



**NATIONAL OIL CORPORATION OF KENYA**

**TENDER**

**FOR PROVISION OF INVENTORY VARIANCES  
AUDIT & REVENUE ASSURANCE SERVICES**

**NOCK/PRC/03(1353)2017-2018**

**NATIONAL OIL CORPORATION  
KAWI HOUSE, SOUTH C, RED CROSS ROAD  
OFF POPO ROAD  
P.O Box 58567 – 00200  
NAIROBI  
Email: [tenders@nockkenya.co.ke](mailto:tenders@nockkenya.co.ke)**

**FEBRUARY 2018**

Tender closing date: February 27, 2018 Time: 1000hrs (East Africa Time)

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# 1 SECTION I – INVITATION TO TENDER

Date: FEBRUARY 2018

**Tender Ref No. NOCK/PRC/03(1353)2017-2018**

**Tender name: PROVISION OF INVENTORY VARIANCES AUDIT & REVENUE ASSURANCE SERVICES**

- 1.1 National Oil Corporation of Kenya (**National Oil**), herein known as the Procuring entity, invites sealed tenders from interested eligible candidates from Kenya; for Provision of Inventory Variances Audit & Revenue Assurance Services.
- 1.2 Interested tenderers may view/obtain/download tender documents at [www.nationaloil.co.ke](http://www.nationaloil.co.ke) or obtain further information from and inspect the tender documents at :

**Procurement department**

**Kawi house, South C, Red Cross Road**

**Off Popo Road**

**P.O Box 58567 – 00200**

**NAIROBI**

**Email: [tenders@nockkenya.co.ke](mailto:tenders@nockkenya.co.ke)**

During normal working hours (Monday –Friday 0800hrs-1700hrs)

- 1.3 The complete tender document is downloaded free of charge from the National Oil Corporation website [www.nationaloil.co.ke](http://www.nationaloil.co.ke) . Bidders who download the tender document from the website MUST register the names and contact details of their firms on the email [tenders@nockkenya.co.ke](mailto:tenders@nockkenya.co.ke) for record and any further clarifications and addenda. Printed tender documents collected in hard copy will attract a non- refundable fee of Kenya Shillings one thousand only (KShs 1,000) which is payable before the tender closing date and time, in form of cash deposits at the National Oil Bank Accounts as given below.

(a)	Account Name:	NATIONAL OIL CORPORATION OF KENYA
	Account Number:	1107169380
	Bank:	KENYA COMMERCIAL BANK LTD
	Branch:	MOI AVENUE
(b)	Account Name:	NATIONAL OIL CORPORATION OF KENYA
	Account Number:	0560292466991
	Bank:	EQUITY BANK LIMITED
	Branch:	KENPIPE INDUSTRIAL AREA
	Swift Code:	EQBLKENA
		NAIROBI, KENYA

An official National Oil's receipt of payment of the Kshs 1,000 will be issued at the National Oil's Cashier's Office (upon verification of the deposit slip with the bank) on 1<sup>st</sup> Floor Kawi House, South C, Red Cross Road off Popo Road, Nairobi. The deposit slip must bear the name of the bidding firm/company.

- 1.4** Prices quoted should be net inclusive of all taxes and delivery costs, must be expressed in Kenya shillings and shall remain valid for a period of one hundred and twenty (120) days from the closing date of the tender.
- 1.5** To be eligible to tender, in addition to the requirements given, the tenderer if previously contracted by National Oil to offer similar services, **must not** have had any negative evaluation for poor performance and/or delayed delivery of service. In addition, any contractor terminated on grounds of integrity and/or fraud or corruption is ineligible to tender.
- 1.6** *In addition eligible tenderers must provide the following **mandatory requirements** (preliminary evaluation). Non submission of any of the documents will lead to disqualification from the tender process.*
- i) Copy of Certificate of Incorporation or Registration
  - ii) Proof of the tenderer’s registration with the Institute of Certified Public Accountants of Kenya (ICPAK) as individual and/or Firm
  - iii) Proof of good standing from ICPAK
  - iv) A valid practicing Certificate from ICPAK.
  - v) Copy of valid Tax Compliance Certificate
  - vi) Tender Security of Kenya Shillings Fifty Thousand (KShs 50,000) in form of a bank guarantee issued by a bank licensed and operating in Kenya. A tender Security from an insurance company recognized by the Public Procurement Regulatory Authority (PPRA) of Kenya is also acceptable.
  - vii) Duly filled Confidential Business Questionnaire(Section VII - Standard Forms)
  - viii) Duly filled Bidder’s Declaration and Integrity Pact (Section VII – Standard Forms).

**NOTE: Where the tender is being submitted by a consortium or a joint venture, it is mandatory that the consortium or joint venture agreement duly signed by all parties recognizing each other as well as identifying the lead, be submitted as part of the tender response.**

**Any submission as a consortium or joint venture without the duly signed agreements will be disqualified from the tendering process.**

- 1.7** Completed tender documents are to be enclosed in plain sealed envelopes clearly marked “**Tender for Provision of Inventory Variances Audit & Revenue Assurance Services – Ref. No. NOCK/PRC/03(1353)2017-2018**” with the instructions “**Do not Open Before February 26, 2018 at 1000hrs (East Africa Time)**”, should be addressed to:

**The Chief Executive Officer  
National Oil Corporation of Kenya  
Kawi House, South C,  
Red Cross Road off Popo Road  
P.O Box 58567 – 00200  
NAIROBI**

and deposited in the Tender Box provided at

**The Reception  
National Oil Corporation of Kenya  
Kawi House, South C,**

**Red Cross Road off Popo Road  
P.O Box 58567 – 00200  
Nairobi**

*Bulky Tenders* that do not fit into the tender box are to be submitted at the Reception Desk, National Oil Corporation, **Kawi House, South C, Red Cross Road off Popo Road** so as to be received on or before **February 26, 2018 at 1000hrs (East Africa Time)**. *Late submissions shall not be accepted.*

Tenders will be opened immediately thereafter in the presence of the tenderer and/or their representatives who choose to attend the opening at

**The Meeting Room  
National Oil Corporation  
Kawi House, South C,  
Red Cross Road off Popo Road  
P.O Box 58567 – 00200  
Nairobi**

**CHIEF EXECUTIVE OFFICER**

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## **2.1 Eligible tenderers**

- 2.1.1.** This Invitation to tender is open to all tenderers eligible as described in the instructions to tenderers. Successful tenderers shall provide the services for the stipulated duration from the date of commencement (hereinafter referred to as the term) specified in the tender documents.
- 2.1.2.** The mandatory documentation as given under the Appendix to Instructions to Tenderers – clause 2.29 must be submitted as they will be used for confirmation of eligibility of the tenders.
- 2.1.3.** The procuring entity’s employees, committee members, board members and their relative (spouse and children) are not eligible to participate in the tender unless where specially allowed under section 131 of the Act.
- 2.1.4.** Tenderers shall provide the qualification information statement that the tenderer (including all members, of a joint venture and subcontractors) is not associated, or have been associated in the past, directly or indirectly, with a firm or any of its affiliates which have been engaged by the Procuring entity to provide consulting services for the preparation of the design, specifications, and other documents to be used for the procurement of the services under this Invitation for tenders.
- 2.1.5.** Tenderers involved in corrupt or fraudulent practices or debarred from participating in public procurement shall not be eligible.

## **2.2 Cost of tendering**

- 2.2.1** The Tenderer shall bear all costs associated with the preparation and submission of its tender, and the procuring entity, will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the tendering process.
- 2.2.2** The price to be charged for the tender document shall not exceed KShs 1,000.
- 2.2.3** The procuring entity shall allow the tenderer to review the tender document free of charge before purchase.

## **2.3 Contents of tender documents**

- 2.3.1** The tender document comprises of the documents listed below and addenda issued in accordance with clause 2.5 of these instructions to tenders
- i) Instructions to tenderers
  - ii) General Conditions of Contract
  - iii) Special Conditions of Contract
  - iv) Schedule of Requirements
  - v) Details of service
  - vi) Form of tender
  - vii) Price schedules
  - viii) Contract form
  - ix) Confidential business questionnaire form
  - x) Tender security form



- xi) Performance security form
- xii) Declaration form

**2.3.2.** The Tenderer is expected to examine all instructions, forms, terms, and specifications in the tender documents. Failure to furnish all information required by the tender documents or to submit a tender not substantially responsive to the tender documents in every respect will be at the tenderers risk and May result in the rejection of its tender.

## **2.4 Clarification of Documents**

**2.4.1** A prospective candidate making inquiries of the tender document may notify the Procuring entity in writing or by post, fax or email at the entity's address indicated in the Invitation for tenders. The Procuring entity will respond in writing to any request for clarification of the tender documents, which it receives no later than seven (7) days prior to the deadline for the submission of tenders, prescribed by the procuring entity. Written copies of the Procuring entities response (including an explanation of the query but without identifying the source of inquiry) will be sent to all prospective tenderers who have received the tender documents”.

**2.4.2** The procuring entity shall reply to any clarifications sought by the tenderer within 3 days of receiving the request to enable the tenderer to make timely submission of its tender.

