

CALL FOR EXPRESSION OF INTEREST (EOI) FOR PROVISION OF A SYSTEMS AUDIT

1.0 Background

The Institute for Law and Environmental Governance (ILEG) is an independent not-for profit public interest policy research, training and advocacy organization based in Nairobi, Kenya. Established in 2002, ILEG works mainly in Kenya and the wider African region to expand the range of sustainable development policy options. The Institute's key programme areas cover climate change, land and natural resources, environment and social justice, and science and technology. ILEG collaborates with a broad range of local communities, governments, development partners, the private sector and civil society organisations (CSOs) to promote sustainable development.

ILEG is partnering with the UK's Department for International Development (DFID) in implementing the project ***“Strengthening Democracy through Community-based Participatory Planning for Climate Resilient Low Carbon Development in Kenya”*** under DFID's ***Deepening Democracy Programme***. The project runs from April 2016 – July 2019.

Specifically the project aims to achieve the following objectives:

1. To build the capacity of local communities and County Assemblies to participate effectively in natural resource governance, budgeting and development planning through training and technical support.
2. To support sufficient allocation and prudent use of resources to respond to adverse climate change impacts through budget tracking, expenditure monitoring and fostering accountability in the administration of public affairs.
3. To support local community action to identify, pilot and upscale low carbon development initiatives at the county level.

2.0 Purpose

ILEG is desirous of contracting an auditor to undertake *an operation/systems audit aimed at assessing the adequacy of its internal control processes for effective management of grants*. The system-based audit will be undertaken as per the auditing standards and will examine the general effectiveness, efficiency and economy of processes. The audit is to provide a basis for strengthening ILEG's institutional controls and/or systems. The appointed auditor is expected to submit the report within two weeks of the commissioning of the assignment.

3.0 Objective of the Audit

The main objective of the audit is to enable the auditor to express an opinion on whether the internal control system set up by the institute for the purpose of managing risks to the

achievement of the DFID Project objectives are adequate. The auditor should express an opinion to both DFID the donor and ILEG as the implementing partner of the project. The independent reporting should be simultaneous to both parties.

4.0 Terms of Reference

The audit shall be carried out in accordance with International Standards of Auditing (ISA) issued by the International Audit and Assurance Board and adopted by the **International Federation of Accountants (IFAC)**; International Framework for Assurance Engagement and International Standard on Assurance Engagements (**ISAE) 3000** for Assurance Engagements other than Audits or Reviews of Historical Financial Information insofar as these can be applied in the specific context of a systems audit intended to provide assurance that risks to the achievement of the objectives of the project are properly managed and controlled. The audit shall as well be governed by the legal and regulatory requirements of the **Government of Kenya**.

The audit shall assess, but not be limited to:

- Review systems and operations and appraise the adequacy of internal control procedures including their ability to detect and prevent fraud;
- Assess the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditure and other financial transactions and ensure safe custody of organizations assets;
- Ascertain the extent of compliance with established policies, procedures and plans;
- Assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks;
- Review the procedures for detecting fraud and whistle blowing and ensure that systems are in place by which staff may, in confidence raise concerns about possible improprieties in matters of financial reporting and control;
- Review and report on the effectiveness of the project management system;
- Identify and report on major gaps and inadequacies in existing internal control policies and advice on the steps that need to be taken to ensure good practice;
- Provide recommendations on how to address gaps and weaknesses (if any) in ILEG's systems/control processes.

5.0 Reporting

The reporting shall contain an assurance that the audit was conducted in accordance with applicable International Auditing Standards and by a qualified auditor. 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 containing the systems audited including the period covered;

- The 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 auditing standards that have been applied and indicating the effect of any deviations from those standards;
- The financial risk levels of the organization;
- The auditor shall make recommendations to address any weaknesses identified;
- The auditor shall submit an audit memorandum/management letter, which shall contain the audit findings made during the audit process.

6.0 Mandatory Requirements

- The auditor should be a practicing member of the Institute of Certified Public Accountants of Kenya, in good standing;
- The auditor/ audit firm and its partners should have a valid practicing certificate;
- The auditor should have at least five years of continuous practice;
- The auditor should state his/her understanding of the Terms of Reference, and provide a brief capability statement justifying his/her suitability for the assignment;
- The auditor should provide a profile of at least three major clients with operations similar to those under the terms of reference;
- The auditor should state the methodology that will be applied to carry out the systems audit assignments including the estimated completion time;
- The auditor should state the fee for the systems audit.

7.0 Application Process

Applications should be submitted to The Human Resource Manager, Institute for Law and Environmental Governance, P.O. Box 9561-00100, Nairobi, Kenya OR via email: ileg@ilegkenya.org by close of business 31st May, 2016