



# **TERMS OF REFERENCE (TOR) FOR THE STATUTORY EXTERNAL AUDIT OF REFUGEE CONSORTIUM OF KENYA (RCK) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

## **1.0 BACKGROUND AND ORGANIZATION PROFILE**

### **1.1 About RCK**

The Refugee Consortium of Kenya (RCK) is a national non-governmental organization established in 2000. For over two decades, RCK has been dedicated to protecting and promoting the rights, well-being, and dignity of displaced persons and host communities in Kenya. Our work is delivered through four strategic pillars:

1. Legal Aid and Governance,
2. Peace and Social Justice,
3. Women and Girls Empowerment,
4. Mental Health and Psychosocial Support.

RCK operates from its main office in Nairobi, with sub-offices in Dadaab, Kakuma, Mombasa, and Garissa. The organization uses Office Dynamics (BC 26) as its integrated Enterprise Resource Planning (ERP) system for finance, procurement, and human resource management.

### **1.2 Purpose of this Audit**

RCK is committed to the highest standards of accountability, transparency, and sound financial governance. This annual statutory audit is essential to provide assurance to our Board, donors, partners, and other stakeholders regarding the integrity of our financial reporting, compliance with laws and donor agreements, and the effectiveness of our internal control systems.

## **2.0 AUDIT OBJECTIVES**

The primary objective is to conduct an audit in accordance with International Standards on Auditing (ISAs) and to express an independent opinion on whether the financial statements for the year ended 31 December 2025:

1. Present a true and fair view, in all material respects, of RCK's financial position and are prepared in accordance with International Financial Reporting Standards (IFRS).
2. Are free from material misstatement, whether due to fraud or error.
3. Reflect transactions that comply, in all material respects, with:

- Applicable Kenyan laws and regulations (including taxation, statutory deductions, and filing requirements).
  - Relevant donor agreements, rules, and regulations, ensuring funds were used for intended purposes with due attention to economy and efficiency.
4. Are supported by adequate accounting records and a robust internal control framework.

## **2.0 SCOPE OF THE AUDIT**

The audit will be conducted in accordance with ISAs and will include, but not be limited to, the following areas of focus:

### **3.1 Financial Reporting & Compliance**

- Verify that the financial statements are complete, accurate, and compliant with IFRS.
- Assess compliance with Kenyan fiscal and regulatory requirements (Income Tax, PAYE, Withholding Tax, VAT, NSSF, NHIF/SHA, etc.), including timely filing and remittance to the Kenya Revenue Authority (KRA).

### **3.2 Donor Funds and Project Expenses**

- Confirm that all donor funds have been utilized in accordance with the specific terms and conditions of the relevant grant agreements.
- Verify the propriety and eligibility of project expenditures.

### **3.3 Internal Control Systems**

- Review and assess the design, adequacy, and operational effectiveness of RCK's internal controls covering:
  - Financial management and reporting.
  - Procurement of goods, works, and services.
  - Payroll and personnel liabilities (in line with Kenyan labor laws and RCK policy).
  - Asset safeguarding, recording, and verification.
  - Governance and oversight structures.
- Identify control weaknesses, deficiencies, or inefficiencies and assess their impact.

### **3.4 Fraud, Laws, and Regulations**

- Perform audit procedures specifically designed to identify risks of material misstatement due to fraud, as per ISA 240.
- Consider the risk of non-compliance with laws and regulations that could have a material effect on the financial statements, as per ISA 250.

### 3.5 Supporting Documentation

- Verify the existence, completeness, and proper archiving of all necessary supporting documents, records, and accounts, ensuring a clear audit trail.

### 3.0 DELIVERABLES

**The Auditor shall submit the following deliverables in English:**

1. Draft Audit Report & Financial Statements: For management review and response, by an agreed date.
2. Final Audited Financial Statements: A complete set including:
  - Statement of Financial Position.
  - Statement of Activities (Income & Expenditure).
  - Statement of Cash Flows.
  - Statement of Changes in Net Assets.
  - Notes to the Financial Statements, including significant accounting policies.
  - Independent Auditor's Report expressing the audit opinion.
3. **Comprehensive Management Letter: A detailed report that:**
  - Highlights key audit findings, control weaknesses, and instances of non-compliance.
  - Provides practical, actionable recommendations for improvement.
  - Includes a section for Management's Response and Action Plan for each finding.

