

**Small and
Medium
Practices
Committee**

Request for Proposal
August 31, 2007

Request for Proposal: Development of a Practice Management Guide for Use by Small and Medium Practices



**International Federation
of Accountants**

REQUEST FOR PROPOSAL: DEVELOPMENT OF A PRACTICE MANAGEMENT GUIDE FOR USE BY SMALL AND MEDIUM PRACTICES

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Section 1: Administration

1.1 Request for Proposal

This document is a formal Request for Proposal (RFP)¹ for the supply, to the Small and Medium Practices (SMP) Committee² of the International Federation of Accountants (IFAC),³ of an explanatory guide (“the Guide”) to Practice Management for use by small and medium-sized practices (SMPs). The Guide will provide guidance on how SMPs should manage their practice in order for them to operate in a safe, profitable and professional manner.

This RFP has been sent to all of IFAC’s member bodies and a short list of other potential suppliers as well as posted to the IFAC website so as to elicit a proposal from any interested party.

The proposal should include all the costs associated with compiling, drafting and editing the Guide. The successful supplier will be responsible for the provision of a suitable product which meets the needs of IFAC.⁴

1.2 Contact at IFAC

All enquiries relating to this RFP should be directed to:

Paul Thompson

Senior Technical Manager, Small and Medium Practices Committee

Email: PaulThompson@ifac.org

with a copy to:

Russell Guthrie

Director, Quality Assurance and Member Body Relations

Email: RussellGuthrie@ifac.org

1.3 Confidentiality of Information

All information contained in this RFP is publicly available. We will, however, treat in the strictest confidence all information included in the proposals.

1.4 Submission of Proposals

IFAC is not responsible for any costs incurred by you in the preparation of your response to this invitation. The preparation of your proposal shall be made without obligation by IFAC to acquire any of the items included in the proposal or to discuss the reasons why the proposal is accepted or rejected.

¹ In some jurisdictions this is referred to as an Invitation to Tender (ITT).

² The SMP Committee was established by IFAC to represent the interests of small and medium practices around the world. See www.ifac.org/smp for more details.

³ More information on IFAC can be found at www.ifac.org.

⁴ In the future IFAC may consider the commissioning of updates and enhancements to the Guide.

If the proposal is accepted, it will form part of the contract that will be negotiated subsequently. Any statements, therefore, included in the proposal as to the performance of the product will be contractually binding.

We may require meetings with suppliers to clarify details included in the proposals and these shall be arranged at the discretion of IFAC. We may also require product demonstrations.

If any sub-contractors or third-party suppliers will be used for any part of the Guide's development or maintenance, this should be clearly stated.

The successful supplier must undertake not to make any reference to IFAC in any literature, promotional material or sales presentation without prior consent from IFAC.

Proposals should be completed and submitted no later than midday (US Eastern Standard Time) on Friday, October 19, 2007 and should be addressed to Paul Thompson with a copy to Russell Guthrie at the email addresses shown above.

1.5 Assessment Criteria

The main criteria on which the proposals will be assessed include the:

- Quality of the proposal submitted.
- Ability of the proposed product to meet the stated aims of the Guide as described elsewhere in this document.
- Ability of the supplier to provide the appropriate level of support for any future updating and enhancements to the Guide.
- Experience of supplier's personnel in the supply of similar products.
- Supplier's long-term product strategy including plans to develop derivative products such as education and training materials, software tools and electronic practice aids.
- Ease and speed of development.
- Cost of developing and maintaining the Guide.
- Financial soundness of the supplier.

IFAC does not bind itself to accept the lowest proposal or any proposal. In this respect, IFAC reserves the right to award any contract for the development of the Guide which, in its opinion, represents value for money.

1.6 Successful Proposal

All proposals will be systematically analyzed by IFAC staff in conjunction with members of the SMP Committee. **The final decision as to the awarding of the project will be communicated via email to all organizations that submitted a proposal by February 28, 2008.**

Section 2: Background

2.1 IFAC Profile

Founded in 1977, IFAC is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of 155 members and associates in 118 countries, representing more than 2.5 million accountants in public practice, education, government service, industry and commerce. The organization, through its independent standard-setting boards, sets international ethics, auditing and assurance, education, and public sector accounting standards. It also issues guidance to encourage high quality performance by professional accountants in business and those working in small and medium practices.

2.2 Intended Users

The Guide is primarily aimed at IFAC member bodies and through them their members working in SMPs. These are important constituencies for IFAC, together representing a significant proportion of the 2.5 million accountants that belong to IFAC's member bodies.

