



## **REQUEST FOR EXTERNAL AUDIT SERVICES TERMS OF REFERENCE**

### **1. BACKGROUND**

Baringo County Conservancies Association (BCCA) is a registered landscape-level association established in 2017 under the Societies Act of Kenya (Cap 108). It is a locally-led, managed, and owned organization working across the entire Baringo County, covering approximately 1,107,500 hectares (about 11,075 km<sup>2</sup>). BCCA promotes an integrated natural resource management approach that brings together diverse community-led institutions, including conservancies, Community Forest Associations (CFAs), Water Resource Users Associations (WRUAs), Beach Management Units (BMUs), geosites, and other community-based natural resource management groups. To streamline the integrated landscape approach in Baringo, BCCA has organized the landscape into three clusters based on drainage basins: Lake Bogoria in the south, Lake Baringo, and Kerio Valley.

In this regard, BCCA is seeking to engage the services of a qualified external auditor to conduct statutory audits for the financial period 1<sup>st</sup> January to 31<sup>st</sup> December 2026.

### **2. OBJECTIVE OF THE EXTERNAL AUDIT**

The main objective of the audit is to provide professional opinion on the financial management, book keeping system and the procedures for the internal controls and the opinion on financial statements. Specifically, the auditor will:

- Express an opinion on whether the financial statements for the period 1<sup>st</sup> January to 31<sup>st</sup> December 2026 of the Association and related projects give a true and fair view of the state of the Association's financial affairs in accordance with internationally recognized principles;
- Perform reviews of the accounting records and ascertain whether the laid down financial procedures are complied with;
- Review and evaluate the Association's projects 'accounting procedures and administrative;
- controls and report on any significant weaknesses together with recommendations and improvement;
- Review and evaluate that the individual Association and project's assets are registered;
- Assess the adequacy of internal controls over funds received by the organization and projects;
- Verify income and expenditure and the control of fixed assets;
- Review the organization's compliance with the terms of the agreements;
- Assess adequacy of the systems of control over procurement of supplies, equipment and services;

- Recommend possible improvement and/or mitigating actions in any areas of weaknesses noted through issue of management letter; and
- Prepare the financial statements with accompanying notes.

### **3. AUDITING STANDARDS**

The external audit shall be carried out in accordance with International Standards on Auditing (ISA) and includes such tests and auditing procedures as the auditor considers necessary for the assignment.

### **4. RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS**

**4.1** The responsibility for the preparation of Financial Statements lies with BCCA and is also responsible for:

- (a) The selection and application of accounting policies,
- (b) Implementing accounting, administrative and financial procedures documented in manuals.

**4.2** The auditors are responsible for the formulation of an opinion on the Financial Statements based on their audit conducted in accordance with ISAs (International Standards on Auditing).

### **5. SCOPE OF THE AUDIT**

**5.1** The audit will be carried out in accordance with the standards specified in 4.2 above and will include such tests and verification procedures as the auditors consider necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

- (a) Carry out tests of transactions as are necessary, in order to obtain an understanding of the accounting system, to assess its adequacy as a basis for the preparation of the financial statements and to establish whether adequate records have been maintained as required by Financial Manual and applicable rules of the donors;
- (b) Conduct a review of the internal control systems to have sufficient knowledge of the procedures underpinning the systems, as contained in the Financial Manual and other applicable organizational policies and rules of the concerned donors;
- (c) Confirm that although responsibility for preventing irregularity and fraud remains with BCCA, the audit has been planned so as to have a reasonable expectation of detecting material misstatements in the financial statements;
- (d) Confirm that funds have been used in accordance with the applicable rules of the concerned donors;
- (e) Confirm that goods and services financed have been procured in accordance with sound procurement procedures spelled out in the Procurement Manuals;
- (f) Confirm that all necessary supporting documents, records and accounts have been kept in respect of all activities; and
- (g) Confirm that the Financial Statements have been prepared in accordance with acceptable accounting practice and give a true and fair view of the financial position of BCCA as at the end of the financial year.

**5.2** The above-defined scope does not in any way restrict the audit procedures or the techniques that the auditor may wish to use in forming an opinion on the Financial Statements being audited.

## **6. FINANCIAL STATEMENTS**

6.1 The Financial Statements to be audited, among others, include:

- (a) A Statement of surplus or deficits;
- (b) A Statement of Financial Position;
- (c) A Statement of Changes in funds; and
- (d) A Statement of Cash Flow;

## **7. AUDIT REPORT**

7.1 The auditor is expected to present two types of reports: An opinion on the Financial Statements and a Management Letter.

7.3 The Management Letter, among others, shall contain:

- (a) Comments and observations on the accounting records, systems and controls
  - (a) that were examined during the course of the audit;
  - (b) Specific deficiencies and areas of weakness in systems and controls and make recommendations for improvement;
  - (c) Matters that have come to their attention during the audit which might have a significant impact on the implementation and sustainability of the funding;
  - (d) Report on the implementation status of recommendations pertaining to previous period audit reports;
  - (e) Areas of risk that need to be flagged out to management; and
  - (f) Any other matters that the auditors consider pertinent to be brought to the attention of BCCA.

## **8. AUDITOR'S QUALIFICATION AND EXPERIENCE**

- (a) The auditor must be completely impartial and independent from all aspects of management or financial interests of BCCA;
- (b) The auditor shall not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as advisers or mentors for, or have any financial or business relationships with BCCA;
- (c) The auditor shall be registered with the Institute of Certified Public Accountants of Kenya (ICPAK) and must demonstrate appropriate professional qualifications and suitable experience in accounting and auditing; and
- (d) The Auditor has the appropriate professional qualifications and suitable experience, in particular International Standards on Auditing.

## **9. LETTER OF ENGAGEMENT**

9.1 A formal letter of engagement specifying the scope of audit shall be prepared and signed between BCCA and the auditor prior to the beginning of the assignment. The letter of engagement shall also clearly spell out the responsibilities of the two parties.

## **10. APPLICATION PROCESS AND TIMELINES**

Interested applicants are requested to submit their documents (technical & financial) proposals to [info@baringoconservancies.co.ke](mailto:info@baringoconservancies.co.ke) by **5.00pm on 26<sup>th</sup> June, 2026**.