the rejection of its Proposal and may be subject to the provisions of NCTTCA's anti-fraud and corruption policy.

Section V – Pro-forma Contract

PROCUREMENT OF AUDITING SERVICES FOR NORTHERN CORRIDOR TRANSIT AND TRANSPORT COORDINATION AUTHORITY

Lump-sum payments

CONTRACT

This Agreement, (hereinafter called “the Contract”) is entered into this _____ by and between **the Northern Corridor Transit and Transport Coordination Authority (NCTTCA)**, whose registered office is situated at *1196 Links Road, Nyali, P.O. Box 34068 – 80118 Mombasa, Kenya* (hereinafter called “the Client”) of the one part AND

_____ whose registered office is situated at _____ (hereinafter called “the Consultant”) of the other part.

WHEREAS the Client wishes to have the Consultant perform the services [hereinafter referred to as “the Services”), and

WHEREAS the Consultant is willing to perform the said Services,

NOW THEREFORE THE PARTIES hereby agree as follows:

- 1. Services**
 - (i) The Consultant shall perform the Services specified in **Section IV, “Terms of Reference and Scope of Services,”** which is made an integral part of this Contract;
 - (ii) The Consultant shall provide the personnel listed in form **TECH – 4: “Team Composition and Task Assignments”** to perform the Services;
 - (iii) The Consultant shall submit to the Client the reports in the form and within the time periods specified in form **TECH – 7B: “Completion and Submission of Reports”**
- 2. Term**

The Consultant shall perform the Services during the period commencing on **1st July 2021** and continuing through to **30th June 2023** or any other period(s) as may be subsequently agreed by the parties in writing.
- 3. Payment**
 - A. Ceiling

For Services rendered pursuant to **Section IV**, the Client shall pay the Consultant an amount not to exceed _____ (United States _____), exclusive of all local taxes.

This amount has been established based on the understanding that it includes all of the Consultant's costs and profits. The Client is exempted from tax in the host country.

B. Schedule of Payments

The schedule of payments is specified below

_____ (being 20% of the Contract sum) upon the Submission of Audit Plan

_____ (being 60% of the Contract sum) upon the final Audit Report; and

_____ (being 20% of the Contract sum) upon the presentation and Acceptance by the Executive Committee

Total USD _____

C. Payment Conditions

Payment shall be made in US Dollars unless otherwise specified not later than thirty [30] days following submission by the Consultant of invoices in duplicate to the Coordinator designated in Clause 4 here below. If the Client has delayed payments beyond thirty (30) days after the due date hereof, simple interest shall be paid to the Consultant for each day of delay at a rate of three percentage points above the prevailing Central Bank of Kenya's average rate for base lending.

A report shall be considered accepted/approved by the Client if no comments are received from the Client within two weeks of submission, and thus due for payment.

4. Project Administration

A. Coordinator

The Client designates **the Director Finance & Administration** as Client's Coordinator; the Coordinator will be responsible for the coordination of activities under this Contract, for acceptance and approval of the reports and of other deliverables by the Client and for receiving and approving invoices for payment.

B. Reports

The reports listed in form **TECH – 7B: "Completion and Submission of Reports"** shall be submitted in the course of the assignment and will constitute the basis for the payments to be made under paragraph 3.

5. Performance Standards

The Consultant undertakes to perform the Services with the highest standards of professional and ethical competence and integrity. The Consultant shall promptly replace any employees assigned under this Contract that the Client considers unsatisfactory.

6. Confidentiality

The Consultant shall not, during the term of this Contract and within two years after its expiration, disclose any proprietary or confidential information relating to the Services, this Contract or the Client's business or operations without the prior written consent of the Client.

7. Ownership of Material

Any studies, reports or other material, graphic, software or otherwise prepared by the Consultant for the Client under the Contract shall belong to and remain the property of the Client. The Consultant may retain a copy of such documents and software.

8. Consultant not to be Engaged in certain Activities

The Consultant agrees that during the term of this Contract and after its termination the Consultant and any entity affiliated with the Consultant shall be disqualified from providing services (other than the Services and any continuation thereof) resulting from any recommendation arising from this Auditing service.

9. Insurance

The Consultant will be responsible for taking out any appropriate insurance coverage.

10. Assignment

The Consultant shall not assign this Contract or sub-contract any portion of it without the Client's prior written consent.

11. Law Governing Contract and Language

The Contract shall be governed by the laws of Kenya and the language of the Contract shall be English Language. The final report however must be presented in English and translated into French.

12. Dispute Resolution

Any dispute arising out of the Contract, which cannot be amicably settled, between the parties shall be referred by either party to the arbitration and final decision of a person to be agreed between the parties. Failing agreement to concur in the appointment of an Arbitrator, the Arbitrator shall be appointed by the chairman of the Chartered Institute of Arbitrators, Kenya branch, on the request of the applying party.

FOR THE CLIENT

FOR THE CONSULTANT

Full Name: _____

Title: _____

Signature: _____

Date: _____

Full Name: _____

Title: _____

Signature: _____

Date: _____