



Islamic Relief Somalia

REQUEST FOR PROPOSAL FOR ANNUAL AUDIT FOR THE YEAR EN DING DEC 31, 2024 FOR ISLAMIC RELIEF SOMALIA

REFERENCE NUMBER: IRS/AUDIT/002/10/2024

ISSUED ON: THURSDAY 24th OCTOBER 2024

CLOSSING ON: WEDNESDAY 30TH OCTOBER 2024 AT 11:00AM

Islamic Relief Kenya
Kirichwa Road, off Ngong Road
P.O. Box 417 - 00202 (KNH)
Nairobi, Kenya

TERMS OF REFERENCE FOR ISLAMIC RELIEF Worldwide- SOMALIA

OFFICE

ANNUAL AUDIT for the Year Ended Dec 31, 2024

The purpose of these Terms of Reference is set out the basis on which you are to act as auditors to clarify your expected responsibilities.

Objectives of the audit

The objective of the audit Islamic Relief Worldwide – Somalia Office to express an opinion whether the financial reports prepared are prepared in all material respect, in accordance with an identified financial reporting framework. The phrases used to express the auditor opinion are given a true and fair view or present fairly, in all material respect, which are equivalent terms.

Audit Methodology

The audit methodology and the audit techniques to be used are those which accord with international auditing standards.

Substantive testing procedures encompassing the following should be applied:

- Inspection of original support documentation;
- Inspection of inventory print-outs and physical inspection of assets and
- (Where necessary) inspection of computer systems.

Expectations/output

Through the audit exercise, the auditor will give an independent audit opinion as to the truth and fairness of the accounts prepared. Islamic relief management will get, as a byproduct, a management letter which will help the management to improve its efficiency. The audit report will also help to submit a return under any Taxation legislation and deposit the tax.

- 1.1 It is expected that the audit is undertaken in accordance with International Standards on Auditing (ISA's), and in the absence of local charity legalization have regard to the Statement of Recommended Accounting and Reporting by Charities for the time being applicable, and published by the Charity Commissioners for England and Wales.
- 1.2 The auditors are expected to undertake the audit in accordance with the highest professional standards which will include tests of transactions, and of the existence, ownership and valuation of assets and liabilities.
- 1.3 Ascertain the accounting system in order to assess its adequacy as a basis for the preparation of financial reports.
- 1.4 Report on any significant weaknesses in, or observations on, the field office's systems.
- 1.5 Undertake an appropriate risk assessment of the field office.

- 1.6 The audit should include site visits to project areas and an assessment of these respective projects.
- 1.7 Where the field office is in undertaking projects funded by institutional donors, the audit should include the verification of the expenditure on the project and the income received for the project, including the existence, ownership of any assets purchased for the project.
- 1.8 A report is required to be sent to Islamic Relief International Headquarters stating whether, in your opinion, the financial statements of the field office, which have been audited by your firm, give a true and fair view of the state of the field office's affairs at the period end, and of its income and application of resources for the period then ended.
- 1.9 The basic fundamentals for prospective auditors are:
- Credibility
 - Professionalism
 - Independence
 - Quality of service
 - Confidence

Audit Scope

The audit must involve obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the IRW and the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

The scope of the audit should also cover the accuracy and completeness of the IRW consolidation schedule

1. Legal & organizational aspects

- Legal positions of Islamic Relief Somalia.
- Adherence to legal requirements & constitution. For example the keeping of minutes
- Right of disposal & decision-making levels.
- Attention paid to taxation laws.
- Adherence to laws of employment including termination benefit entitlement

2. Accounting System

- Detailed bookkeeping.
- Supporting vouchers & other documents, including legal requirements in this regard.
- Income and Expenditure Account
- Balance Sheet.
- The use of all Bank Accounts and the regular reconciliation of bank & cash balances.
- Debtors
- Creditors
- Stock (In Kind Donations)
- Fixed Assets (fixed assets register with special reference to the additions, and disposals during the accounting period)

3. Management Reporting

- The auditors are expected to formally report on control weaknesses found during the course of the audit to local country management.
- This audited accounts with the audit opinion and the management letter should be directly sent to

Head of International Finance and Services
 Islamic Relief Worldwide
 19 Rea Street South
 Birmingham B5 6LB
 United Kingdom

- Assessment of the system of internal control & the arrangement of the bank account signatories.
- Businesslike & economic use of the resources.
- Assessment of the accounting system
- Assessment of the management & the administration.
- Adherence to Islamic Relief Financial Guidelines (copy available at Islamic Relief Somalia Office).
- Assessment of compliance with staff contracts – e.g. are staff benefits and entitlements as stated in contract adequately provided for.