## **2.5 Amendment of documents**

**2.5.1** At any time prior to the deadline for submission of tenders, the Procuring entity, for any reason, whether at its own initiative or in response to a clarification requested by a prospective tenderer, May modify the tender documents by issuing an addendum.

**2.5.2** All prospective tenderers who have obtained the tender documents will be notified of the amendment by post, fax or email and such amendment will be binding on them.

**2.5.3** In order to allow prospective tenderers reasonable time in which to take the amendment into account in preparing their tenders, the Procuring entity, at its discretion, may extend the deadline for the submission of tenders.

## **2.6 Language of tender**

**2.6.1** The tender prepared by the tenderer, as well as all correspondence and documents relating to the tender exchanged by the tenderer and the Procuring entity, shall be written in English language. Any printed literature furnished by the tenderer may be written in another language provided they are accompanied by an accurate English translation of the relevant passages in which case, for purposes of interpretation of the tender, the English translation shall govern.

## **2.7 Documents Comprising the Tender**

**2.7.1** The tender prepared by the tenderer shall comprise the following components:

- a) A Tender Form and a Price Schedule completed in accordance with clauses 2.8, 2.9 and 2.10 below.

- b) Documentary evidence established in accordance with Clause 2.11 that the tenderer is eligible to tender and is qualified to perform the contract if its tender is accepted.
- c) Tender security furnished is in accordance with Clause 2.12.
- d) Confidential business questionnaire.

## **2.8 Form of Tender**

**2.8.1** The tenderers shall complete the Form of Tender and the appropriate Price Schedule furnished in the tender documents, indicating the services to be performed.

## **2.9 Tender Prices**

**2.9.1** The tenderer shall indicate on the Price schedule the unit prices where applicable and total tender prices of the services it proposes to provide under the contract.

**2.9.2** Prices indicated on the Price Schedule shall be the cost of the services quoted including all customs duties and VAT and other taxes payable.

**2.9.3** Prices quoted by the tenderer shall remain fixed during the term of the contract unless otherwise agreed by the parties. A tender submitted with an adjustable price quotation will be treated as non-responsive and will be rejected, pursuant to clause 2.22.

**2.9.4** Contract price variations shall not be allowed for contracts not exceeding one year (12 months)

**2.9.5** Where contract price variation is allowed, the variation shall not exceed 10% of the original contract price.

**2.9.6** Price variation requests shall be processed by the procuring entity within 30 days of receiving the request.

## **2.10 Tender Currencies**

**2.10.1** Prices shall be quoted in Kenya Shillings unless otherwise specified in the appendix to in Instructions to Tenderers.

## **2.11 Tenderers Eligibility and Qualifications**

**2.11.1** Pursuant to Clause 2.1 the tenderer shall furnish, as part of its tender, documents establishing the tenderers eligibility to tender and its qualifications to perform the contract if its tender is accepted.

**2.11.2** The documentary evidence of the tenderers qualifications to perform the contract if its tender is accepted shall establish to the Procuring entity's satisfaction that the tenderer has the financial and technical capability necessary to perform the contract.

## **2.12 Tender Security**

- 2.12.1** The tenderer shall furnish, as part of its tender, a tender security for the amount and form specified in the Invitation to tender.
- 2.12.2** The tender security shall be in the amount not exceeding 2 per cent of the tender price.
- 2.12.3** The tender security is required to protect the Procuring entity against the risk of Tenderer's conduct which would warrant the security's forfeiture, pursuant to clause 2.12.7.
- 2.12.4** The tender security shall be denominated in a Kenya Shillings or in another freely convertible currency and shall be in the form of:
- a) A bank guarantee.
  - b) Such insurance guarantee approved by the Authority.
- 2.12.5** Any tender not secured in accordance with clause 2.12.1 and 2.12.3 will be rejected by the Procuring entity as non responsive, pursuant to clause 2.20.
- 2.12.6** Unsuccessful tenderer's security will be discharged or returned as promptly as possible but not later than thirty (30) days after the expiration of the period of tender validity prescribed by the procuring entity.
- 2.12.7** The successful tenderer's tender security will be discharged upon the tenderer signing the contract, pursuant to clause 2.26, and furnishing the performance security, pursuant to clause 2.27.
- 2.12.8** The tender security May be forfeited:
- a) If a tenderer **withdraws** its tender **during** the period of tender validity specified by the procuring entity on the Tender Form; or
  - b) In the case of a successful tenderer, if the tenderer fails:
    - i) to sign the contract in accordance with clause 2.26; **or**
    - ii) to furnish performance security in accordance with clause 2.27.
  - c) If the tenderer rejects, correction of an error in the tender.

## **2.13 Validity of Tenders**

- 2.13.1** Tenders shall remain valid for 120 days or as specified in the invitation to tender after date of tender opening prescribed by the Procuring entity, pursuant to clause 2.18. A tender valid for a shorter period shall be rejected by the Procuring entity as nonresponsive.
- 2.13.2** In exceptional circumstances, the Procuring entity may solicit the Tenderer's consent to an extension of the period of validity. The request and the responses thereto shall be made in writing. The tender security provided under clause 2.12 shall also be suitably extended. A tenderer May refuse the request without forfeiting its tender security. A tenderer granting the request will not be required nor permitted to modify its tender.

## 2.14 Format and Signing of Tender

### 2.14.1 Preparation of technical and financial proposals

#### 2.14.1.1 Technical Proposal

The Technical Proposal shall provide the following information;

- a) A description of the firm's organization and an outline of recent experience on services of a similar nature. For each supply the outline should indicate *inter alia*, the profiles of the staff proposed, duration of the assignment, contract amount and firm's involvement.
- b) Any comments or suggestions on the Terms of Reference
- c) The list of other similar assignments carried out or in progress, over the last 5 years, for reputable companies.
- d) CVs recently signed by the proposed professional staff and the authorized representative submitting the proposal. Key information should include number of years working for the firm/entity and degree of responsibility held in various assignments during the last five (5) years.
- e) A confirmation of the geographical location, such as premises/workshops/factories and offices which are staffed with competent people.
- f) Any additional information requested in the tender document.
- g) All mandatory documentation as given in the Appendix to Instructions to Tenderers (clause 2.29)

#### Technical proposal format

- 1.8 The tenderer shall submit the technical proposal in a separate sealed envelope capturing all the elements above and covering the items of the evaluation criteria given in the Appendix to Instructions to Tenderers. The technical proposal envelope should clearly be labeled as **“Technical Proposal for Tender for Provision of Inventory Variances Audit & Revenue Assurance Services - Ref No: NOCK/PRC/03(1353)2017-2018”** with the Instructions **“Do not open before February 26, 2018 at 1000hrs (East Africa Time)”**.

The technical proposal **should not** contain any pricing aspects of the tender, e.g. the Form of Tender, Pricing Schedule and any other costs chargeable by the Tenderer. **If any pricing aspects are enclosed with the Technical Proposal, then the Tenderer will be disqualified from the tender process.**

#### 2.14.1.2 Financial Proposal

- a) The Financial Proposal should follow the pricing schedules given in the tender document under schedule of requirements. It lists all costs associated with the assignment.
- b) The Financial Proposal should clearly identify costs per unit item.
- c) Tenderers shall express the price of their services in Kenya Shillings or any other easily transferable currency as per clause 2.23.
- d) The Proposal must remain valid for 120 days after the submission date. During this period, the company is expected to keep available, at its own cost, the professional staff proposed for the assignment. The Procuring entity will make its best effort to complete negotiations within this period. If the Procuring entity wishes to extend the validity

period of the proposals, the tenderers that do not agree have the right not to extend the validity of their proposals.

- e) Tenderers are encouraged to seek further clarifications from the Procuring entity as per clause 2.21.

### **Financial proposal format**

- 1.9** The tenderer shall submit the financial proposal in a separate sealed envelope in the format of the pricing schedules given. Tenderers who do not submit their financial proposals in the format provided shall be considered nonresponsive. The financial proposal envelope should clearly be labeled as **“Financial Proposal for Tender for Provision of Inventory Variances Audit & Revenue Assurance Services” and “Ref No: NOCK/PRC/03(1353)2017-2018”** with the Instructions **“Do not Open with the Technical Proposal”**  
The financial proposal should include all pricing aspects of the tender, e.g. the Form of Tender, Pricing Schedule and any other charges.

### **f) Payment terms**

The payment terms for this tender are for a credit period of thirty (30) days from the date when monthly invoices have been received at National Oil, and after confirmation of satisfactory receipt of services. **The tenderer should clearly indicate the payment terms in their proposal if different.**

- 2.14.2** Technical and Financial Proposals shall be signed by an authorized representative and initialed on all pages. Each Technical Proposal and Financial Proposal shall comprise ONE ORIGINAL and ONE COPY marked appropriately.