### 5.0 AUDITOR'S QUALIFICATIONS AND EXPERIENCE

**The proposing audit firm must meet the following criteria:**

1. Registration & Licensing: Be duly registered and licensed to practice in Kenya by the Institute of Certified Public Accountants of Kenya (ICPAK) with a positive Quality Assurance Review (QAR) rating.
2. Independence: Confirm in writing the firm's independence and the absence of any actual or perceived conflicts of interest with RCK, its management, or Board.
3. Sector Experience: Demonstrate proven experience and expertise in auditing international non-profit organizations (NGOs/INGOs) of comparable size, complexity, and operational scope within Kenya. Specific experience with donor-funded projects (e.g., EU, AFSC, ECHO, UN, etc.) is essential.
4. Team Competence: The proposed key audit team members (Partner, Manager, Senior) must hold internationally recognized professional qualifications (CPA, ACCA, etc.) and have relevant NGO audit experience.

5. Technological Proficiency: Familiarity with auditing organizations using ERP systems is required. Experience with Office Dynamics (BC 26) will be an added advantage.

## **6.0 PROPOSAL SUBMISSION REQUIREMENTS**

Interested firms must submit separate Technical and Financial Proposals via email to [procurement@rckkenya.org](mailto:procurement@rckkenya.org) with a copy to [refcon@rckkenya.org](mailto:refcon@rckkenya.org).

**Email Subject Line: “PROPOSAL FOR RCK STATUTORY AUDIT - FY2025”**

### **6.1 Technical Proposal Content:**

The technical proposal must demonstrate a clear understanding of the TOR and the firm’s capacity to deliver the required services. It should include the following elements:

- Understanding of TOR & Approach: Detailed methodology, risk-based audit plan, proposed schedule, and description of the audit phases.
- Firm Profile & Statutory Documents: Provide copies of:
  - Certificate of Incorporation/Registration.
  - Valid ICPAK Practice License.
  - KRA Tax Compliance Certificate (PIN & VAT).
- Relevant Experience:
  - Summary of the firm's audit experience in the NGO sector.
  - Brief descriptions of at least two (2) audits of similar scope and complexity completed in the last three years. For each, include client name and brief scope/value.
  - Three (3) specific references for similar audits, including client name, contact person, email, and phone number.
- Key Personnel & Staffing Plan:
  - CVs of the proposed Partner, Manager, and In-Charge/Senior, highlighting relevant qualifications (CPA(K), ACCA, etc.) and NGO audit experience.
  - Overview of the team structure and a plan to ensure continuity of assigned personnel throughout the engagement.
- Value Addition: Description of any innovative, technology-driven audit approaches or value-added services offered.
- Declaration: A signed statement confirming the firm’s independence and absence of any conflicts of interest with RCK.

## 6.2 Financial Proposal Content:

The financial proposal must be separate and detail all costs. It should include:

- Detailed Fee Breakdown: Provide a fixed total fee for the engagement, inclusive of all taxes (VAT).
  - Estimated hours and billing rates for each team member (Partner, Manager, Senior, Assistant).
  - Itemized reimbursable expenses (e.g., travel to sub-offices, accommodation).
- Basis of Charging: Confirm the quoted fee is fixed and the maximum for the scope in this TOR. Explain the process for managing potential overruns or additional work outside the agreed scope.
- Payment Schedule: Proposed schedule linked to deliverables.
- Ad-hoc Technical Advice: Clarify billing procedures for any technical accounting or audit questions raised by RCK management outside the audit engagement.

## 7.0 TIMELINE AND ADMINISTRATION

- Clarification Questions: Must be submitted via email to [procurement@rckkenya.org](mailto:procurement@rckkenya.org) by **16 February 2026**.
- Deadline for Submission: All proposals must be received by **16 February 2026, 5:00 PM** East Africa Time (EAT).
- Audit Period: Fieldwork and reporting are scheduled for March – April 2026, with precise dates to be agreed upon contract award.
- Report Submission: Final signed audit reports and management letter must be delivered by 31 March 2026.

**Note: RCK reserves the right to accept or reject any proposal, to shortlist candidates for interview, and is not bound to select the lowest-priced bid. The evaluation will be based on both technical competence (experience, methodology, team) and financial competitiveness.**