



## TERMS OF REFERENCE

### CALL FOR PROPOSALS: EXTERNAL AUDIT

#### 1.0 INTRODUCTION

This Terms of Reference (TOR) document outlines the scope, responsibilities, and expectations for the external audit of Investing in Children and their Societies (ICS SP), a non-profit entity, for the financial year ending 31st December 2025.

#### 2.0 ORGANIZATIONAL BACKGROUND

We work towards a thriving future for children and families. Together with families, communities, and other stakeholders, we initiate programmes that create safe and nurturing environments that enable them to thrive. Visit [www.icsafrica-sp.org](http://www.icsafrica-sp.org) to know more about us.

#### 3.0 OBJECTIVE OF THE AUDIT

ICS SP conducts its external audit exercise annually. The organization's financial year runs from 1<sup>st</sup> January to 31<sup>st</sup> December.

The primary objective of the audit is to provide an independent, objective opinion on whether the financial statements of [Organization Name] for the year ending 31st December 2025 fairly present its financial position and results of operations in accordance with the International Financial Reporting Standards (IFRS), the International Standards on Auditing (ISA), and any other relevant non-profit financial reporting frameworks.

The specific objectives include:

1. **Opinion on financial statements:** To express an opinion on whether the financial statements provide a true and fair view of the organization's financial position and performance.
2. **Compliance assessment:** To assess the organization's compliance with applicable laws, regulations, and accounting principles.
3. **Internal control evaluation:** To evaluate the design and implementation of the organization's internal control system, especially concerning donor funds, grants, and restricted resources.

4. **Irregularities detection:** To identify any material instances of irregularities, or non-compliance with the organization's policies, donor requirements, and legal obligations.
5. **Evaluation of donor and grant fund management:** To assess the proper utilization and accounting for donor funds, grants, and restricted funds, ensuring that they are used in accordance with the terms of the agreements.

#### 4.0 SCOPE OF THE AUDIT

The scope of the audit will encompass the following:

1. **Financial statement audit:** The audit will cover all financial statements for the year ended 31st December 2025, including the statement of financial position, statement of activities, statement of cash flows, and notes to the financial statements.
2. **Audit of donor funds and grants:** The audit will specifically review the management of donor funds, ensuring compliance with donor agreements and restrictions, and assess the adequacy of the organization's systems for reporting donor-funded activities.
3. **Internal control systems review:** The auditors will assess the effectiveness of internal controls related to financial reporting, budgeting, and financial management.
4. **Compliance with relevant laws:** The audit will assess the organization's compliance with national laws, regulatory requirements, and applicable international standards related to the non-profit sector.
5. **Risk management assessment:** The audit will include an assessment of the organization's risk management practices, especially in relation to financial risks

#### 5.0 RESPONSIBILITIES OF THE AUDITORS

The external auditors will:

- **Conduct the audit:** Perform the audit in a professional, objective, and independent manner.
- **Issue the audit opinion:** Provide a clear, independent audit opinion on the financial statements for the year ended 31st December 2025.
- **Identify material misstatements:** Report any material misstatements in the financial statements or other irregularities that may be found during the audit.
- **Report on internal controls:** Provide an evaluation of the organization's internal control environment, highlighting any weaknesses or areas for improvement.
- **Compliance reporting:** Assess and report on compliance with laws, regulations, and donor agreements.
- **Audit report:** Submit a comprehensive audit report detailing the findings, the audit opinion, and recommendations for improvement.

## 6.0 TIMELINE OF THE AUDIT

The appointed auditor shall audit the statements for the year ended 31<sup>st</sup> December 2025 with possibility of re-appointment for the subsequent two years.

## 6.0 REPORTING/KEY DELIVERABLES

The key deliverables for the auditor will include the following:

**Audit report:** An independent audit opinion on the financial statements.

**Management letter:** A report detailing any significant deficiencies in internal controls, financial management, or compliance, along with recommendations for improvement.

**Compliance report:** An assessment of the organization's compliance with laws, regulations, and donor agreements.

**Audit findings presentation:** A summary presentation to the board or audit committee regarding key audit findings.

**Statutory reports:** Work with the management to finalise PBO board returns to be submitted on or before the 30<sup>th</sup> of March and annual return to be submitted to the Kenya Revenue Authority prior to 30<sup>th</sup> June.

## 8.0 AUDITOR'S TECHNICAL CAPACITY AND EXPERIENCE

To submit their Expression of Interest, firms interested should meet the following basic criteria:

**Professional certification:** The audit firm must be licensed and regulated by a recognized professional body, such as The Institute of Certified Public Accountants of Kenya or equivalent. and its partners must hold current practicing certificates. ],

**Experience with Non-Profit audits:** The auditing team should have at least 7 years of experience in conducting audits for non-profit organizations, particularly those receiving donor funding and managing grants. The firm should have at least 3 charity organizations or NGOs references among its client base and be willing to introduce their clients for reference checks. Can demonstrate capacity to provide efficient external audit services in adherence to agreed timeframes and have demonstrated capability to advise on the improvement of existing and emerging management controls and governance processes.

**Familiarity with relevant standards:** The audit firm must demonstrate proficiency in International Financial Reporting Standards (IFRS), International Standards on Auditing (ISA), and any other relevant frameworks for non-profits, including donor-specific regulations (e.g., USAID, DFID, Private Foundations in the US and Europe)

**Independence and objectivity:** The audit firm must be independent from the organization and free from conflicts of interest. The firm should maintain objectivity in conducting the audit and issuing the audit opinion.

**Qualified audit team:** The audit team should include at least two lead auditors in good standing with ICPAK and with experience in non-profit financial audits and who is familiar with the specific risks and challenges associated with donor-funded organizations.

**Adequate resources:** The auditing firm must have sufficient staffing and resources to conduct the audit within the required timeframe and to meet the standards of quality expected by the organization and its stakeholders.

ICS SP absolute priority is protecting children, vulnerable communities and our own staff. We have zero tolerance of incidents of violence or abuse against children and other people in the communities we serve, either committed by our staff or others connected to our work. Successful applicants will be required to sign and adhere to our safeguarding, child protection and prevention of sexual exploitation and abuse (PSEA) code of conduct and policies.

Expressions of Interest, including technical & financial proposals, profiles of the audit partners and professional references, should be sent by email to [icsro@icsafrica.org](mailto:icsro@icsafrica.org) and referring in the subject line as follows:

Subject: "Provision of Audit services- Name of Company". The deadline for application submission is **19<sup>th</sup> December 2025**.