- 1.10** Technical Proposals and Financial Proposals in separate envelopes clearly marked “Technical Proposal” or “Financial Proposal” should be put inside an outer envelope marked **“Tender for Provision of Inventory Variances Audit & Revenue Assurance Services–NOCK/PRC/03(1353)2017-2018”** with the instructions **“do not open before February 26, 2018 at 1000hrs (East Africa Time)”**

- 2.14.3** The original and all copies of the tender shall be typed or written in indelible ink and shall be signed by the tenderer or a person(s) duly authorized to bind the tenderer to the contract. All pages of the tender, except for unamended printed literature, shall be initialed by the person(s) signing the tender.

- 2.14.4** The tender shall have no interlineations, erasures, or overwriting except as necessary to correct errors made by the tenderer, in which case such corrections shall be initialed by the person(s) signing the tender.

### **2.15 Sealing and Marking of Tenders**

- 2.15.1** The tenderer shall seal the original and each copy of the tender in separate envelopes, duly marking the envelopes as “ORIGINAL” and “COPY.” The envelopes shall then be sealed in an outer envelope.

The inner and outer envelopes shall:

- a) be addressed to the Procuring entity at the address given in the invitation to tender;
- b) bear, tender number and name in the invitation to tender and the words: **“DO NOT OPEN BEFORE FEBRUARY 26, 2018 AT 1000hrs (East Africa Time)”**.

**2.15.2** The inner envelopes shall also indicate the name and address of the tenderer to enable the tender to be returned unopened in case it is declared “late”.

**2.15.3** If the outer envelope is not sealed and marked as required by clause 2.15.2, the Procuring entity will assume no responsibility for the tender’s misplacement or premature opening.

## **2.16 Deadline for Submission of Tenders**

**2.16.1** Tenders must be received by the Procuring entity at the address specified in the Invitation to Tender **no later than, February 26, 2018 at 1000hrs (East Africa Time)**.

**2.16.2** The procuring entity may, at its discretion, extend this deadline for the submission of tenders by amending the tender documents in accordance with clause 2.5, in which case all rights and obligations of the procuring entity and candidates previously subject to the deadline will thereafter be subject to the deadline as extended.

**2.16.3** Bulky tenders which will not fit in the tender box shall be received by the procuring entity as provided for in the appendix.

## **2.17 Modification and withdrawal of tenders**

**2.17.1** The tenderer may modify or withdraw its tender after the tender’s submission, provided that written notice of the modification , including substitution or withdrawal of the tender’s is received by the procuring entity prior to the deadline prescribed for the submission of tenders.

**2.17.2** The Tenderer’s modification or withdrawal notice shall be prepared, sealed, marked, and dispatched in accordance with the provisions of clause 2.15. A withdrawal notice may also be sent by cable, but followed by a signed confirmation copy, postmarked not later than the deadline for submission of tenders.

**2.17.3** No tender may be modified after the deadline for submission of tenders.

**2.17.4** No tender may be withdrawn in the interval between the deadline for submission of tenders and the expiration of the period of tender validity specified by the tenderer on the Tender Form. Withdrawal of a tender during this interval may result in the Tenderer’s forfeiture of its tender security, pursuant to clause 2.12.7.

**2.17.5** The procuring entity may at any time terminate procurement proceedings before contract award and shall not be liable to any person for the termination.

**2.17.6** The procuring entity shall give prompt notice of the termination to the tenderers and on request give its reasons for termination within 14 days of receiving the request from any tenderer.

## **2.18 Opening of Tenders**

- 2.18.1** The Procuring entity will open all tenders in the presence of tenderers' representatives who choose to attend at **1000hrs (East Africa Time) on February 26, 2018** and in the location specified in the invitation to tender. The tenderers' representatives who are present shall sign a register evidencing their attendance.
- 2.18.2** The tenderers' names, tender modifications or withdrawals, tender prices, discounts, and the presence or absence of requisite tender security and such other details as the Procuring Entity, at its discretion, may consider appropriate, will be announced at the opening.
- 2.18.3** The procuring entity will prepare minutes of the tender opening which will be submitted to the tenderers that signed the tender opening register and will have made the request.

## **2.19 Clarification of tenders**

- 2.19.1** To assist in the examination, evaluation and comparison of tenders the procuring entity may at its discretion, ask the tenderer for a clarification of its tender. The request for clarification and the response shall be in writing, and no change in the prices or substance shall be sought, offered, or permitted.
- 2.19.2** Any effort by the tenderer to influence the procuring entity in the procuring entity's tender evaluation, tender comparison or contract award decisions may result in the rejection of the tenderers tender.
- 2.19.3** Comparison or contract award decisions may result in the rejection of the tenderers' tender.

## **2.20 Preliminary Examination and Responsiveness**

- 2.20.1** The Procuring entity will examine the tenders to determine whether they are complete, whether any computational errors have been made, whether required securities have been furnished whether the documents have been properly signed, and whether the tenders are generally in order.
- 2.20.2** Arithmetical errors will be rectified on the following basis. If there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price shall prevail, and the total price shall be corrected. if the candidate does not accept the correction of the errors, its tender will be rejected, and its tender security may be forfeited. If there is a discrepancy between words and figures, the amount in words will prevail.
- 2.20.3** The Procuring entity may waive any minor informality or nonconformity or irregularity in a tender which does not constitute a material deviation, provided such waiver does not prejudice or affect the relative ranking of any tenderer.
- 2.20.4** Prior to the detailed evaluation, pursuant to clause 2.22, the Procuring entity will determine the substantial responsiveness of each tender to the tender documents. For purposes of these clauses, a substantially responsive tender is one which conforms to all the terms and conditions of the tender documents without material deviations. The Procuring entity's determination of a

tender's responsiveness is to be based on the contents of the tender itself without recourse to extrinsic evidence.

**2.20.5** If a tender is not substantially responsive, it will be rejected by the Procuring entity and may not subsequently be made responsive by the tenderer by correction of the nonconformity.

## **2.21 Conversion to a single currency**

**2.21.1** Where other currencies are used, the procuring entity will convert those currencies to Kenya shillings using the selling exchange rate on the date of tender closing provided by the Central Bank of Kenya.

## **2.22 Evaluation and comparison of tenders**

**2.22.1** The procuring entity will evaluate and compare the tenders which have been determined to be substantially responsive, pursuant to clause 2.20.

**2.22.2** The comparison shall be of the price including all costs as well as duties and taxes payable on all the materials to be used in the provision of the services.

**2.22.3** The Procuring entity's evaluation of a tender will take into account, in addition to the tender price, the following factors, in the manner and to the extent indicated in clause 2.22.4 and in the technical specifications:

- a) operational plan proposed in the tender; and
- b) deviations in payment schedule from that specified in the Special Conditions of Contract;

**2.22.4** Pursuant to clause 2.22.3 the following evaluation methods will be applied:

a) ***Operational Plan.***

The Procuring entity requires that the services under the Invitation for Tenders shall be performed at the time specified in the Schedule of Requirements. Tenderers offering to perform longer than the procuring entity's required delivery time will be treated as non-responsive and rejected.

b) ***Deviation in payment schedule.***

Tenderers shall state their tender price for the payment on a schedule outlined in the special conditions of contract. Tenders will be evaluated on the basis of this base price. Tenderers are, however, permitted to state an alternative payment schedule and indicate the reduction in tender price they wish to offer for such alternative payment schedule. The Procuring entity may consider the alternative payment schedule offered by the selected tenderer.

**2.22.5** The tender evaluation committee shall evaluate the tender within 30 days from the date of opening the tender.

**2.22.6** To qualify for contract awards, the tenderer shall have the following:-



- a) Pass the preliminary evaluation having submitted all the mandatory documentation
- b) Score the minimum technical evaluation score as given in the evaluation criteria under the appendix to instructions to tenderers – clause 2.29.
- c) Necessary qualifications, capability experience, services, equipment and facilities to provide what is being procured.
- d) Legal capacity to enter into a contract for procurement
- e) Shall not be insolvent, in receivership, bankrupt or in the process of being wound up and is not the subject of legal proceedings relating to the foregoing
- f) Shall not be debarred from participating in public procurement.

## **2.23 Contacting the procuring entity**

**2.23.1** Subject to clause 2.19, no tenderer shall contact the procuring entity on any matter relating to its tender, from the time of the tender opening to the time the contract is awarded.

**2.23.2** Any effort by a tenderer to influence the procuring entity in its decisions on tender evaluation tender comparison or contract award may result in the rejection of the tenderers tender.

## **2.24 Award of Contract**

### **a) Post qualification**

**2.24.1** In the absence of pre-qualification, the Procuring entity will determine to its satisfaction whether the tenderer that is selected as having submitted the lowest evaluated responsive tender is qualified to perform the contract satisfactorily.

**2.24.2** The determination will take into account the tenderer’s financial and technical capabilities. It will be based upon an examination of the documentary evidence of the tenderers qualifications submitted by the tenderer, pursuant to clause 2.1.2, as well as such other information as the Procuring entity deems necessary and appropriate.

**2.24.3** An affirmative determination will be a prerequisite for award of the contract to the tenderer. A negative determination will result in rejection of the Tenderer’s tender, in which event the Procuring entity will proceed to the next lowest evaluated tender to make a similar determination of that Tenderer’s capabilities to perform satisfactorily.