4. Audit Opinion

The opinion on the financial statements should give a true and fair view of the state of the Islamic Relief Somalia's affairs as at 31 December 2024 and of the incoming resources and application of resources, including the countries income and expenditure and cash flows, for the year then ended;

The opinion should also confirm that the financial statements have been properly prepared in accordance with Generally Accepted Accounting Practice.

4. IRW Consolidation

1. In order to consolidate and compare local country accounts, IRW finance has prepared a consolidation template. Appendix II sets out the template and provides guidance on how this template should be completed.

The IRW consolidation template must be signed by the following to confirm its accuracy and consistency with the audited trail balance:

1. Country Director
2. Country Finance Manager

5. Audit report

- Audit Opinion in terms of a management letter (such a letter should include recommendations)
- Audit Opinion on the Financial Statements

It is expected that Auditors maintained an open communication approach with the respective Islamic Relief Somalia's Country Finance Manager and Country Director and ensure that there is no surprises at the end of the audit.

Reporting

The Audited Financial Statements and the Management Letter should be sent as soon as possible on completion to:

Head of International Finance & Services
Islamic Relief Worldwide
19 Rea Street South
Birmingham B5 6LB
United Kingdom

A copy should be given to the Islamic Relief Somalia's Country Finance Manager and Country Director and discussed with them before and during as well as on completion of the audit.

Requirements for Proposals from prospective auditors

The prospective auditor is required to submit its understanding about the audit scope, methodology, client resource base and professional fee.

The attached Audit Tender document should be completed and sent to prospective auditors.

Audit Tender

1 Introduction

Islamic Relief's main objective is to promote sustainable social development by co-operating with local communities through relief and development programs. Islamic Relief has implemented a variety of relief and development programs, as well as launching several emergency responses since its inception, this includes; working with IDPs affected by floods and conflict through emergency and Relief programs. In the period to be audited, IR Somalia implemented projects funded by IR Partners, SIDA, DEC, IDB, Start Fund and WFP among others.

2 Organisational Structure

Islamic Relief Somalia is headed by a Country Director as the officer-in -charge with support staffs that include Country Finance Manager, Head of Program, Program Managers/Coordinators, FSL Coordinator, Funding Coordinators, Finance Department, Logistic Department, Admin Department, HR Department, Security Department and various project teams etc. based at Head office in Mogadishu The organization's area offices are based in Mogadishu surrounding (Balad Badoia, Afgoyee, Beldweyne,Dinsor, Bardhere, Bardale), Garowe (Puntland) and Hargeisa (Somaliland). Each area office is headed by the Program Manager/Coordinator who reports directly to the HOP

3 Finances

The last 1 years' accounts are included in the tender pack.

4 Auditors

Amongst the essential qualities Islamic Relief will consider are as follows:

Technical competency

Islamic Relief expects the auditors to have expertise in its area of charitable activity and being able to provide advice in specialist areas such as taxes, Payroll, NGO accounting and risk management.

Cultural fit

Islamic Relief expects the auditors that are appointed to understand and sympathise with the purpose, values and methodology of Islamic Relief.

Expertise and experience in the NGO sector

Islamic Relief is an International Relief and Development NGO, thus it expects its auditors to have NGO sector specialists within its audit team and an experience and portfolio of clients in the NGO sector.

Value for money

Islamic Relief expects its appointed auditors to be proactive in the relationship, sharing experience, knowledge and ideas so that the audit adds more value than just meeting statutory requirements.

Islamic Relief expects the audit to be cost competitive and balanced with a quality professional service. Islamic Relief will expect an open and clear approach to audit costs but will be considering overall value for money of the service provided in making its decision.