The Guide is likely to be particularly useful to member bodies and SMPs in those countries where the profession is in a developmental phase and/or where neither IFAC member bodies nor commercial providers have published practice management guidance. The Guide may also be used by member bodies to implement and improve their current guidance material.

The Guide will be offered free of charge to all IFAC member bodies for end use by practitioners. Its primary audience is likely to be those managing the practice though certain parts, such as those explaining the rules and procedures of work, could serve as an introduction to the firm for new members of staff and as a point of reference for everyone.

We anticipate the Guide being used by member bodies and other commercial organizations under license as the basis for developing derivative products including education and training materials and modules (in particular to support continuing professional development (CPD)), software tools and electronic practice aids.

In addition, we anticipate other constituents of the accountancy community such as students, policy makers, researchers, international development agencies, and academia will have an interest in the Guide.

Section 3: Statement of Requirements

A detailed analysis of the functional requirements is set out in this section.

3.1 Project Objectives

The project's objectives include:

- Improving the competitiveness, profitability and sustainability of practices;
- Enhancing the expertise, competence, and efficiency of those managing practices;
- Providing practical assistance to those engaged in managing practices so as to provide an environment conducive to the provision of high quality services;
- Facilitating global convergence in best practices in practice management; and
- Providing a basis for the development of other products aimed at promoting effective practice management, such as education and training materials, software tools and electronic practice aids, etc.

While these objectives are stated in general terms, ultimately the Guide needs to be specifically relevant to the SMP environment.

3.2 Underlying Principles

The development of this project is guided by the following underlying principles:

- Commitment to high quality;
- Availability in English in electronic form to IFAC member bodies free of charge;
- A platform for others to produce derivative products;
- Written with a diverse international audience in mind;
- Jurisdiction neutrality;
- Clarity of language;
- Easy adaptation and translation to suit national jurisdictions; and
- Sector neutrality.

3.3 General Requirements

Product Specification

Only by properly managing their practices can SMPs succeed in today's competitive accounting marketplace. The Guide will be designed to help firms practice in a safe, profitable, and professional manner.

The Guide will cover the administrative and management areas that are common to all SMPs regardless of their geographic location or types of services they offer. As such it will outline widely accepted international best practice in the various fields of practice management.

The Guide will be targeted for use by SMPs and accordingly be an IFAC SMP Committee publication. The Guide will be designed primarily to help SMPs around the world more effectively manage their practice.

The Guide may also need to refer to some of the pronouncements of the International Auditing and Assurance Standards Board (IAASB)⁵, for example those relating to audit documentation and quality control, and the *Code of Ethics for Professional Accountants* issued by International Ethics Standards Boards for Accountants (IESBA).⁶

The Guide will be supplied free to member bodies for them to distribute as is or adapted, modified and translated to suit their national jurisdictions and language.⁷ Hence, the Guide should be generic and be structured and written in a way that makes it easy to adapt to the local/national requirements, culture and business practices of all the countries in which IFAC member bodies operate.

The Guide will be written in clear and concise language so that it may be readily understood and translated into other languages commonly used by IFAC member bodies.⁸ The content of the Guide should be written and structured so as to make the Guide easy to read and consult, also as a reference guide meant for everyday use.

Material pertaining to topics that might be jurisdiction-sensitive will carry an appropriate ‘health warning’ and be written in a manner that lends itself to easy adaptation and translation to suit local circumstances.

In June 2007 the SMP Committee plans on publishing its first explanatory guide, the ISA Guide, which is intended to help practitioners, especially SMPs, understand, implement, and comply with ISAs when conducting audits of SMEs. It may follow this with a Quality Control Guide,⁹ which is intended to help SMPs, understand, implement and comply with the standards relating to quality control at the firm and engagement level as issued by the IAASB and the IESBA, in the first quarter of 2008. It is vital that the successful supplier endeavors to ensure that the style of the Practice Management Guide is compatible with and complementary to these guides and includes cross-references as appropriate.¹⁰

Finally, the Guide must be generic enough to allow development of derivative products including, for example, education and training materials, software tools, and electronic practice aids.

⁵ See www.ifac.org/iaasb

⁶ See www.ifac.org/ethics

⁷ Were member bodies or others, including the authors, to make commercial gain from selling on the PMG as is or in adapted form then IFAC would expect to share in this gain.

