



## **EXPRESSION OF INTEREST EXTERNAL AUDIT SERVICES**

### **Background information**

SMEP microfinance bank is a medium sized microfinance bank domiciled in Kenya with branches countrywide and head office located at Kirichwa road Nairobi (upper hill).

We would like to engage a reputable audit firm to carry-out the statutory audit of SMEP microfinance bank for the financial year ending December 31, 2019. The contract will be renewable for a three year period.

The objective of the SMEP microfinance audit is to obtain reasonable assurance that the financial statements reflect a true and fair view of the financial position. The audit will be performed in accordance with International Financial Reporting Standards (“IFRS”) and International Standards of Auditing (“ISA”). The audit report will include an Independent Auditors Report (Opinion) on the financial statements.

The audit will also include such other required schedules or analyses SMEP microfinance bank has determined are necessary in order to ensure that resources are being properly managed. The auditors should assess the organization’s compliance with the provisions of the Kenyan Companies Act and the relevant applicable regulatory authorities

### **Audit Objective**

The objective of the SMEP microfinance Bank audit is to obtain reasonable assurance that the financial statements reflect a true and fair view of the financial position. The audit will be performed in accordance with International Financial Reporting Standards (“IFRS”) and International Standards of Auditing (“ISA”).

The audit report will include an Independent Auditors Report (Opinion) on the financial statements. The audit will also include such other required schedules or analyses as SMEP microfinance Bank has determined are necessary in order to ensure that resources are properly managed.

The auditors should assess the organization’s compliance with the provisions of the Kenyan Companies Act and the relevant applicable regulatory authorities.

### **Scope of work**



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The successful External Auditor will cover the following assignment

1. Financial statement audit
2. Tax audit
3. I.T. audit
4. Other engagement assignment as need arise

The audit will be in conformity with International Financial Reporting Standards (“IFRS”) and International Standards of Auditing (“ISA”). The findings and recommendations shall include an action plan for SMEP microfinance Bank organizational and accounting improvements depending on findings and its implications and shall accommodate management comments.

### **Eligibility Criteria**

Eligible Audit firm should meet the following criteria:

1. Compliance with legal requirements of registration



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2. Experience of the audit firm with audit reporting under International Financial Reporting standards (IFRS) and International Standards on Auditing (ISA)
3. References for similar audits performed within the last three years (From 2014 and above)
4. Provide Audit Methodology, Proposed Work-plan, Curriculum Vitae for the partner, manager and key staff proposed for the audit team
5. Audit firm and staff must be independent of SMEP microfinance Bank, and affirm their independence in the engagement letter.
6. Any actual or potential conflict of interest in taking up this role should be highlighted.

### **Deliverable**

The key deliverables will be:

1. Audited Financial Statements indicating if accounting standards have been applied and whether they reflect a true and fair view of the financial position of the company.



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2. Information technology audit during the financial audit
3. Management Letter where matters that are not material to the financial statements, but which the auditors wish to communicate to SMEP microfinance Bank may be reflected for management action

### Submission guidelines

The proposal submitted should have a maximum of 20 pages exclusive of the statutory requirements which shall be attached separately. The proposal subject line should clearly read, “EOI: EXTERNAL AUDITORS.”

The proposal should be addressed to: **Chief Executive Officer**

Mode of submission: **ONLY** electronically submitted proposals will be accepted. It should be submitted to the following email: [info@smep.co.ke](mailto:info@smep.co.ke)

The deadline for submission of the proposal is: **16<sup>th</sup> November 2018 at/or before 5 pm**

Only shortlisted bidders will be invited to present themselves for interview at SMEP microfinance bank offices at a date to be communicated. For any questions, send an email to: [info@smep.co.ke](mailto:info@smep.co.ke) not later than 7 days after the date



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of the advert.

<b>Mandatory Requirements</b>				
<b>No.</b>	<b>Particulars</b>	<b>Marks</b>	<b>Compliant</b>	<b>Non-compliant</b>
1.	Copy of Certificate of Incorporation/Certificate of Registration	1 or 0		
2.	Copy of valid Tax Compliance certificate	1 or 0		
3	Copy of practicing certificate for lead partner	1 or 0		
4.	Copy of PIN Certificate	1 or 0		
5.	Must submit 2 years certified copies of audited financial report (2015/2016, 2016/2017)	1 or 0		



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<i>Only those that meet the mandatory requirements in Section A will move to next stage of the evaluation.</i>				
<b>B. Expertise of firm / organization submitting proposal</b>				
		<b>Score</b>	<b>Max.</b>	
6.	Impartiality, Independence and Perceived Conflict of Interest of the Firm		5	
7	Ability to conduct audit in Kenya,		15	



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8.	<p>General Organizational Capability which is likely to affect delivery i.e.</p> <ul style="list-style-type: none"> <li>• loose consortium (3 marks);</li> <li>• holding company (5 marks);</li>   <li>• One firm (10 marks)</li> </ul>		10	
9.	<p>Extent to which any work would be subcontracted (where the firm lacks expertise)</p> <p>(Subcontracting carries additional risks which may affect project implementation, but properly done it offers a chance to access specialized skills).</p> <ul style="list-style-type: none"> <li>• Non subcontracting (5 marks)</li>   <li>• Sub-contracting (0 marks)</li> </ul>		5	



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10.	Experience in reviewing various projects audits.		10	
11.	Specialized expertise in review of Banks and microfinance deliverables		8	
	Sub-total		54	
<b>C. Proposed Work Plan and Approach</b>				
12.	Is the scope of task well defined and does it correspond to the TOR?		5	





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13.	Is the audit methodology adopted appropriate for the task?		5	
14.	Is the presentation clear and is the sequence of activities and the planning logical, realistic and promise efficient implementation to the project?		10	
	Sub-total		20	
<b>D. Team Members Experience &amp; Expertise</b>				



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15.	<p>General Qualification of the:</p> <ul style="list-style-type: none"><li>• Team Leader/Partner – Degree and Accountancy Professional Qualification (2 marks)</li><li>• Managers - Degree and Accountancy Professional Qualification, CISA (3 marks)</li><li>• Senior Auditors - Degree and Accountancy Professional Qualification, CISA (4 marks)</li><li>• Audit Assistants – Degree (1 marks)</li></ul>		10	
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16	<p>Professional Experience in the area of specialization and the region:</p> <ul style="list-style-type: none"> <li>• Team Leader – 10 years and above (banking experience an added advantage) (3 marks)</li> <li>• Managers – 8 years (banking experience an added advantage) (5 marks)</li> <li>• Senior Auditors – 5 years (banking experience an added advantage)(5 marks)</li> <li>• Audit Assistants – 2 year (banking experience an added advantage)(3 marks)</li> </ul>		16	
	<b>Sub-total</b>		<b>26</b>	
	<b>Total</b>		<b>100</b>	



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### **NOTE**

*Bidders who score below 70% will not be considered for further evaluation. This is a preliminary self assessment form for prequalification to the next stage of evaluation and subsequently engagement.*