



PROCUREMENT

# BALANCE SHEET ANALYSIS AND ASSESSMENT TOOLS FOR PROCUREMENT PRACTITIONERS

14 – 17 APRIL 2020  
TURIN, ITALY

*Information Note*

# INTRODUCTION

The legal framework of Public procurement requires procurement practitioners to assign a set of “qualification” or “selection” criteria that potential suppliers/contractors must meet in order to prove that they possess the technical and financial capacity, experience and past performance records which are the minimum necessary to execute a specific procurement contract. Such “qualification” or “selection” criteria are distinct from the bid evaluation/contract award criteria. The selection criteria are a pre-condition for the supplier/contractor’s participation in the competition proceedings for contract award and they pertain to the bidder’s organization and work capacity profile. The “bid evaluation” or “award” criteria are related to the subject-matter of the procurement and concern the bid/offer itself and not the bidder’s organization and work profile.

In every organization, procurement practitioners are required to perform the prequalification procedures of bidders while not being sufficiently trained in reading and interpreting the firm’s audited financial statements which are often produced under specific national accounting standards. Therefore acquiring financial assessment skills that are applicable to the selection/prequalification process are essential for successfully concluding the selection process and for mitigating the risk of work stoppages (due to cash flow problems) or abandonment/non-completion of the contract in cases of precarious financial situation of an awarded bidder.

This 5-day module explores the assessment techniques of a company’s balance sheet in accordance with the International Financial Reporting Standards (IFRS) and prepares the participants to appropriately apply the gained competencies in the selection of financially-viable suppliers and contractors. It also enhances the ability of participants to use economic assessment tools like cost-benefit analysis and Net Present Value in order to select the most cost-effective contractual alternative for a particular major procurement operation including the decision to go for a Public-Private Partnership arrangement.

## OBJECTIVES

At the end of the course the participants will be able to analyse the financial statements of companies (like balance sheet, income statement and cash flow analysis) and work-out key financial indicators (like R.O.I, R.O.E, R.O.A) and liquidity indicators (like current ratio, quick ratio and working capital/sales) in order to exercise professional judgement in the selection/prequalification of financially-viable suppliers/providers of goods, works and services. They will also be able to apply cost-benefit analysis techniques using Net Present Value calculations.

# COURSE METHODOLOGY

The course is conducted using a highly-participative training delivery methodology through a combination of presentations by subject-matter specialists followed by self-assessment exercises/assignments. Group works are foreseen in order to facilitate the interpretation of accounting standards, analysis of cash flow statements and associated financial reports. Ample opportunity is provided to discuss common problems in the prequalification of the suppliers/providers in order to overcome specific constraints faced by the participants in establishing a firm's financial viability and its ability to meet the contractor's cash flow requirements.

# COURSE CONTENTS

## General

- Introduction to accounting principles and current attempts at harmonization of accounting standards
- Overview of accounting standards and relevance to the procurement practitioners
- International Accounting Standards (IAS)
  - Presentation of Financial Statements (IAS 1)
  - Introduction
  - Objective and scope of the Standard
  - Definition of key terms
  - Accounting treatment
  - Presentation and disclosure
  - Statement of Financial Position (Balance Sheet)
  - Statement of Comprehensive Income
  - Statement of Changes in Equity
  - Other
- Cash flow Statements (IAS 7)
  - Introduction
  - Objective and scope of the Standard
  - Definition of key terms
  - Accounting treatment
  - Presentation and disclosure
  - Case studies on Financial statements
- Cost benefit Analysis and NPV calculations

## PARTICIPANTS' PROFILE

This course addresses project directors, procurement staff, accounting and financial management in the public and private sectors who are staff engaged in the prequalification and selection process of suppliers and contractors as well as in the supervision of procurement contracts including Internal control staff at central, regional and local contracting authorities. The course is also useful for development agencies' staff responsible for the supervision of projects undertaken by the recipients of the loans and grants ex. the United Nations, International Financial Institutions, and the EU.

Candidates are expected to have procurement experience in the public or private sector and reasonable fluency in written and spoken English.