Partner and manager time

Islamic Relief expects in the proposal a realistic commitment of partner and manager time and consideration of how you will maintain consistent staffing levels.

Communication

Islamic Relief places strong emphasis on personal relationship and good communication. We hope that we can develop a free and open two way conversation including such areas as changes in accounting standards, fees, deliverables, timing of audit visits, staffing changes.

Risk based approach

We are also seeking to appoint auditors that take a risk based approach to financial audit and have an understanding of risk in a broader context than financial risks.

5 Terms of Reference for Auditors

Refer to attached Terms of Reference.

6. The financial and accounting year

Below are key dates in the accounting year for the preparation of accounts and audit reporting, we anticipate a similar pattern to each year in the future.

	Islamic Relief
Financial year end	31 December 2024
Draft accounts available for audit	15th January 2025
Timing of the audit	Jan 20 to Feb 10, 2025
Sign off to draft accounts required from auditors	Feb 20. 2025
Approval by Trustees	Feb 25, 2025

6 The tender proposal

Please provide the following information in the proposal, in the order identified in this section of the tender pack.

i) Details of your firm

Your proposal should:

- Outline your structure, size and capabilities as relevant to us
- Identify your firm's major NGO clients
- Describe your audit philosophy and methods
- Provide two references of other NGO's that are your audit clients that can be taken up as required

ii) Staffing

Your proposal should identify:

- The partner and manager who will be assigned to the audit, including details of their relevant experience and qualifications
- The time which the partner and manager identified above will devote to the audit
- How you manage succession planning and staff continuity

iii) Audit approach

Your proposal should identify how you:

- Determine audit strategy and undertake audit planning
- Address matters of audit scope and materiality
- Identify and respond to critical audit issues
- Control and co-ordinate the audit process
- Ensure appropriate responsibility for decisions on the audit
- Conduct the reporting arrangements
- Approach the first year of the audit

iv) Fees

Your proposal should include separate estimates of your total audit fees for reporting on:

- **The NGO accounts**

A three-year fee schedule based on the document attached as Appendix 1 should be completed and submitted as part of this section of the proposal.

In addition in your written proposal you should:

- Provide an analysis of hours by grade of staff that will be involved on the audit together with details of your hourly charge out rates
- Indicate the basis of charging expenses
- Provide your proposed billing schedule
- Outline your proposals for setting and agreeing fees in future years

Your proposal should also contain details of other additional relevant services that your firm would propose to provide, but are not a necessary and integral part of the statutory audit, and where appropriate include these in the ‘additional services’ section in the three-year fee schedule.

7 Timetable for the tender process

Below is outlined the timetable for the audit tender process.

	Activity	Deadline
1.	Invitation to tender dispatched	October 24. 2024
2.	Confirmation of interest received	October 30. 2024
3.	Information gathering meetings with Country Director and Finance Manager	October 30, 2024
4.	Tender document received	November 1, 2024
5.	Selection panel review proposals & shortlist	November 5, 2024
6.	Firms informed of results of short listing exercise	November 6, 2024
7.	Oral presentations / Selection panel agrees recommendation	November 7. 2024
8.	IRW approval is sought	November 8. 2024
9.	Firms are informed of IRW's decision	November 11, 2024

Appendix 1

Islamic Relief Somalia Budgets;

Year	Amount in USD
2023	17,008,645
2024	18,000,000

Appendix 2

As part of your written submission you are asked to submit your proposed fees schedule for the next three years.

Audit review

	<i>Year ended 31 December</i>		
	2024	2025	2026
	USD	USD	USD
Islamic Relief Somalia			

Other optional work (eg Taxes, PAYE review – please specify on project by project basis)

	<i>Year ended 31 December</i>		
	2024	2025	2026
	USD	USD	USD
Project A			
Project B			
Project C			

NB: The fees quoted should include all chargeable time, out of pocket expenses (e.g. travel) and be all-inclusive fee only.