### **b) Award Criteria**

**2.24.4** Subject to clause 2.27 the Procuring entity will award the contract to the successful tenderer whose tender has been determined to be substantially responsive and has been determined to be the lowest evaluated tender, provided further that the tenderer is determined to be qualified to perform the contract satisfactorily.

**2.24.5** The procuring entity reserves the right to accept or reject any tender and to annul the tendering process and reject all tenders at any time prior to contract award, without thereby incurring any liability to the affected tenderer or tenderers or any obligation to inform the affected tenderer or tenderers of the grounds for the procuring entity’s action. If the procuring entity determines that

none of the tenderers is responsive; the procuring entity shall notify each tenderer who submitted a tender.

**2.24.6** A tenderer who gives false information in the tender document about its qualification or who refuses to enter into a contract after notification of contract award shall be considered for debarment from participating in future public procurement.

## **2.25 Notification of award**

**2.25.1** Prior to the expiration of the period of tender validity, the Procuring entity will notify the successful tenderer in writing that its tender has been accepted.

**2.25.2** The notification of award will signify the formation of the Contract subject to the signing of the contract between the tenderer and the procuring entity pursuant to clause 2.26. Simultaneously the other tenderers shall be notified that their tenders have not been successful.

**2.25.3** Upon the successful Tenderer's furnishing of the performance security pursuant to clause 2.27, the Procuring entity will promptly notify each unsuccessful Tenderer and will discharge its tender security, pursuant to clause 2.12.

## **2.26 Signing of Contract**

**2.26.1** At the same time as the Procuring entity notifies the successful tenderer that its tender has been accepted, the Procuring entity will simultaneously inform the other tenderers that their tenders have not been successful.

**2.26.2** Within fourteen (14) days of receipt of the Contract Form, the successful tenderer shall sign and date the contract and return it to the Procuring entity.

**2.26.3** The parties to the contract shall have it signed within 30 days from the date of notification of contract award unless there is an administrative review request.

## **2.27 Performance Security**

**2.27.1** Within fourteen (14) days of the receipt of notification of award from the Procuring entity, the successful tenderer shall furnish the performance security in accordance with the Conditions of Contract, in the Performance Security Form provided in the tender documents, or in another form acceptable to the Procuring entity.

**2.27.2** Failure of the successful tenderer to comply with the requirement of clause 2.26 or clause 2.27.1 shall constitute sufficient grounds for the annulment of the award and forfeiture of the tender security, in which event the Procuring entity May make the award to the next lowest evaluated or call for new tenders.

## **2.28 Corrupt or Fraudulent Practices**

**2.28.1** The Procuring entity requires that tenderers observe the highest standard of ethics during the procurement process and execution of contracts. A tenderer shall sign a declaration that he has not and will not be involved in corrupt or fraudulent practices.

- 2.28.2** The procuring entity will reject a proposal for award if it determines that the tenderer recommended for award has engaged in corrupt or fraudulent practices in competing for the contract in question;
- 2.28.3** Further, a tenderer who is found to have indulged in corrupt or fraudulent practices risks being debarred from participating in public procurement in Kenya.

## 2.29 APPENDIX TO INSTRUCTIONS TO THE TENDERERS

The following information for procurement of services shall complement or amend the provisions of the instructions to tenderers. Wherever there is a conflict between the provisions of the instructions to tenderers and the provisions of the appendix, the provisions of the appendix herein shall prevail over those of the instructions to tenderers.

Instructions to tenderers	Particulars of appendix to instructions to tenderers
2.1	<p><b>Particulars of eligible tenderers</b></p> <p><i>The tenderer shall provide the following mandatory requirements (failure to submit the mandatory requirements will lead to disqualification from the tender process – preliminary evaluation)</i></p> <ul style="list-style-type: none"> <li>i) Copy of Certificate of Incorporation or Registration</li> <li>ii) Proof of the tenderer’s registration with the Institute of Certified Public Accountants of Kenya (ICPAK) as individual and/or Firm</li> <li>iii) Proof of good standing from ICPAK</li> <li>iv) A valid practicing Certificate from ICPAK.</li> <li>v) Copy of valid Tax Compliance Certificate</li> <li>vi) Tender Security of Kenya Shillings Fifty Thousand (KShs 50,000) in form of a bank guarantee issued by a bank licensed and operating in Kenya. A tender Security from an insurance company recognized by the Public Procurement Regulatory Authority (PPRA) of Kenya is also acceptable.</li> <li>vii) Duly filled Confidential Business Questionnaire(Section VII - Standard Forms)</li> <li>viii) Duly filled Bidder’s Declaration and Integrity Pact (Section VII – Standard Forms).</li> </ul> <p><b><i>Bidder(s) must note the following:</i></b></p> <ul style="list-style-type: none"> <li>i) Is not limited or debarred under any of the provisions of the Public Procurement and Asset Disposal Act, 2015 and the Public Procurement and Disposal Regulation, 2006 to enter into a Contract;</li> <li>ii) Must not be bankrupt or in the process of being wound-up and is not the subject of legal proceedings for the purposes hereof;</li> <li>iii) Provide information regarding current litigation(s) in which the tenderer is involved (if any);</li> </ul>
2.10	The currency to be used is Kenya Shillings.

2.11	<p><b>Eligibility</b> To be eligible to tender, in addition to the requirements given, the tenderer if previously contracted by National Oil to offer similar services, <b>must not</b> have had any negative evaluation for poor performance and/or delayed delivery of service. In addition, any contract terminated on grounds of integrity and/or fraud or corruption is ineligible to tender.</p>											
2.12	<p><b>Tender Security</b> Tender Security to be issued by the tenderers is Kenya Shillings Fifty Thousand (KShs.50,000) in form of a bank guarantee issued by a bank licensed and operating in Kenya. Tender Security from an insurance company recognized by the Public Procurement Regulatory Authority (PPRA) of Kenya is also acceptable.</p>											
2.16.3	<p><b>Bulky Tenders</b> that do not fit into the tender box shall be received at the Reception Desk on Ground Floor, <b>KAWI HOUSE, SOUTH C, RED CROSS ROAD, OFF POPO ROAD .P.O Box 58567 – 00200 NAIROBI</b></p>											
2.21	<p>Clarifications are to be sought via email to the email address: <a href="mailto:tenders@nockenya.co.ke">tenders@nockenya.co.ke</a></p>											
2.22	<p><b>Evaluation and comparison of tenders</b></p> <ul style="list-style-type: none"> <li>• Tenderers will be required to pass the preliminary evaluation having submitted all the mandatory documentation before being considered for technical evaluation.</li> <li>• A two stage procedure will be adopted in evaluating the proposals with the technical evaluation being completed prior to financial proposals being opened and evaluated. Evaluators of technical proposals shall have no access to the financial proposals until the technical proposal evaluation is concluded. Material deficiencies in providing the information requested may result in rejection of a proposal.</li> </ul>											
2.22	<ul style="list-style-type: none"> <li>• The evaluation criteria below will be used to evaluate the technical responsiveness of the tenders:</li> </ul> <table border="1" data-bbox="398 991 1912 1345"> <thead> <tr> <th colspan="3" data-bbox="398 991 1912 1051"><b>1. Experience</b></th> </tr> <tr> <th data-bbox="398 1051 965 1187"><b>Sub-criteria</b></th> <th data-bbox="965 1051 1601 1187"><b>Description</b></th> <th data-bbox="1601 1051 1912 1187"><b>Points Allocated</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="398 1187 965 1345" rowspan="2">Experience in similar assignments preferably with Oil and Gas companies AND</td> <td colspan="2" data-bbox="965 1187 1912 1248"><b>Public Entities (max 9 pts)</b></td> </tr> <tr> <td data-bbox="965 1248 1601 1345">3 similar projects with public entities</td> <td data-bbox="1601 1248 1912 1345">9</td> </tr> </tbody> </table>	<b>1. Experience</b>			<b>Sub-criteria</b>	<b>Description</b>	<b>Points Allocated</b>	Experience in similar assignments preferably with Oil and Gas companies AND	<b>Public Entities (max 9 pts)</b>		3 similar projects with public entities	9
<b>1. Experience</b>												
<b>Sub-criteria</b>	<b>Description</b>	<b>Points Allocated</b>										
Experience in similar assignments preferably with Oil and Gas companies AND	<b>Public Entities (max 9 pts)</b>											
	3 similar projects with public entities	9										

public entities NB 1. Provide Client Details and contact persons (name and telephone number) 2. NOC may contact referees.	2 similar projects with public entities	6
	1 similar project with public entities	3
	<b>Oil and Gas (max 9 pts)</b>	
	3 similar projects with oil and gas companies	9
	2 similar projects with oil and gas companies	6

  

	1 similar project with oil and gas companies	3
Professional Affiliations	<b>Max 2 pts</b> Membership to relevant Professional Bodies	<b>2</b>
<b>Criteria 2: Team Experience (Total Score-40)</b>		
<b>2. Personnel Composition</b>		
<b>Sub-criteria</b>		<b>Points Allocated</b>
Project Lead(s) experience ( <i>max 12 pts</i> ) in: <ul style="list-style-type: none"> <li>• Business Consulting</li> <li>• Risk Management</li> <li>• Auditing</li> <li>• Strategy</li> </ul>	>15 years' experience	<b>12</b>
	>12 years' experience and <15 years' experience	8
	>10 years' experience and <12 years' experience	5

