



Request for Proposals for External Audit Services

RFP Number: EPN/AUD/RFP/1/2024

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Background

Ecumenical Pharmaceutical Network (EPN) is a Christian, nonprofit independent organization. It is a worldwide network of associations, institutions, and individuals with 141 members in 38 countries, committed to supporting the provision of quality, affordable medicines and pharmaceutical services in church health facilities. We do this by:

- Working with church systems to ensure that their pharmaceutical services are efficient and effective and guarantee availability of affordable quality medicines to all who need them.
- Training pharmaceutical staff in church health institutions and building capacity for implementation.
- Engaging in advocacy campaigns that promote awareness of pharmaceutical issues with government agencies, organizations' and communities.
- Researching areas relating to pharmaceutical issues, influencing new policy and supporting evidence-based change.

According to the constitution, article 21.1 EPN is required to appoint a registered auditor by a resolution put at the AGM. With the upcoming AGM at the end of October 2024 we therefore are reaching out to request for proposals.

A. Broad Objectives

1. To carry out a financial audit as per International Auditing Standards and express an opinion whether the financial statements prepared by the directors give a true and fair view of state of financial affairs of the organization in accordance with International Financial Reporting Standards (IFRS) and the current NGOs Co-ordination Board Act of 1990;
2. To evaluate the effectiveness of financial, management and governance, programmatic and administrative systems, controls and structures of the organization;
3. To review the effectiveness of EPN's risk management systems and processes;
4. To review EPN's compliance with both internal and external policies and review compliance with the laws of the Kenya;
5. To review the effectiveness of management of donor funded projects in the organization.

B. Preparation of Annual Financial Statements

1. The responsibility for the preparation of financial statements including adequate disclosure is that of the EPN who are also responsible for the selection and application of accounting policies and prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRS).

2. The auditor is responsible for forming and expressing opinions on the financial statements. The auditor would carry out the audit of the organization and its project in accordance with the International Standards on Auditing (ISA), as promulgated by the International Federation of Accountants (IFAC). As part of the audit process, the auditor may request from EPN, a written confirmation concerning representations made in connection with the audit.

C. Audit Scope

These terms of reference address audit requirement for the audit of financial statements of EPN covering the period 1st January – 31st December of each year commencing period ending 31st December 2024; A draft audit report should be submitted by 10th March and a final signed audit report with certified statements by 31st March each year subject to confirmation by the Board. The financial statements for the financial year will be made available no later than 15th February following the end of the financial year. The audits should be carried out in accordance with International Standards of Auditing (ISA) and International Financial Reporting Standard (IFRS). In complying with International Standards on Auditing, the auditor is expected to pay particular attention to the following matters:

- a) **Fraud and Errors:** Consider the risks of material misstatements in the financial statements due to fraud as required by ISA 240: *The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements*. The auditor is required to identify and assess these risks (of material misstatement of the financial statements) due to fraud, obtain sufficient appropriate audit evidence about the assessed risks; and respond appropriately to identified or suspected fraud;
- b) **Laws and Regulations:** In designing and performing audit procedures, evaluating and reporting the results, consider that non-compliance by EPN with laws and regulations may materially affect the financial statements as required by ISA 250: *Consideration of Laws and Regulations in an Audit of Financial Statements*;
- c) **Risks:** In order to reduce audit risk to an acceptable low level, determine the overall responses to assessed risks at the financial statement level, and design

and perform further audit procedures to respond to assessed risks at the assertion level as required by *Internal Standard on Auditing 330: the Auditor's Procedures in Response to Assessed Risks*.

Sufficient audit evidence should be gathered to substantiate in all material respects the accuracy of financial statement.

The audit report should state if the audit was not in conformity with any of the above standards and national laws and regulations have been complied with, and that the financial and accounting procedures approved for the organization (e.g. human resource manual/policy, financial procedures manual/policy, etc.) were followed and used.