17. BID EVALUATION RATING SCALE

a) MANDATORY REQUIREMENTS

S No.	Description	Weighting in Mandatory Evaluation Yes/No
1	Company Registration Certificate	
2	Registration with the county government/valid business permit	
3	Active KRA PIN with (VAT Obligation is a MUST) Verifiable on KRA I tax	
4	Valid Tax Compliance Certificate Verifiable on KRA I tax	
6	Copy of ID/Passport for Company Owner/Director	
6	CR12/CR13	
7.	Current Practicing certificate for main Partners -from ICPAK	

NB:

Bids lacking any of the documents listed as Mandatory will lead to automatic disqualification and shall Not be considered for both technical and financial evaluation.

b) TECHNICAL ANALYSIS

No	Description		Score
1	Main Partners' Profile with contact address and their CVs.	Complete - 20 Partial requirements – 0	20
2	Evidence of past similar works with NGO and UN agencies - Completion certificates, LPOs, contracts. Provide at least 3 with list of referees with their contact details (name, telephone number, official email, location, and organization)	1. LPO/Contract/certificate - 10mks. 2.LPO/Contract/ -20mks. 3.LPO/Contract/ -30mks. Note: The contract/LPOs/completion certificate must be readable, signed and stamped by the issuing authority for any award to be given.	30
4	The audit firm shall be member of IFAC and the audit must be performed by an external, independent and qualified auditor(s).	Complete - 10 Partial requirements – 0	10
5	Technical Proposal/Methodology	Complete - 10 Partial requirements – 0	10
6	Number of years in operation (at least 8 years of existence)	Complete requirements -20 Partial at least 5 years -10	20
8	Serialization of the tender documents	Complete requirements-10 Partial requirements – 0	10
	Total		100

PASS MARK – 80%

NB: Bids who will not score 80% and above in the technical analysis will automatically be disqualified and shall Not be considered for financial evaluation.

Note: IRK reserves the right to extend the tender publication period, revise the opening and evaluation and period.

Disclaimer: Beware of Fraudulent Solicitations:

Islamic Relief Kenya (IRK) does not charge any fees at any stage of the procurement process (such as tender submission, evaluation, contract signing, or any other stage). All services provided by IRK are free of charge. We strongly advise interested bidders to exercise caution and be aware of any individual claiming to represent IRK and requesting payments in exchange for awarding contracts or lobbying on their behalf.

SECTION II: QUESTIONNAIRE

It is mandatory that a potential bidder avails the information required in the questionnaire (i.e., section A to F) then sign and stamp same.

A: Organization and Contact Details

Full Name of Organization			
Date of Registration			
Registration Certificate Number			
Street		Road	
Address		Code	
Town			
Email		Telephone No.	
PIN No.			
Other Certificate			
Type of Organization		A Public Limited Company	
		A Limited Company	
		A Limited Liability Partnership	
		Other Partnership	
		Sole Trader	
		Other (Please Specify)	

Name of Owners/Director

No.	Name	ID/Passport No.	Nationality
1.			
2			
3			

DETAILS FOR CONTACT PERSON

Contact details for enquiries about this tender

Name of Staff	
Address	
Post Code	
Town	
Phone	
Mobile	
Email	

B – Financial

1	BANK INFORMATION	
	<i>Bank</i>	
	<i>Branch</i>	
	<i>Account Name</i>	
	<i>Account Number</i>	
	<i>Swift Code</i>	
	<i>Letter from Bank</i>	

F - Declaration

2.	<p>I declare that to the best of my knowledge the answers submitted in this bid document are correct. I understand that the information will be used in the process to assess my organization's suitability for the tender to meet IRK's requirement. I hereby sign on behalf of my organization and understand that IRK may reject this bid if there is a failure to answer all relevant questions fully or should we provide false/misleading information. By signing the bid document I certify that all the above statements are accurate and factual.</p>	
	FORM COMPLETED BY	
2.1	Name:	
2.2	Position:	
2.3	Signature:	
2.4	Date:	
2.5	Stamp:	



25.0 Supplier Code of Conduct

1 Islamic Relief Worldwide requires all suppliers to adhere to:

- i. The Modern Slavery Act 2015
- ii. The International Labour Standards as defined by the ILO (International Labour Organisation).
- iii. The United Nations Global Compact's 10 principles as stated below:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour;

and

Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility;

and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