		<ul style="list-style-type: none"> <li>Development/Management</li> </ul>	>5 years' experience and <10 years' experience	3
			5 years' experience or less	0
		Project Manager(s) experience ( <i>max 10 pts</i> ) in: <ul style="list-style-type: none"> <li>Project Management</li> <li>Business Process Reviews</li> <li>Business Consulting</li> <li>Risk Management</li> <li>Auditing</li> <li>Strategy</li> <li>ICT Consulting and Security</li> <li>Development/Management</li> </ul>	>10 years' experience	<b>10</b>
			<10 years' experience and >7 years' experience	6
			>5 years' experience and <7 years' experience	4
			5 years' experience	0
			Senior Consultant ( <i>max 6pts</i> )	>5 years' experience
		Proposed Consultants ( <i>max 12pts</i> ) with the relevant experience in:	>5 years' experience	<b>12</b>
			>3 years' experience and <5 years' experience	10
			<ul style="list-style-type: none"> <li>Financial</li> </ul>	>2 years' experience

		<p>Management and Analysis</p> <ul style="list-style-type: none"> <li>• Supply Chain Management</li> <li>• Risk Management (Sales and Marketing, Operational Risk, Financial Risk, Strategy Risk)</li> <li>• Operations</li> <li>• Corporate Affairs Public Relations</li> <li>• Human Resource Management (Including Staff practices and Talent Management)</li> <li>• ICT Review</li> <li>• Compliance with laws and regulations</li> <li>• Corporate Affairs and Public Relations</li> </ul>	<2 years' experience	<b>0</b>	
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<b>Criteria 3: Detailed Methodology &amp; Work plan (Total Score-40)</b>		
<b>Sub-criteria</b>		<b>Points Allocated</b>
Demonstrated understanding of the tender requirements for Project Implementation	Suggested improvements to the tender	10
	Clear understanding of the deliverable expected under the tender	5
Roadmap and Deliverables (Including details of the tender's Activity Work and Time Schedules)	Project Gantt chart with milestones/phases, timelines and deliverables	7
	Engagements with National Oil; proposed formats for	3
	reports workshops to present the findings	
Project Tools	Electronic data capture	2
	Evidence of any in house analytic tools	2

	Evidence of any industry related data for the oil and gas sector that has been tracked over time for purposes of benchmarking with the corporation	3
Project based learning	Proposal on knowledge transfer to the National Oil project team <i>(The project team comprises of Internal Audit, ICT and Risk Department which has a total of 5 staff members)</i>	8

**Total Technical Evaluation Score = 100 points**

Only technical proposal of firms scoring a technical score of a minimum 80 points out of the possible 100 points will be considered responsive and will proceed to the financial evaluation. The tenderers who pass the technical evaluation will be invited for the financial opening. The financial proposals of unsuccessful tenderers shall be returned unopened.

2.24.4	<p><b>Award of contract</b></p> <p>Award of contract will be to the eligible tenderer (in line with the eligibility clause);</p> <ul style="list-style-type: none"> <li>i) who has submitted the tender document in line with the tender requirements;</li> <li>ii) who has been successfully evaluated in preliminary evaluation and attained the technical evaluation pass mark of 80 points and above;</li> <li>iii) who, having qualified in (ii) above, emerges between ranks one (1) to three (3) in the financial evaluation.</li> <li>iv) who, having qualified in (iii) above, is invited for Competitive Negotiations and submits the lowest evaluated Best and Final Offer.</li> </ul> <p><b>Prior to award and having qualified in i-iv above, the bidder will be required to provide evidence of ownership e.g. CR 12, Articles of Association, Partnership Deed, or a certificate of registration as appropriate</b></p>
2.27	<p><b>Particulars of performance security</b></p> <p>The amount of Performance Security shall be 10% of the Contract Price in the format of the Performance Security Form provided in the tender document in the form of a bank guarantee drawn by a bank licensed and operating in Kenya.</p>
2.28	<p><b>In addition to clause 2.28, the ethics as described below will apply:</b></p> <p><b>Ethics</b></p> <p>It is a requirement that both National Oil and prospective suppliers of goods, services and works observe the highest standards of ethics during the procurement and execution of contracts.</p> <p>In pursuance of this policy, National Oil requires that all bidders concerned take measures to ensure that no transfer of gifts, payments or other benefits to officials of National Oil and/or procurement/management staff with decision making responsibility or influence occurs. In this regard, National Oil will require all tenderers to sign, as part of the tender documents, an Integrity Pact (Section VII – Standard forms). <b>Non-delivery of the Bidders Declaration and Integrity Pact (Section VII – Standard forms) duly undersigned by the chief executive or legal representative of the tendering party will result in exclusion of the bid/ quotation from the procurement process.</b></p> <p>National Oil reserves the right to suspend or cancel a tender/quotation if corrupt practices of any kind are discovered at any stage of the award process.</p>



### **3 SECTION III – GENERAL CONDITIONS OF CONTRACT**

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### **3.1 Definitions**

In this contract the following terms shall be interpreted as indicated:

- a) “The contract” means the agreement entered into between the Procuring entity and the tenderer as recorded in the Contract Form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.
- b) “The Contract Price” means the price payable to the tenderer under the Contract for the full and proper performance of its contractual obligations.
- c) “The services” means services to be provided by the contractor including materials and incidentals which the tenderer is required to provide to the Procuring entity under the Contract.
- d) “The Procuring entity” means the organization sourcing for the services under this Contract.
- e) “The contractor means the individual or firm providing the services under this Contract.
- f) “GCC” means general conditions of contract contained in this section
- g) “SCC” means the special conditions of contract
- h) “Day” means calendar day

### **3.2 Application**

These General Conditions shall apply to the extent that they are not superceded by provisions of other part of contract.

### **3.3 Standards**

- 3.3.1 The services provided under this Contract shall conform to the 7 standards mentioned in the Schedule of requirements

### **3.4 Patent Rights**

The tenderer shall indemnify the Procuring entity against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the services under the contract or any part thereof.

### **3.5 Performance Security**

- 3.5.1 Within twenty eight (28) days of receipt of the notification of Contract award, the successful tenderer shall furnish to the Procuring entity the performance security where applicable in the amount specified in Special Conditions of Contract.

- 3.5.2 The proceeds of the performance security shall be payable to the Procuring entity as compensation for any loss resulting from the Tenderer’s failure to complete its obligations under the Contract.

- 3.5.3** The performance security shall be denominated in the currency of the Contract, or in a freely convertible currency acceptable to the Procuring entity and shall be in the form of :
- a) Cash.
  - b) A bank guarantee.
  - c) Such insurance guarantee approved by the Authority.
  - d) Letter of credit.

**3.5.4** The performance security will be discharged by the procuring entity and returned to the candidate not later than thirty (30) days following the date of completion of the tenderer's performance of obligations under the contract, including any warranty obligations under the contract.

## **3.6 Inspections and Tests**

**3.6.1** The Procuring entity or its representative shall have the right to inspect and/or to test the services to confirm their conformity to the Contract specifications. The Procuring entity shall notify the tenderer in writing, in a timely manner, of the identity of any representatives retained for these purposes.

**3.6.2** The inspections and tests May be conducted on the premises of the tenderer or its subcontractor(s). If conducted on the premises of the tenderer or its subcontractor(s), all reasonable facilities and assistance, including access to drawings and production data, shall be furnished to the inspectors at no charge to the Procuring entity.

**3.6.3** Should any inspected or tested services fail to conform to the Specifications, the Procuring entity May reject the services, and the tenderer shall either replace the rejected services or make alterations necessary to meet specification requirements free of cost to the Procuring entity.

**3.6.4** Nothing in clause 3.6 shall in any way release the tenderer from any warranty or other obligations under this Contract.

## **3.7 Payment**

**3.7.1** The method and conditions of payment to be made to the tenderer under this Contract shall be specified in SCC.

## **3.8 Prices**

Prices charged by the contractor for services performed under the Contract shall not, with the exception of any Price adjustments authorized in SCC, vary from the prices by the tenderer in its tender or in the procuring entity's request for tender validity extension as the case May be. No variation in or modification to the terms of the contract shall be made except by written amendment signed by the parties.

## **3.9 Assignment**

The tenderer shall not assign, in whole or in part, its obligations to perform under this contract, except with the procuring entity's prior written consent.

### **3.10 Termination for Default**

The Procuring entity may, without prejudice to any other remedy for breach of Contract, by written notice of default sent to the tenderer, terminate this Contract in whole or in part:

- a) if the tenderer fails to provide any or all of the services within the period(s) specified in the Contract, or within any extension thereof granted by the Procuring entity;
- b) if the tenderer fails to perform any other obligation(s) under the Contract.
- c) if the tenderer, in the judgment of the Procuring entity has engaged in corrupt or fraudulent practices in competing for or in executing the Contract.

