

ASK/RFP-AUDIT/001/17-18

REQUEST FOR PROPOSAL.

TERMS OF REFERENCE FOR PROVISION OF EXTERNAL AUDIT SERVICES

1.0 INTRODUCTION

The Council of Agricultural Society of Kenya has decided to review its audit arrangements for the year ending 2017. The purpose is to invite audit firms to bid for provision of external audit services proposals for our head office and 16 branches which are spread across the country.

From the tenders, we will shortlist audit firms that will be required to make presentations inclusive of a question and answer session.

2.0 BACKGROUND

The Agricultural Society of Kenya was founded in 1901 and staged its first show in 1902. Our main business is to be the best disseminator of information by providing exhibition platforms for agriculture; trade and allied industries globally. This is enabled by staging various shows; International, National and Regional shows across the country. We currently have 16 branches and a staff capacity of 90 employees. The Society also offers membership services by sale of membership, tenancy services and hire of facilities during off-show periods.

Other subsidiary bodies to the Society include Young Farmers Club of Kenya, Kenya Livestock Breeders' Association, Kenya Ploughing Organization, Kenya Farmers Journal and Royal Agricultural Society of the Common Wealth.

3.0 OBJECTIVES

The overall objective of External Audit is to express an opinion on the Operating Systems and Financial Statements of the Agricultural Society of Kenya (ASK) with a view towards ensuring sound decision making in addition to compliance with various Accounting/financial standards as well as various legal and regulatory requirements.

Conditions for Request for Quotations

1. Delivery and validity period for the quotation MUST be indicated.
2. External audit brochures that fail to meet the technical specifications for the proposed items (as per the Specifications provided) shall not qualify to bid financial evaluation.
3. The quotation should be enclosed in plain sealed envelope and the quotation reference number MUST be indicated on the envelope.
4. Prices quoted MUST be net inclusive of VAT and all other costs where applicable.
5. The quotation MUST be stamped and signed.
6. The quotation MUST be placed in the tender/quotation box at the ASK HQ in Jamhuri Show Grounds.

7. The successful bidder shall be ready to supply the above services immediately upon signing of the service level agreement.
8. The bidder shall return the original copy of the quotation on the quotation submission date.
9. Failure to observe the above quotation conditions shall lead to automatic disqualification of the bidder.
10. ASK reserves the right to accept or reject any bid wholly or in part and does not bind itself to accept any bid.
11. Confidential Business Questionnaire (Non-Disclosure Agreement (NDA) must be fully filled and duly signed.

In exact terms, the External Auditors shall facilitate;

- a) Provision of full objective and confirmation that ASK activities are conducted in accordance with relevant International Standards and best practices;
- b) Provision of assurance and opinion to the various stakeholders that ASK's internal controls, governance and risk management processes are conducted effectively and efficiently;
- c) Building of stakeholders' confidence by indicating the Society's commitment to quality and best practices.

4.0 SCOPE OF WORK/ TERMS OF REFERENCE (ToRs)

The successful bidder will be required to perform the following types of external audits:

- a) Risk based audits (this includes, but are not limited to, audits on the Financial statements, Human Resource);
 - Compliance audits;
 - Performance audits;
 - Audits on predetermined objectives (performance information);
- b) The scope of external audit work entails testing and evaluating the adequacy and effectiveness of the Society's systems of internal control and to make recommendations;
 - i. Review the effectiveness and efficiency of the financial and human resource management process.
 - ii. Appraising the effectiveness and efficiency with which resources are employed and identifying opportunities to improve operating performance.
 - iii. Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information.
 - iv. Review the systems established by management to ensure compliance with those policies, laws, regulations and controls that could have a significant impact on operations and determine whether the Society is in compliance with its financial, administrative and property management procedures and other relevant legislation that governs the Society.

- v. Ensure that the Society adheres to the corporate governance requirements as prescribed in the organization's internal rules and regulations.
 - vi. Reviewing operations or programs to ascertain whether the results are consistent with established objectives or goals and whether the operations or programs are being carried out as planned.
- c) Express a professional and independent opinion as to whether the financial statements of the Society are prepared in all material respect in accordance with the applicable financial reporting standards and frameworks and all relevant laws and regulations.
 - d)** Establish that the Society maintains proper books of account and whether accompanying statements give a true and fair view of the financial position of the Society.

5.0 QUALIFICATIONS /REQUIRED PROFILE OF AUDIT FIRM

- a) Must be registered with the Institute of Certified Public Accounting of Kenya and the partners must hold current practicing certificates.
- b) The firm must have been in operation for not less than 10 years.
- c) The partners should have a good standing record with ICPAK and be full time practitioners with an experience of not less than 8 years.
- d) Provide CV's for personnel that will be undertaking the audit exercise.
- e) The firm should provide at least 3 organizations or NGOs references among its client base and be willing to introduce their clients for reference checks.

- f) The firm should demonstrate that it has the capacity, capability and experience required to undertake the audit within agreed timelines.
- g) Quality assurance by ICPAK will be an added advantage
- h) The firm must have a physical address and valid business permit.
- i) The firm should hold a current Tax compliance certificate.
- j) Filled and signed confidential business questionnaire.
- k) Copy of audit firm registration certificate.

6.0 REPORTING RESPONSIBILITIES

Pursuant to the Public Finance Management Act, 2012 and Regulations 2015; the external auditor shall report to the Audit Committee of the Council. It is expected the External Auditor shall work closely with the Head of internal Audit who shall coordinate the assignment(s) on behalf of both management and the Council.

7.0 CONTRACTUAL PERIOD

The period of the engagement for the selected External Auditor shall be three years (3), renewable, subject to proper execution of the terms of reference.

8.0 OBLIGATIONS

The selected External Auditor shall take all necessary steps to ensure that the entrusted tasks are executed properly and on schedule in accordance with established terms of reference.

In particular; the auditor shall:

- a) uphold utmost confidentiality with respect to information obtained in the course of the assignment;
- b) undertake to perform the tasks in accordance to the Terms of Reference and according to internationally accepted standards stipulated in the Professional Practices;
- c) Be provided on-site office space and generally expected to be available during business hours;
- d) Surrender all documents and other material at the end of the assignment to ASK's Head of Internal Audit;
- e) Ensure timely completion and reporting of all external audit assignments;
- f) Present DRAFT and FINAL reports on the assignment to the Head of Audit, Chief Executive Officer and members of the Audit Committee of the Council (Board)
- g) Submit Final reports and Opinion in both hard and soft copy.

9.0 TECHNICAL PROPOSAL

The Technical proposal shall be prepared and submitted by the External Auditor(s). It shall contain the following;

- a) Submission letter
- b) Particulars of the Consultant will include;
An understanding of the terms of reference (ToRs) and its capacity and capability to deliver the terms of reference. Details on its personnel, facility and other requirements to be provided by the procuring entity.
- c) The Methodology and work plan for undertaking and completing the assignment and deliverables.
- d) Any relevant additional comments on the assignment

10.0 FINANCIAL PROPOSAL

The financial proposal shall be prepared and submitted by the consultants. It shall contain the following;

- a) Submission letter indicating total fees (proposed fees and expenses)
- b) Summary of costs
- c) Breakdown of fees per activity.

The proposal shall indicate, the costs to cover remuneration for staff, subsistence, transportation, services and equipment, printing of documents, e.t.c as may be applicable. The costs should be broken down to be clearly understood. The financial proposal shall be in Kenya shillings (Kshs) and shall take into account the tax liability as provided by the law.

11.0 PAYMENTS TO THE CONSULTANT

Payments shall be made as provided in the service level agreement.