D. The Audit Report and Management Letter

a) Audit Report

The audit report should clearly indicate the auditor's opinion. This would include at least the following:

- The title, addressees, and an opening or introductory paragraph;
- identification of the financial information audited including the period covered;
- Statement of the responsibility of the entity's management and the responsibility of the auditor.
- A scope and methodology paragraph describing the nature of the audit referencing;
- The accounting standards that have been applied and indicate the effect of any deviations from those standards;
- The audit standards that were applied and the work the auditor performed.
- An opinion paragraph disclosing;
 - whether the financial statements and supporting schedules fairly present the cash receipts and expenditure in all material respects
 - Whether the financial transactions reflected in the statements are in accord with financial regulations and procedures, budgetary provisions and other applicable directives.
 - The auditor may expand the report to include other information and explanations not intended as a reservation.
- Audit reports will be provided in English.

b) Management Letter

- The auditor should submit a letter to the management at the completion of the audit. The topics/issues to be covered in the letter should include:

- a) Give comments and observations on the accounting records, systems and controls that were examined during the course of the audit;
- b) Identify specific deficiencies or areas of weakness in systems and controls, and make recommendations for their improvement;
- c) Communicate matters that have come to his/her attention during the audit which might have a significant impact on the implementation of the project;
- d) Give comments on the extent to which outstanding issues/qualifications issues have been addressed;
- e) Give comments on previous audits' recommendations that have not been satisfactorily implemented; and
- f) Bring to the management's attention any other matters that the auditor considers pertinent, including ineligible expenditures.
- g) Recommendations to resolve/eliminate the internal control weaknesses noted should be included.
- h) Management comments/response to audit findings and recommendations.

E. Auditor Independence and Qualification

The auditor must be completely impartial and independent from all aspects of management or financial interests in the entity being audited. The auditor should not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as board member for, or have any financial or close business relationships with any member of the management team of EPN. The auditor should disclose any relationship that might possibly compromise his/her independence.

The auditor should be experienced in applying ISA and IFRS. The auditor must employ adequate staff with appropriate professional qualifications and suitable experience with ISA including experience in auditing the accounts of entities comparable in size and complexity to EPN.

Curriculum vitae (CVs) should be provided to EPN by the principal of the audit institution who would be responsible for signing the opinion, together with the CVs of managers, supervisors and key personnel proposed as part of the audit team. CVs should include details on audits carried out by the applicable staff, including ongoing assignments indicating capability and capacity to undertake the audit and experience in auditing financial statements compliant with the International Financial Reporting Standards.

F. Access to Facilities and Documents

The auditor will have full and complete access at any time to all records and documents (including books of account, legal agreements, minutes of Board meetings, bank records, and all employees of the EPN). The auditor will have a right of access, to banks maintained by EPN, consultants and other persons or firms engaged by the management over the period under the audit review.

G. Auditor Experience & Qualification

- The Auditor Firm should be registered, and have a practicing license from Institute of Certified Public Accountant. The firm should have relevant experience in accounting & auditing of membership organization and projects especially donor funded operations. The audit firm should have at least two full time partners, not less than 10 employees and have been in existence for not less than eight (5) years.
- The Key Team will comprise of at least;
 - a) Engagement Partner with over 6 years auditing experience with sound knowledge of donor financed projects.
 - b) An Audit Manager with over 4 years of experience in Auditing and with a sound knowledge of donor financed projects;
 - c) An Audit Team Leader with at least 3 yrs. experience in Auditing; and
 - d) Sufficient Assistant Auditors with adequate experience & professional qualifications.

H. EPN Budget and Activities

The current budget (2024) for the organisation is approximately USD 900,000 and is applied across 5 main programmes and about 10 different activities across several countries. Future budgets and activities are likely to be within the same range. The audit is restricted to the Secretariat in Nairobi only where all the financial details are accessible. The engagement will be up to a maximum 3 years, renewable yearly.

The technical proposal and financial proposal quoting the above Reference number should be emailed to jobs@epnetwork.org on or before 18th October 2024 at 1600 hours.

EPN reserves the right to reject any or all the submissions received and will not be bound to accept the lowest bidder.