In the event the Procuring entity terminates the Contract in whole or in part, it may procure, upon such terms and in such manner as it deems appropriate, services similar to those undelivered, and the tenderer shall be liable to the Procuring entity for any excess costs for such similar services.

### **3.11 Termination of insolvency**

The procuring entity may at anytime terminate the contract by giving written notice to the contractor if the contractor becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the contractor, provided that such termination will not produce or affect any right of action or remedy, which has accrued or will accrue thereafter to the procuring entity.

### **3.12 Termination for convenience**

**3.12.1** The procuring entity by written notice sent to the contractor may terminate the contract in whole or in part, at any time for its convenience. The notice of termination shall specify that the termination is for the procuring entity convenience, the extent to which performance of the contractor of the contract is terminated and the date on which such termination becomes effective.

**3.12.2** For the remaining part of the contract after termination the procuring entity may elect to cancel the services and pay to the contractor on agreed amount for partially completed services.

### **3.13 Resolution of disputes**

**3.13.1** The procuring entity's and the contractor shall make every effort to resolve amicably by direct informal negotiations any disagreement or dispute arising between them under or in connection with the contract.

**3.13.2** If after thirty (30) days from the commencement of such informal negotiations both parties have been unable to resolve amicably a contract dispute either party may require that the dispute be referred for resolution to the formal mechanisms specified in the SCC.



### **3.14 Governing Language**

The contract shall be written in the English language. All correspondence and other documents pertaining to the contract, which are exchanged by the parties, shall be written in the same language.

### **3.15 Force Majeure**

The contractor shall not be liable for forfeiture of its performance security, or termination for default if and to the extent that its delay in performance or other failure to perform its obligations under the Contract is the result of an event of Force Majeure.

### **3.16 Applicable Law**

The contract shall be interpreted in accordance with the laws of Kenya unless otherwise specified in the SCC.

### **3.17 Notices**

Any notices given by one party to the other pursuant to this contract shall be sent to the other party by post or by fax or E-mail and confirmed in writing to the other party's address specified in the SCC

A notice shall be effective when delivered or on the notices effective date, whichever is later.

## **4 SECTION IV – SPECIAL CONDITIONS OF CONTRACT**

### **Notes on Special Conditions of Contract**

The clauses in this section are intended to assist the procuring entity in providing contract specific information in relation to corresponding clauses in the general conditions of contract.

The provisions of section IV complement the general conditions of contract included in section III, specifying contractual requirements linked to the special circumstances of the procuring entity and the procurement of services required. In preparing section IV, the following aspects should be taken into consideration.

- a) Information that complement provisions of section III must be incorporated
- b) Amendments and/or supplements to provision of section III, as necessitated by the circumstances of the specific service required must also be incorporated.

Where there is a conflict between the provisions of the special conditions of contract and the provisions of the general conditions of contract the provisions of the special conditions of contract herein shall prevail over the provisions of the general conditions of contract.

## SECTION IV SPECIAL CONDITIONS OF CONTRACT

- 4.1** Special conditions of contract shall supplement the general conditions of contract, wherever there is a conflict between the GCC and the SCC, the provisions of the SCC herein shall prevail over those in the GCC.
- 4.2** Special conditions of contract with reference to the general conditions of contract.

<b>General conditions of contract reference</b>	<b>Special conditions of contract</b>
3.5	<p><b>Particulars of performance security</b></p> <p>The amount of Performance Security shall be 10% of the Contract Price in the format of the Performance Security Form provided in the tender document in the form of a bank guarantee drawn by a bank licensed and operating in Kenya.</p>
3.7	<p><b>Payment terms</b></p> <ul style="list-style-type: none"> <li>• Advance payments are not allowable. When the advance payment is allowed, then the successful tenderer must submit an advance payment bank guarantee in the format given in Section VII – Standard Forms – Bank Guarantee for Advance Payment. The advance payment bank guarantee must be valid for an additional 30 days to the period of execution of the task for which the advance payment is made so as to allow for confirmation of satisfactory receipt of the services.</li> <li>• The payments will be done monthly within 30 days upon receipt of invoice at National Oil and confirmation of satisfactory receipt of services.</li> <li>• The invoices must be accompanied with the ETR receipts prior to any payments been made.</li> </ul>
3.13	The provisions of the arbitration act of the laws of Kenya shall apply.

## 5 SECTION V – SCHEDULE OF REQUIREMENTS

### Notes for preparing the schedule of requirements

The schedule of requirements for the services shall be included in the tender documents by the procuring entity and shall cover at the minimum a description of the goods and services to be supplied and the delivery schedule.

The objectives of schedule of requirements is to provide sufficient information to enable tenderers to prepare their tenders efficiently and accurately, in particular, the price schedule, for which information is provided.

In addition, the schedule of requirements, together with the price schedule, should serve as a basis in the event of quantity variations at the time of award of contract pursuant to instructions to tenderers clause 26.

The date or period of delivery should be carefully specified, taking into account the date prescribed herein from which the procuring entity's delivery obligations start (notice of award).

This part will include any deliverables under the service contract

Number	Description	Quantity	Delivery Time Start _____ End _____
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*(The tenderer should amend as appropriate giving their deliverable and delivery schedule)*

## **6 SECTION VI – DESCRIPTION OF SERVICES**

### **6.1 Terms of reference**

#### **Part I – Inventory Variances Audit**

##### **A. Background**

The Corporation's latest statutory financial audit for 2015/16, highlighted the inventory management systems and controls as being unsatisfactory. The stock reconciliations were observed as carrying long outstanding non reconciling items. A majority of the non-reconciling items should ideally clear out in the succeeding periods; however, this has not been the case since 2009 with the implementation of Oracle Management System.

In October 2016, the Corporation made a decision to hive off all historical none reconciling items in a separate non-trading stock point to ensure new variances were not created. These hived off stocks plus all other stock variances require validation and verification to ascertain if there is any revenue leakage.

##### **B. Objective**

The objective of the inventory variance audit and revenue assurance is to verify and validate the stocks variances as at 30<sup>th</sup> June 2017 and confirm physical volumes and value of stocks as at 30<sup>th</sup> June 2017. The exercise is also expected to verify if there are any revenue leakages as a result of the variances.

The concerns that have precipitated this audit and revenue assurance include:

- Significant stock variances since Oracle implementation in 2009 that have not been clearing.
- Significant difference between Physical stocks and the stocks figures reflected in oracle.
- Lack of detailed reasons and explanations as to why the variances arose.
- Need to determine if the stock variances amount to loss of stocks and revenue.
- Uncertainty on the true physical stocks the Corporation holds.
- Support the implementation of the recommendations on review and upgrade of Oracle ERP System by the firm contracted by National Oil.

##### **C. Scope of work**

1. To analyze reasons and/or causes of stocks variances since 2009 to 30<sup>th</sup> June 2017.

2. To validate the adequacy, completeness and accuracy of stock provisions as captured in the books of accounts over the years and as at 30<sup>th</sup> June 2017. Provide clear recommendations for any adjustments and write-offs/ons.
3. Ascertain the actual physical stock volumes and value at all stock locations as at 30<sup>th</sup> June 2017.

#### **D. Expected output**

1. Detailed list of quantities and values per stock location of all stocks that have not cleared.
2. Detailed list of the reasons and/or causes of stocks variances.
3. Schedule of correct stock provisions including volumes and value if different.
4. Schedule of recommended write-offs/ons if any.
5. Detailed listing in volume/quantity and value of the correct physical stocks as at 30<sup>th</sup> June 2017.

#### **E. Required Expertise**

1. Capacity to carry out detailed forensic audits and investigations.
2. Knowledge of complex Inventory Management Systems in the Oil & Gas Industry.
3. Knowledge in ERP systems, specifically Oracle Business Suite.
4. Experience of similar assignments elsewhere.

## **Part II – Revenue Assurance (Upstream Funds Assurance)**

### **A. Background**

National Oil gets an annual budget allocation from Ministry of Energy and Petroleum for the funding of exploration activities every year. The fund goes into catering for exploration department's operational costs, including an allocation of all shared service departments that support the department. The Corporation also gets other funds from the Ministry through budgetary requests for specific upstream projects like the Laboratory, Purchase of Software, and Capacity Building.

Exploration department also generates revenues through the various projects it undertakes, including data sales and multi-client revenue shares. Industry partners in the various projects like Block 14T also send the Corporation monies as contribution to the cost of exploration work program. International Oil Companies like Anadarko have also entrusted the Corporation with funds to undertake CSR projects on their behalf.

All these upstream funds are received in the corporate bank accounts that are used for downstream operations too. The Fund accounts in the books, however, and maintained separately to track the use of funds and the balances at the end of every period. This is in line with recommendations of auditors in 2004 when the Corporation re-organized its multiple bank accounts and enhanced General Ledger accounts to monitor various funds.

The comingling of funds in the same bank accounts has however posed a challenge in securing upstream funds and availing them as and when the projects start. With the high working capital requirements in downstream operations, the funds have often gone into downstream use.

