



St. Andrew's Parish Nairobi

Presbyterian Church of East Africa

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Theme for 2020: Arise and Shine

ST.ANDREWS PCEA CHURCH NAIROBI

TERMS OF REFERENCE (TORs) FOR EXTERNAL AUDITOR

Church Background:

Objective of the Audit:

- i. The objective of the audit of St. Andrews PCEA Church's financial statement is to enable the auditor's express an independent professional opinion on the financial position of St. Andrews PCEA Church Nairobi and to ensure that, the funds utilized to St. Andrews PCEA Church's activities have been used for their intended purposes.
- ii. The books of accounts of St. Andrews PCEA Church Nairobi provide the basis for preparation of St. Andrews PCEA Church's financial statements. Proper books of accounts as required by the law have been maintained by St. Andrews PCEA Church Nairobi and also, maintain adequate internal controls and supporting documentation for the transactions.

Scope of the Audit:

1. The audit will be carried out as required by Kenyan law, and in accordance with the International Financial Reporting Standards and will include tests and verification procedures as the auditors deem necessary.
2. Plan and organize the audit on the basis of risk assessment to provide satisfactory assurance that, the financial statements are free of misstatement due to fraud and errors.
3. Verify that funds received by St. Andrews PCEA Church Nairobi have been acknowledged and reflected in the financial reports/statements submitted to Church members.
4. Independently audit and report on designated bank accounts for rental income collection.
5. Verify all funds have been used in accordance with the established rules and regulations of St. Andrews PCEA Church Nairobi, and only for the purposes for which the funds were provided.
6. Audit the procurement system to determine transparency, value for money obtained on goods, works and services financed and that the entire procurement system is free of fraud. Undertake a review of internal controls within the procurement function and propose procurement best practices based on similar institutions.
7. Appropriate supporting documents, records and books of accounts relating to all activities have been kept. Clear linkages should exist between the books of accounts and the financial statements presented.
8. Verify that, the financial statements have been prepared by St. Andrews PCEA Church's management in accordance with applicable accounting standards, and gives a true and fair view of the financial position of St. Andrews PCEA Church Nairobi, and of its receipts and expenditures for the period ended on that date.

MINISTERS: Rev. Ngere H. N, Rev. Mrs. Dorcas N. Kamau, Rev. Jacob N'doffo Tolno, Rev. Wilson M. Ndung'u
SESSION OFFICIALS: Moderator: Rev. Ngere H. N, SESSION CLERK: Mr. Patterson M. Kamaara, Treasurer: Mr. Samuel M. Wachira
TRUSTEES: Mrs. Grace Wanjiru Wanjaiya, Mrs. Elizabeth Wanjiku Mathare, Hon. Lee Gachuiga Muthoga, Mrs. Lispah Kaminja, Mr. Christoper Mwangi Chege, Mr. George Thagichu

9. Review, appraise and report on:
 - a. Internal control system's soundness, adequacy and effectiveness.
 - b. Effectiveness of the finance system as well as the funding structure.
 - c. Effectiveness of human resource management.
 - d. Extent to which the assets are accounted for and safeguarded from loss.
 - e. Suitability and reliability of systems/programs used to manage and retain data.
 - d. Review of previous audit report with management letter, to indicate on the status of implementation of anything that could have been suggested or recommended.

Expected Output:

1. Express an opinion as to reasonableness of the financial statements in all material respects. Auditors to include in their report's opinion on compliance with procedures designed to provide reasonable assurance of detecting misstatements due to errors or fraud that are material in the financial statements.
2. In addition to the audit report, the auditor's will prepare a Management Letter on the following:
 - a. Give comments and observations on the accounting records, procedures, systems, and controls that were examined during the course of the audit.
 - b. Identify specific deficiencies and areas of weakness in systems and controls and make recommendations for improvement.
 - c. Report on the implementation status of recommendations pertaining to previous period audit reports.
 - d. Communicate matters that have come to their attention during the audit which might have a significant impact on the sustainability of the organization.
 - e. Bring to the Board of Management's attention any other matters that the auditor's consider pertinent.

Audit Duration:

The audit work shall be completed within 60 (Sixty) days from the date of commencement of the audit.

Deliverables:

1. The Auditor's on completion of the audit work will submit Four (4) original copies of the Audit Report appended to the Financial Statements along with the reports to the attention of the Board of Management.
2. Management letter in accordance with the scope of work described here before.

Qualification of the Audit Firm:

The audit firms seeking to apply should be registered in Kenya and must have been in operation at least for the last Eight (8) years providing both audit and tax services. Additionally, the firm must demonstrate experience in the audit of not for profit entities and organizations with similar registration to St. Andrews PCEA Church.

The following information should be provide:

- Certificate of incorporation/ registration
- KRA PIN Certificate
- Tax compliance certificate
- Certificate of good standing from the Institute of Certified Public Accountants Kenya (ICPAK)
- List of at least three (3) clients with registration similar to St. Andrews PCEA, not for profit tax exempt status organization and Company Limited by guarantee in Kenya.

Capability:

- Provide a brief about the firm. This must include a profile on past work done for organizations operating in Kenya.
- Provide a profile of the audit services team likely to be involved in the audit process.

Methodology:

The firm should state the methodology or approach of conducting the audits. Upon selection, the firm will be expected to provide a letter of engagement which will also highlight the basis of the auditor's work.

Proposed Audit Fees:

The Audit firm should provide a quote for the provision of audit services as highlighted above.

Yours

For PCEA St Andrews Church



Samuel Wachira Mwangi

Parish Treasurer