⁸ IFAC’s translation and permissions policies are located at <http://www.ifac.org/Downloads/TranslationOfStandards.pdf> and http://www.ifac.org/Downloads/permissions_policy.pdf respectively.

⁹ See <http://www.ifac.org/News/LastestReleases.tml?NID=1162326308377001>

¹⁰ A free copy of the ISA Guide will be made available to the successful supplier.

Development Scenarios

In the event that IFAC lacks sufficient funds to develop the Guide in one go we welcome the receipt of proposals which outline the Guide's development under two scenarios:

- Development in one go; and
- Development in three cumulative phases over a period of three years (see section 3.5 for indicative timeline) – the first phase (Part 1) is likely to include the framework and some core chapters. Over the next two years two further parts will be written and duly integrated so that in year two Parts 1 and 2 combined will be published and finally in year three Parts 1, 2 and 3 combined, representing the complete Guide, will be published. Any supplementary practice aids and tools should be developed and published along with the relevant chapters.

Indicative Content

The complete Guide is likely to cover a diverse range of topics both strategic and operational. The Guide should focus on those topics that are relatively similar across jurisdictions. Any topics which differ significantly from one country to another, for example legislation including employment law, health and safety, money laundering, and client money, should be dealt with in summary fashion. For example, a general introduction to the subject may be provided and, where possible and meaningful, provide an overview of the main differences in country-specific regulatory regimes and practice. These topics might be further developed by member bodies when localizing the Guide (guidance on issues to be addressed when localizing the Guide should also be provided for the use of member bodies).

Hence, the complete Guide will likely include the following list of topics:

1. Current challenges
2. Strategic planning
3. Management structure
4. Managing people
5. The principles of marketing
6. E-business
7. Client relationship management
8. Knowledge management
9. Risk management
10. Financial management
11. Information technology
12. Partnership issues
13. Networking
14. Succession planning

Potential suppliers should not feel bound by this list. It is for guidance only. We are willing to consider significant variations to this contents list provided it can be adequately justified. It might also be useful to structure the Guide so that localized content, such as the topics referred to above, can be seamlessly inserted.

Relationship with IFACnet

In October 2006 IFAC launched IFACnet¹¹ an online search engine tailored for professional accountants. The Guide should have some linkage with this resource.

Quality Review

Although the supplier will be expected to warrant that the draft Guide supplied to IFAC is free of material error and faults, the draft Guide will also be subject to a quality review by IFAC staff and volunteers. This review will address both the utility of the Guide to the end user and its technical accuracy. IFAC undertakes to complete this review and communicate the results, including details of any revisions required, within 90 days of receiving the draft from the supplier. The process of review and revision is likely to be iterative and may take an additional month, therefore up to four months in total. Each part of the Guide, if developed in phases, and any updates beyond the initial contract period, will be subject to the same quality review process.

Aside from the requirements set out in this section, it is left to those submitting the proposals to determine exactly how their solution will satisfy the project's objectives.

3.4 Copyright

All rights to the Guide and related intellectual properties *will* rest solely with IFAC and only limited acknowledgment of the author will be given in the Guide itself. IFAC, however, will permit the successful supplier the rights to use the content of the Guide as a basis for developing domestic versions of the Guide provided this is not sold into the international marketplace. IFAC is also willing to consider alternative revenue and cost sharing models suggested by those making proposals.

3.5 Indicative Timeline

Pre-Contract Signing

Deadline for Submission of Proposals	October 19, 2007
Consideration of Proposals	December 2007
Decision on Awarding Contract	February 28, 2008
Contracts Signed with Chosen Supplier	March 2008

¹¹ See www.ifacnet.com

Development in One Go

Under this scenario IFAC intends to publish the complete Guide in the final quarter of 2008. In order to meet this deadline the supplier will need to adhere to the following timeline:

First Draft Supplied for IFAC Quality Review	June 30, 2008
Publication Approved by SMP Committee	October 2008
Publication of Guide	December 2008

Development in Three Phases

Under this scenario IFAC intends to publish the first edition of the Guide (Part 1) in the final quarter of 2008 and the second (Parts 1 and 2) and third/final editions (Parts 1, 2 and 3) on or around the anniversary in 2009 and 2010. In order to meet this deadline the supplier will need to adhere to the following timeline:

Phase 1

First Draft (Part 1) Supplied for IFAC Quality Review	June 30, 2008
Publication Approved by SMP Committee	October 2008
Publication First Edition (Part 1)	December 2008