## **B. Objective**

The objective of this exercise is to trace all the upstream funds and revenue over the last 5 years, and establish available cash for projects, and how much has already been utilized in downstream operations.

## **C. Scope of work**

1. To ascertain all upstream revenues received in the last 5 years, their use and balances available
2. To trace all the funds received from Ministry of Energy and Petroleum and the balances available for use
3. To trace the funds from JOGMEC and their use in upstream, and the balance available
4. To ascertain the cash balance of each category of upstream funds, and how much has been used in downstream operations
5. Recommend improvements and closing of gaps in the management of Upstream Funds going forward.

## **D. Required Expertise**

1. Capacity to carry out detailed audit and investigation
2. Knowledge of Treasury Management
3. Knowledge in ERP systems
4. Experience of similar assignments elsewhere

## **Time Frame of the Assignment**

The duration of the assignment is anticipated to run for a period of 6 (six) weeks commencing on the date of signing the Agreement. The successful bidder should be able to commence the review within 7 (seven) days after signing the agreement.

## **7 SECTION VII – STANDARD FORMS**

### **Notes on standard forms**

1. The tenderer shall complete and submit with its tender the form of tender and price schedules pursuant to instructions to tenderers clause 2.9 and in accordance with the requirements included in the special conditions of contract.
2. When requested by the appendix to the instructions to tenderers, the tenderer should provide the tender security, either in the form included herein or in another form acceptable to the procuring entity pursuant to instructions to tenderers clause 2.12.3
3. The contract form, the price schedules and the schedule of requirements shall be deemed to form part of the contract and should be modified accordingly at the time of contract award to incorporate corrections or modifications agreed by the tenderer and the procuring entity in accordance with the instructions to tenderers or general conditions of contract.
4. The performance security and bank guarantee for advance payment forms should not be completed by the tenderers at the time of tender preparation. Only the successful tenderer will be required to provide performance/entity and bank guarantee for advance payment forms in accordance with the forms indicated herein or in another form acceptable to the procuring entity and pursuant to the – conditions of contract.



## **SECTION VII – STANDARD FORMS**

- 1 Form of tender
- 2 Price schedules
- 3 Contract form
- 4 Confidential Questionnaire form
- 5 Tender security form
- 6 Performance security form
- 7 Bank guarantee for advance payment
- 8 Bidder's Declaration and Integrity Pact

**1 FORM OF TENDER**

Date \_\_\_\_\_

Tender No. \_\_\_\_\_

To.....

.....

[Name and address of procuring entity]

Gentlemen and/or Ladies:

1. Having examined the tender documents including Addenda Nos..... *[insert numbers]* of which is hereby duly acknowledged, we, the undersigned, offer to provide ..... *[description of services]* in conformity with the said tender documents for the sum of ..... *total tender amount in words and figures*] or such other sums as may be ascertained in accordance with the Schedule of Prices attached herewith and made part of this Tender.
2. We undertake, if our Tender is accepted, to provide the services in accordance with the services schedule specified in the Schedule of Requirements.
3. If our Tender is accepted, we will obtain the tender guarantee in a sum equivalent to \_\_\_\_\_ percent of the Contract Price for the due performance of the Contract, in the form prescribed by (Procuring entity).
4. We agree to abide by this Tender for a period of *[number]* days from the date fixed for tender opening of the Instructions to tenderers, and it shall remain binding upon us and may be accepted at any time before the expiration of that period.
5. Until a formal Contract is prepared and executed, this Tender, together with your written acceptance thereof and your notification of award, shall constitute a binding Contract between us.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

*[signature]* \_\_\_\_\_ *[In the capacity of]* \_\_\_\_\_

Duly authorized to sign tender for and on behalf of \_\_\_\_\_

## 2 PRICE SCHEDULE OF SERVICES

Name of Tenderer \_\_\_\_\_ Tender Number \_\_\_\_\_. Page \_\_\_\_ of \_\_\_\_\_

Item	Description	Cost (KShs)	Cost of other incidental services payable (KShs)	Tax Chargeable (tenderer to specify) (KShs)	Total Cost inclusive of taxes (KShs)

\_\_\_\_\_  
Name & Signature of tenderer (authorized signatory)

Stamp \_\_\_\_\_

- The tenderer may amend the price schedule as appropriate detailing all its costs in implementing the contract comprehensively in line with all the terms of reference. The price schedule should capture each and every item chargeable by the tenderer, including any “assumed” miscellaneous costs.
- Hidden costs/charges are not acceptable and will lead to termination of contract, should hidden charges arise during the contract execution.
- The tenderer should clearly specify all taxes chargeable and give their overall final quote as a tabulation inclusive of the taxes.

*Note:* In case of discrepancy between unit price and total, the unit price shall prevail.

### 3 CONTRACT FORM

THIS AGREEMENT made the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ between..... *[name of procurement entity]* of ..... *[country of Procurement entity]* (hereinafter called “the Procuring entity”) of the one part and ..... *[name of tenderer]* of ..... *[city and country of tenderer]* (hereinafter called “the tenderer”) of the other part.

WHEREAS the procuring entity invited tenders for certain materials and spares. Viz..... *[brief description of materials and spares]* and has accepted a tender by the tenderer for the supply of those materials and spares in the sum of ..... *[contract price in words and figures]*

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract referred to.
2. The following documents shall be deemed to form and be read and construed as part of this Agreement, viz.:
  - (a) the Tender Form and the Price Schedule submitted by the tenderer;
  - (b) the Schedule of Requirements;
  - (c) the Technical Specifications;
  - (d) the General Conditions of Contract;
  - (e) the Special Conditions of Contract; and
  - (f) the Procuring entity’s Notification of Award.
3. In consideration of the payments to be made by the Procuring entity to the tenderer as hereinafter mentioned, the tenderer hereby covenants with the Procuring entity to provide the materials and spares and to remedy defects therein in conformity in all respects with the provisions of the Contract
4. The Procuring entity hereby covenants to pay the tenderer in consideration of the provision of the materials and spares and the remedying of defects therein, the Contract Price or such other sum as may become payable under the provisions of the contract at the times and in the manner prescribed by the contract.

IN WITNESS whereof the parties hereto have caused this Agreement to be executed in accordance with their respective laws the day and year first above written.

Signed, sealed, and delivered by \_\_\_\_\_ the \_\_\_\_\_ (for the Procuring entity).

Signed, sealed, delivered by \_\_\_\_\_ the \_\_\_\_\_ (for the tenderer)

in the presence of \_\_\_\_\_.

4

**CONFIDENTIAL BUSINESS QUESTIONNAIRE**

You are requested to give the particulars indicated in Part 1 and either Part 2(a), 2(b) or 2 (c) whichever applied to your type of business.

You are advised that it is a serious offence to give false information on this form

*Part 1 – General:*

Business Name .....

Location of business premises. ....

Plot No..... Street/Road .....

Postal Address ..... Tel No. .... Fax ..... E mail .....

Nature of Business .....

Registration Certificate No. ....

Maximum value of business which you can handle at any one time – KShs. ....

Name of your bankers ..... Branch .....

Part 2 (a) – Sole Proprietor	
Your name in full ..... Age .....	
Nationality ..... Country of origin .....	
<ul style="list-style-type: none"> <li>• Citizenship details .....</li> <li>• .....</li> </ul>	
Part 2 (b) Partnership	
Given details of partners as follows:	
Name	Nationality                      Citizenship Details                      Shares
1. ....	.....
2. ....	.....
3. ....	.....
4. ....	.....
Part 2 (c) – Registered Company	
Private or Public .....	
State the nominal and issued capital of company-	
Nominal KShs. ....	
Issued KShs.....	
Given details of all directors as follows	
Name	Nationality                      Citizenship Details                      Shares
1.....	.....
2.....	.....
3.....	.....
4.....	.....
5.....	.....
Date .....	Signature of Candidate .....

If a Kenya Citizen, indicate under “Citizenship Details” whether by Birth, Naturalization or registration.

**5 TENDER SECURITY FORM**

Whereas ..... [name of the tenderer] (hereinafter called “the tenderer”) has submitted its tender dated..... [date of submission of tender] for the provision of ..... [name and/or description of the services] (hereinafter called “the Tenderer”).....  
KNOW ALL PEOPLE by these presents that WE.....  
Of.....having registered office at [name of procuring entity] (hereinafter called “the Bank”) are bound unto ..... [name of procuring entity] (hereinafter called “the procuring entity”) in the sum of .....  
for which payment well and truly to be made to the said Procuring entity, the Bank binds itself, its successors, and assigns by these presents. Sealed with the Common Seal of the said Bank this \_\_\_\_\_ day of 20\_\_\_\_\_.

THE CONDITIONS of this obligation are:

- 1. If the tenderer withdraws its Tender during the period of tender validity specified by the tenderer on the Tender Form; or
- 2. If the tenderer, having been notified of the acceptance of its Tender by the Procuring entity during the period of tender validity:
  - a) fails or refuses to execute the Contract Form, if required; or
  - b) fails or refuses to furnish the performance security, in accordance with the instructions to tenderers;

we undertake to pay to the Procuring entity up to the above amount upon receipt of its first written demand, without the Procuring entity having to substantiate its demand, provided that in its demand the Procuring entity will note that the amount claimed by it is due to it, owing to the occurrence of one or both of the two conditions, specifying the occurred condition or conditions.