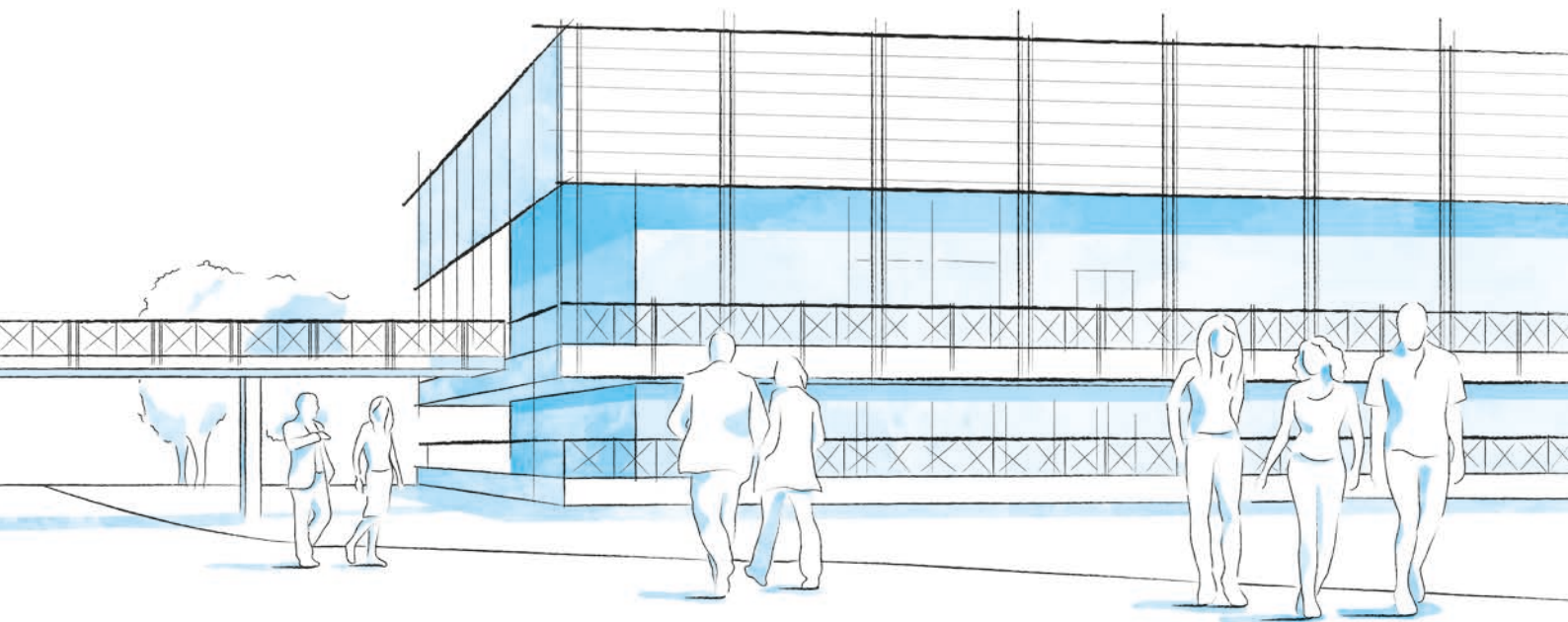
## COST OF PARTICIPATION

The cost of participation in this 4 days programme is **Euro 2.035** payable in advance by the participant's sponsoring organisation. This covers:

- tuition fee, which includes the use of the Centre's training facilities and associated support services, books and training materials, routine medical care and insurance;
- participant fee, which covers:
  - accommodation and full-board at the Centre;
  - Main travel between the participant's home country and Turin is not included.

For information regarding payment, cancellation and refunds, please consult:

<https://www.itcilo.org/application>



## CAMPUS LIFE

### A THRIVING UNITED NATIONS CAMPUS AND COMMUNITY OF PROFESSIONAL PEOPLE FROM AROUND THE WORLD

- **Three organizations** from the United Nations system on campus
- **More than 300 training courses** and activities in a stimulating international environment
- **Thousands of participants** from all over the world

### ENVIRONMENT AND SURROUNDINGS

#### **Grab a campus bicycle and explore the Turin Centre.**

Located in a leafy park on the banks of the Po River, it's a great place for study and collaboration. Experience innovative learning and training methods in modern classrooms equipped with simultaneous translation services.

### HOUSING, DINING, AND MORE

Comprising more than 280 private dormitories, the **Turin Campus provides a broad range of services for course participants and partners** including a free-flow restaurant, bank, travel agency, laundromat, post office, gym, medical services and a reception desk open 24/7.

### COMMUNITY ENGAGEMENT AND DIVERSITY

**Participants can enjoy social events organized by the Turin Centre** as well as by their course facilitators.

Whether on or off campus, people from different cultural backgrounds have the opportunity to listen to live music together, cook and share traditional foods, or team up to play games and network.

## INFO

### FOR FURTHER INFORMATION PLEASE CONTACT

**International Training Centre of the ILO**  
Sustainable Development Programme (SDP)  
Viale Maestri del Lavoro, 10  
10127 Turin – Italy

[sdp@itcilo.org](mailto:sdp@itcilo.org)  
[www.itcilo.org](http://www.itcilo.org)

**COURSE CODE: A9012836**

Made of paper awarded the European Union Eco-label,  
reg.nr FR/011/002, supplied by International Paper. 