



The Terms of Reference (TOR) for Provision of Audit Services.

1. Background

The Environment Institute of Kenya (EIK) is a distinguished professional body representing environmental practitioners across diverse sectors. Our members play a pivotal role in promoting sustainability and ensuring regulatory compliance in development projects nationwide. To uphold best practices in governance, financial transparency, and accountability, EIK seeks to appoint a qualified audit firm to offer **audit services for the financial years 2025 and 2026**.

2. Objective

The primary objective of this engagement is to appoint a qualified audit firm to provide independent external audit services for the 2025 and 2026 financial years. The audit firm will conduct an annual and quarterly audits of the Institute and its branches financial statements, ensuring that they fairly represent EIK's financial position and performance in compliance with International Financial Reporting Standards (IFRS) and relevant statutory requirements. The audit will assess the accuracy and completeness of financial transactions, internal controls, and compliance with applicable laws and regulations.

3. Scope of Work

The appointed audit firm shall:

conducting annual and quarterly financial audits and preparation of financial statements for the head office and the branches.

3.1. Financial Auditing

3.1.1. Conduct the audit of EIK's financial statements for the financial years 2025 and 2026.

3.1.2. Ensure the accuracy, completeness, and proper classification of financial transactions, focusing on revenue, expenditures, assets, and liabilities.

3.2. Evaluation of Internal Controls

3.2.1. Evaluate the effectiveness of internal controls, including governance structures, authorization procedures, and segregation of duties.

3.2.2. Assess whether internal control systems are sufficient to prevent and detect errors and fraud.

3.3. Compliance with Legal and Regulatory Requirements

3.3.1. Verify EIK's compliance with relevant statutory and regulatory obligations, including taxation, payroll administration, procurement laws, and donor agreements (if applicable).

3.3.2. Ensure compliance with the financial reporting requirements set by the Kenya Revenue Authority (KRA) and other relevant bodies.

3.4. Risk Management and Financial Sustainability

3.4.1. Review EIK's financial sustainability, assessing trends in financial performance, cash flow, and long-term viability.

3.4.2. Evaluate the effectiveness of risk management practices related to financial governance.

3.5. Asset and Liability Verification

3.5.1. Confirm the accuracy, valuation, and existence of assets and liabilities, including property, receivables, payables, and reserves.

3.6. Procurement and Expenditure Review

3.6.1. Review procurement and expenditure processes to ensure they comply with EIK's financial policies, public procurement regulations (where applicable), and value-for-money principles.

3.7. Audit Reporting

3.7.1. Issue an expert opinion on the financial statements, including any material misstatements or recommendations for improvements.

3.7.2. Provide a comprehensive report to EIK's management, including findings, recommendations on financial management, internal controls, and governance.

3.7.3. Present the final audit report at the **Annual General Meeting (AGM)** in May each year.

4. Methodology

The audit shall be conducted in accordance with:

- i. International Standards on Auditing (ISA) and best audit practices.
- ii. Substantive and compliance testing procedures for financial records and transactions.

- iii. Risk-based audit approaches to assess financial controls and governance structures.
- iv. Analytical reviews, reconciliations, document verifications, and management inquiries.

5. Deliverables

The audit firm shall provide:

- i. An interim report summarizing key preliminary findings and potential areas of concern.
- ii. A draft audit report for discussion and feedback to the EIK management board.
- iii. A final audit report incorporating EIK's feedback and management responses.
- iv. Formal presentation of audit findings at the AGM.

6. Timeline

The audit shall be completed within 14 days from the commencement date.

7. Reporting

The audit firm shall report to the Chief Executive Officer (CEO) and provide regular updates on audit progress.

8. Qualifications of the Audit Firm

The firm must meet the following criteria:

- i. At least 5 years of experience conducting external audits.
- ii. Certified Public Accountants (CPA-K) or equivalent professional accreditation.
- iii. Demonstrated experience in auditing professional bodies, NGOs, or similar institutions.
- iv. In-depth knowledge of IFRS, ISA, financial regulatory requirements, and tax compliance in Kenya.
- v. Proven track record in forensic audit.

9. Budget

Interested firms should submit a financial proposal detailing their proposed fees and cost structure. The sum quoted must cover all related expenses.

10. Confidentiality

The audit firm shall maintain strict confidentiality of all information obtained during the audit and shall not disclose any information to third parties without the prior written consent of EIK.

11. Evaluation Criteria

The evaluation of proposals shall be based on the following criteria:

- i. Technical expertise and experience of the audit firm.
- ii. Compliance with the terms and conditions of the ToR.
- iii. Budget and cost-effectiveness of the proposal.

12. Submission of Proposals

Interested audit firms are invited to submit their proposals by 20th May, 5pm. Proposals should be submitted in electronic format via google form linked here

<https://tinyurl.com/eikauditor2526> Proposals should be submitted in electronic format and should include the following:

- i. A cover letter expressing interest in conducting the audit.
- ii. A detailed proposal outlining the approach, and timeline for the audit.
- iii. A budget detailing the costs associated with conducting the audit.
- iv. Copies of relevant certifications and licenses.

13. Communication & Engagement

All communication, including expressions of interest, engagement, and general inquiries, should be directed to info@eik.co.ke and cc ceo@eik.co.ke, treasurer@eik.co.ke .