This guarantee will remain in force up to and including thirty (30) days after the period of tender validity, and any demand in respect thereof should reach the Bank not later than the above date.

\_\_\_\_\_  
[signature of the bank]

**6 PERFORMANCE SECURITY FORM**

To: .....  
[name of the Procuring entity]

WHEREAS..... [name of tenderer] (hereinafter called “the tenderer”) has undertaken, in pursuance of Contract No. \_\_\_\_\_ [reference number of the contract] dated \_\_\_\_\_ 20\_\_ to supply.....

[Description services](Hereinafter called “the contract”) AND WHEREAS it has been stipulated by you in the said Contract that the tenderer shall furnish you with a bank guarantee by a reputable bank for the sum specified therein as security for compliance with the Tenderer’s performance obligations in accordance with the Contract.

AND WHEREAS we have agreed to give the tenderer a guarantee:  
THEREFORE WE hereby affirm that we are Guarantors and responsible to you, on behalf of the tenderer, up to a total of .....  
*[amount of the guarantee in words and figures]*, and we undertake to pay you, upon your first written demand declaring the tenderer to be in default under the Contract and without cavil or argument, any sum or sums within the limits of .....  
*[amount of guarantee]* as aforesaid, without your needing to prove or to show grounds or reasons for your demand or the sum specified therein.

This guarantee is valid until the \_\_\_\_\_ day of 20\_\_

\_\_\_\_\_  
Signature and seal of the Guarantors

\_\_\_\_\_  
*[name of bank or financial institution]*

\_\_\_\_\_  
*[address]*

\_\_\_\_\_  
*[date]*

**7 BANK GUARANTEE FOR ADVANCE PAYMENT**

To.....  
[name of tender].....

Gentlemen and/or Ladies:

In accordance with the payment provision included in the special conditions of contract, which amends the general conditions of contract to provide for advance payment, ..... [name and address of tenderer][hereinafter called “the tenderer”] shall deposit with the Procuring entity a bank guarantee to guarantee its proper and faithful performance under the said clause of the contract in an amount of ..... [amount of guarantee in figures and words].

We, the ..... [bank or financial institution], as instructed by the tenderer, agree unconditionally and irrevocably to guarantee as primary obligator and not as surety merely, the payment to the Procuring entity on its first demand without whatsoever right of objection on our part and without its first claim to the tenderer, in the amount not exceeding ..... [amount of guarantee in figures and words].

We further agree that no change or addition to or other modification of the terms of the Contract to be performed thereunder or of any of the Contract documents which may be made between the Procuring entity and the tenderer, shall in any way release us from any liability under this guarantee, and we hereby waive notice of any such change, addition, or modification.

This guarantee shall remain valid and in full effect from the date of the advance payment received by the tenderer under the Contract until [date].

Yours truly,

Signature and seal of the Guarantors

\_\_\_\_\_  
[name of bank or financial institution]

\_\_\_\_\_  
[address]

\_\_\_\_\_  
[date]



## 8 BIDDER'S DECLARATION AND INTEGRITY PACT

### BIDDER'S DECLARATION

We/I the undersigned ....., in the capacity of ..... for ..... [name of the company/firm/individual] certify that the **bidder is not in any of the following situations:**

- 1 Bankruptcy; are the subject of proceedings for a declaration of bankruptcy, or of an order for compulsory winding up or administration by court, or of any other similar proceedings;
- 2 Payments to us have been suspended in accordance with the judgment of a court other than a judgment declaring bankruptcy and resulting, in accordance with our national laws, in the total or partial loss of the right to administer and dispose off our property;
- 3 Legal proceedings have been instituted against us involving an order suspending payments and which may result, in accordance with our national laws, in a declaration of bankruptcy or in any other situation entailing the total or partial loss of the right to administer and dispose of our property;
- 4 Are being wound up, or our affairs are being administered by court, or have entered into an arrangement with creditors, or have suspended business activities or are subject to an injunction against running business by a court of law;
- 5 Have been convicted by a final judgment of any crime or offence concerning our/my professional conduct;
- 6 Are guilty of serious misrepresentation with regard to information required for participation in an invitation to tender or execution of a tender already awarded; and
- 7 Are in breach of contract on another contract with the Government of Kenya or other local or international contracting authority or foreign government.
- 8 Have been convicted of an offence concerning our/my professional conduct by a court of law, or found guilty of grave professional misconduct;
- 9 Have not fulfilled obligations relating to payments of taxes or statutory contributions.

If the bidder is in any of the above listed situations, kindly attach documents giving details of the situation.

Names in full: [.....]

Signature: [.....]

Duly authorized to sign this bid on behalf of (bidder's name):

[.....]

Place and date: [.....]

Stamp of the firm/company:

## **INTEGRITY PACT**

### **Bidder's Oath to fulfill the Integrity Pact**

Accepting that transparent business management and fair public administration are key to social development and national competitiveness, and in an effort to purge corruption and apply sanctions to corrupt businesses, and in full support of the worthy goals of this Integrity Pact, concerning the present tender for: \_\_\_\_\_, all personnel of \_\_\_\_\_ and its sub-contractors and agents hereby agree that:

1. We shall not conduct any unethical business practices, such as bid-rigging for the sake of a particular bidder to win the bid, or price-fixing. If proven as a fact that we have engaged in bid-rigging for the sake of a particular bidder to win the bid, we shall accept to be prohibited from submitting bids placed by National Oil Corporation of Kenya (herein referred to as NATIONAL OIL) for a period of two (2) years. If proven that we have discussed with other bidders in a bid to fix a price, or rigged a bid for a particular bidder to win the bid, we shall accept the prohibition from submitting bids placed by NATIONAL OIL for a period of two (2) years. If any unethical behaviour is tantamount to a fraudulent practice, we accept that such a case may be handed over to the authorities for investigation and possible prosecution.
2. In the process of bidding, or concluding or execution of a contract, we shall not offer any bribe, gifts, entertainment or any other undue benefits directly or indirectly to related officials, and in case it is proved that we have violated any terms of this Integrity Pact in relation with a bid, or concluding or execution of a contract, or offered bribes for favours in a contract, to win a contract, or facilitate payment which should not have been forthcoming, we shall accept the prohibition from submitting a bid placed by NATIONAL OIL for a period of two (2) years. If proven as a fact that we have offered bribes to NATIONAL OIL or related officials for favours regarding a bid or contract to a bidder or a winning bidder, or for the purpose of faulty execution of the objectives of a contract, we shall accept the prohibition from submitting bids placed by NATIONAL OIL for a period of two (2) years. If proven that we have offered bribes to NATIONAL OIL or related officials in relation to bidding, or concluding or execution of a contract, we shall accept the prohibition from submitting bids placed by NATIONAL OIL for a period of two (2) years.
3. In case it is proven that we have offered bribes to a related official or a NATIONAL OIL official regarding a bid, or concluding or execution of a contract, we shall accept the cancellation of the contract, and shall not file any civil, administrative or criminal appeals.
4. We shall make our best effort to institute a Company Code of Conduct that prohibits bribery, bid rigging/fixing or any other corrupt practices in business relations with officials and NATIONAL OIL, and a company regulation that prohibits any retaliatory acts toward anyone reporting inside corruption.
5. In addition, I confirm on behalf of the bidder that the details included in the bidders profile and experience sheet and our quotation are correct to the best of my knowledge and belief. In addition, we authorize, NATIONAL OIL to seek information from any source to confirm our compliance with the requirements of this Integrity Pact.

6 The bidder authorizes NATIONAL OIL, to seek information from any source, including publication of the name of the bidder to confirm that the bidder is compliant with the requirements of this Integrity Pact.

We shall fulfill this Integrity Pact as a solemn oath made on the basis of mutual trust, and, if and when we win a bid, we shall sign and fulfill the above as a “Special Condition of Contract,” and not file any civil, administrative or criminal appeals regarding any of the above terms.

Dated: \_\_\_\_\_

Signed by: \_\_\_\_\_  
(Chief Executive/CHIEF EXECUTIVE OFFICER)

Full Name printed: \_\_\_\_\_

**9 LETTER OF NOTIFICATION OF AWARD**

Address of Procuring Entity

\_\_\_\_\_

\_\_\_\_\_

To: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

RE: Tender No. \_\_\_\_\_

Tender Name \_\_\_\_\_

This is to notify that the contract/s stated below under the above mentioned tender have been awarded to you.

\_\_\_\_\_

\_\_\_\_\_

1. Please acknowledge receipt of this letter of notification signifying your acceptance.
2. The contract/contracts shall be signed by the parties within 30 days of the date of this letter but not earlier than 14 days from the date of the letter.
3. You may contact the officer(s) whose particulars appear below on the subject matter of this letter of notification of award.

*(FULL PARTICULARS)* \_\_\_\_\_

\_\_\_\_\_

SIGNED FOR ACCOUNTING OFFICER