

# KNOWLEDGE CENTRE

## Procurement of External Auditing Services

**PAS:1**

### Relevant Facts or Questions Asked

A PE sought the guidance of this Ministry on the following where:-

- I. The PE sought to engage the services of an international auditing firm to conduct a review/reconciliation of figures reported by a previous consulting team of the company;
- II. Whilst the PE currently utilises the services of PricewaterhouseCoopers (PWC) it deems it a conflict of interest for PWC to perform the audit given that they have already submitted to the PE audited financials for the period in question;
- III. The PE's joint venture overseas partner has always indicated that any reconciliation/review that ought to be done should be done by an international auditing firm;
- IV. Based on market research it was observed that there are only two (2) international firms with local representations in the country, those being KPMG and BDO;
- V. The PE also sought guidance on whether the engagement of a new firm to conduct the review could be facilitated via the Limited tender (now Restrict bidding) procurement method;
- VI. In addition, the PE also desires guidance on the route to take in procuring an audit firm to conduct the review, and questions whether section 24(1)(b)(c) and 24(2)(b) of the Public Procurement Act, 2015 (as amended) ("The Act") applies to the case presented.

### Issues Arising

The PE referred for this Ministry's guidance, the applicable conditions in law for the deployment of the Restricted bidding procurement method.



## Advice

1. Given the factual circumstances outlined, the PE may indeed consider deployment of the Restricted bidding method pursuant to section 24(1)(a) and 2(a) of the Act which allows procurement entities to invite bids from suppliers who are the only ones in the market. In this event, offers must be solicited from all such suppliers.
2. Procuring entities may solicit various types of offers from the market, depending on the factual circumstances, the procuring entity's business objectives, and the nature of the subject matter of the procurement contract. Bidding methods (including Restricted Bidding) are deployed when specifications are clear and precise, and the procuring entity is able to set out with certainty the manner and method in which a supplier is to meet the entity's needs.
3. Where market research efforts reveal that a limited number of suppliers exist it is the expectation that offers must naturally be solicited from these suppliers. The in-house estimate is also a key factor for consideration in the deployment of the Restricted bidding method. The First Schedule, Part III, Services of The Public Procurement Regulations, 2018 provides emphasis.
4. Consequently, the PE in its decision to deploy the Restricted bidding method, must weigh, in light of the aforementioned cited provisions/sections of the Act, including the in-house budget to guide the procurement, to determine whether:- a) the service required is highly complex or specialised; b) market research efforts were extensive enough to identify all competent suppliers; c) the nature of the service/audit will prohibit other competent suppliers from providing the desired services thus restricting full competition.
5. Section 6A. of the Public Bodies Management and Accountability Act is also of relevance to this matter.

-End-