Phase 2

First Draft (Part 2) Supplied for IFAC Quality Review	June 30, 2009
Publication Approved by SMP Committee	October 2009
Publication Second Edition (Parts 1 and 2)	December 2009

Phase 3

First Draft (Part 3) Supplied for IFAC Quality Review	June 30, 2010
Publication Approved by SMP Committee	October 2010
Publication Third Edition (Parts 1, 2 and 3)	December 2010

Section 4: Basis for Award of Contract

The criteria that will be used to judge the proposals are as follows:

4.1 Product

- Conforms to the product specification and the underlying principles outlined above.
- Capable of easy translation.
- Able to support a broad base of users, in particular SMPs, member bodies and the developing profession.
- User friendly and understandable.
- Capable of easy adaptation to suit local circumstances.

4.2 Supplier

- Has experience in developing similar products.
- Demonstrates ability to complete the project on time and in accordance with the product specification.
- Utilizes rigorous quality control processes to ensure a high quality product.

4.3 Terms and Conditions

- Cost.
- Conditions surrounding supply.

Section 5: Information Required

5.1 Proposal Content and Format

Proposals should set out clearly all information requested in the following sections.

Where specific questions are asked, individual and factual replies must be given, not general answers or reference to sales literature. Proposals may include relevant technical literature but this should be presented in separate appendices.

Those supplying proposals should be prepared to demonstrate a mock-up publication in advance of any final selection being made.

5.2 Information Summary

Please provide a summary of your intended approach to this project stating the main tasks and milestones involved. The proposal should clearly state how the Guide satisfies our needs as described in section 3 of this invitation.

5.3 Structure and Format

Please provide details as to the proposed structure and format of the Guide and how this lends itself to adaptation, updating, and the development of derivative products.

For the phased development scenario (see section 3.3) you should clearly specify what each part of the Guide will comprise and the rationale for this composition.

5.4 Supplier Information

Please provide:

- Name of supplier;
- Number of existing customers globally of similar products;
- Financial highlights for the past 3 years including revenue, net income and net assets;
- Track record in publishing technical products for the accountancy profession;
- Samples of similar products, if any;
- Limited list of references (2 or 3);
- Brief resumes for proposed authors;
- Details of internal quality review process; and
- Details of any sub-contractors to be used.

5.5 Phased Development

Please provide details of:

- Procedures for development of the Guide over a further three-year time frame; and
- How phases will be implemented.

5.6 Delivery, Publication and Payment

Please supply:

- An outline project plan (that accords with the timeline in section 3.5) clearly showing:
 - Initial drafting schedule
 - Iterations
 - Proofing
 - Formatting
 - Internal quality review
 - Revisions per IFAC review
- The terms and conditions included in your standard contract for the supply of products and any associated maintenance; and
- Details of the payment schedule proposed. This will need an acceptance criteria schedule (set in the contract). Final payment will not be made until the Guide has been delivered and has cleared IFAC's quality review process (see section 3.3).

5.7 Costs

Separate costs must be presented for the work to be carried out to develop the Guide under the two scenarios (see section 3.3 and 3.5):

- **Development in one go; and**
- **Development in three phases.**

It is important that IFAC is able to clearly understand the total cost to develop the Guide under each scenario.

IFAC accepts that the costs quoted will depend on the revenue and cost sharing model agreed for the Guide. However, as indicated in section 3.4 IFAC expects to hold exclusive copyright and intends to provide the Guide free of charge to its member bodies for their unreserved use. The existence of any contractual restrictions surrounding provision of the materials by IFAC to its member bodies must be articulated in your submission.

We envisage that many IFAC member bodies will wish to make the Guide available to their constituents, free of charge or for a fee, in either electronic form or hard copy, as is or duly adapted to suit their own national requirements. The successful supplier will be free to contract separately with these member bodies for adapting the Guide and producing electronic or hard copy versions for their use.

As indicated at section 3.4, IFAC is willing to consider alternative revenue and cost sharing models suggested by those submitting proposals. If you wish to propose alternative models please provide costs for each suggested model.

This proposal should be based on the provision of the specified product in English. The SMP Committee would be interested to learn whether suppliers have the capability of providing

the Guide in other languages. Any commitment to provide the Guide in other languages would be subject to a separate contract.

For the base case of supplying the Guide with no residual rights and for each alternative revenue and cost sharing model quote the following:

- Total cost for development under each scenario:
 - Development in one go; and
 - Development in three phases.