REQUEST FOR PROPOSALS

RFP No: KCIC/2024/173

Provision of Consultancy Services for Internal Audit

Client: Kenya Climate Innovation Center

Country: Kenya

Issued on: 24th May 2024
Provision of Internal Audit Consulting Services for Kenya Climate Innovation Center (KCIC)

1. Background On KCIC

Kenya Climate Innovation Center (KCIC), founded in 2012, provides holistic, country-driven support to accelerate the development, deployment and transfer of locally relevant climate and clean energy technologies. KCIC provides incubation, capacity building services and financing to Kenyan entrepreneurs and new ventures that are developing innovative solutions in energy, water, waste management, commercial forestry and agribusiness in order to address climate change challenges. It also seeks to promote an enabling environment for such businesses.

KCIC is funded by the Danish Ministry of Foreign Affairs and the European Union, IKEA Foundation, Charles Stewart Mott Foundation among other donors.

2. Role of Internal Audit at KCIC

The primary role of Internal Audit at KCIC is to complement its risk management strategies and accordingly contribute to the organizational focus of good corporate governance and responsible financial management. This is achieved by systematic reviews of management processes and policies. The overall purpose of Internal Audit is to assist all members of management and staff in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations and pertinent comments concerning the activities reviewed. Internal Audit is responsible for reviewing as necessary all operations of KCIC and reporting to Management and the Board of Directors the results of those reviews.

The function of Internal Audit is to provide an advisory service to the Board of Directors and management of KCIC. In the performance of its activities, Internal Audit will play an active role in the following:

a) Developing and maintaining a culture of accountability, integrity, adherence to high ethical standards, and consistency with KCIC’s values;

b) Facilitating the integration of controls and risk management into the day-to-day business activities and processes;
c) Promoting a culture of self-assessment and reporting any suspected cases of fraud, bribery and corruption.

Internal Audit will review all areas of operations of KCIC at appropriate intervals to determine whether they are efficiently and effectively carrying out their functions. This will include determining the adequacy and effectiveness of KCIC’s systems of internal controls, including reviewing the reliability and integrity of financial, procurement, client support, investments and general operational information and the means used to identify, measure, classify and report such information.

All Internal Audit assignments will be performed to meet KCIC’s own standards and those of professional practice issued by the Institute of Internal Auditors as well as standards and policies of donors, including Denmark and the EU.

Internal Audit is responsible administratively to the Chief Executive Officer and functionally to the KCIC Board through the Audit and Risk Committee of the Board. This reporting structure is designed to provide independence, promote objectivity and ensure appropriate assurance coverage is maintained across the organization. Internal Audit has no executive or managerial powers.

Internal Audit has the authority to inspect records and property at any location including the County Business Incubation Hubs and may make direct contact with any level of management in connection with its work. Departments or activities under review are expected to render every possible assistance that will facilitate the progress of the review.

The extent and frequency of recurring assurance reviews depend upon varying circumstances such as conditions found during previous reviews, performance reflected on standard reports, volume of transactions, and adequacy of the system of internal control. Therefore, no set rules are established as to the number of times each activity will be visited, nor as to specific subjects that are reviewed.

Management may however request internal audit services in response to emerging business issues or risks and any high level assessed risk will be referred to the Chair of the Board of Directors immediately.
3. **Objective of Internal Audit Consultancy**

KCIC Board of Directors has approved – based on the KCIC Internal Audit Framework – the procurement of an Internal Audit Consultant to be responsible for undertaking regular internal audits of KCIC operations.

The purpose of the Internal Audit Consultancy is to provide independent, objective assurance that the risk management, governance and internal control processes are operating effectively and efficiently, add value and improve the KCIC’s operations by bringing in a systematic and disciplined approach.

4. **Scope of Internal Audit Consultancy**

The Internal Audit Consultant will cover the audit of the KCIC’s activities.

The consultant is expected to assess and suggest improvements on the reliability and integrity of financial, operational and non-financial systems, policies and procedures. Areas to be covered will not be limited to financial systems or records but extends to all activities of KCIC including information systems and internal control processes.

The Internal Auditor will:

- Have prime responsibility for internal audit assignments;
- Be responsible for ensuring that the audit complies with KCIC’s policies and the standards and guidelines issued by the Institute of Internal Auditors;
- Meet with and submit activity reports to the Management and the Board of Directors on a quarterly basis;
- Present relevant reports to the Board of Directors on regular basis and as required without management being present.

The structure and content of the activity reports will highlight significant audit findings and recommendations and detail any deviations from the approved audit plans.

Broadly, the scope of the internal audit will entail the following:

- **Assurance Services** - This will include the objective examination of evidence for the purpose of providing an independent assessment of risk management, control and governance processes;
b) **Advisory Services** - Advising management on controls effectiveness, change initiatives and enhancements to risk management. It will also entail ensuring compliance with policies, plans, procedures, contractual obligations including those of the donors and laws and regulations which could have significant impact to KCIC. It will also involve evaluation of programs to assess value for money and procurement policies.

c) **Future-focused** - in provision of insightful and proactive information on potential risks and assisting the KCIC businesses in understanding such risks. In addition, craft preventive responses and become more proactive through assurance and advisory roles hence intervene before risks materialize.

d) **Whistleblowing services** using confidential reporting mechanism, with a dedicated telephone number or hotline or may include a web-based reporting system. Internal Auditor will act as a communication channel for the whistleblowing hotline, coordinating responses and will play both triage and investigative roles. The Board of Directors in collaboration with the Internal Audit will ensure that effective Whistleblowing Policies and Procedures are in place that guarantee confidentiality, anonymity and avoid conflicts of interest. Board will be presented with the cases (including the identity of the individual who is reporting the case) and will it be solely up to the Board to make decision on what actions to be taken.

Specifically, the Internal Audit Consultant shall: -

a) Review and evaluate budgetary performance and financial management mechanisms and processes;

b) Evaluate the effectiveness of the risk management process and controls. Review and make appropriate recommendations on the compliance with risk management framework, among others;

c) Review the governance processes and mechanisms for transparency and accountability with regard to the finances and assets of the entity;

d) Review the effectiveness, reliability and integrity of financial, operational and other non-financial performance management systems;

e) Conduct audits aimed at strengthening internal control mechanisms that could have an impact on achievement of the strategic objectives of KCIC;

f) Appraise the application of KCIC’s resources and assets;

g) Verify the existence of assets administered by KCIC and ensure that there are proper safeguards for their protection;
h) Review systems to ensure compliance with KCIC policies, plans, procedures and statutory requirements and regulations. Provide assurance that good business practices are followed by KCIC;

i) Evaluate the adequacy and reliability of information available to management for making decisions with regard to KCIC and its operations.

j) Examine and report on any proposed budget estimates.

k) Assist in the development of an appropriate internal audit strategy and its annual review so as to meet the objectives of effective delivery of internal audit services.

l) Develop an Annual Internal Audit Plan, obtain approval by the Audit Committee and share with the Chief Executive Officer.

m) Implement the annual audit plan in 4 quarters in a timely manner to cover the following areas:
   - Governance
   - Financial management
   - Grant management to sub-grantees
   - Budget and Expenditure control
   - Cash and bank management
   - Human Resource and payroll
   - Procurement management
   - Information Technology

n) Ensure compliance with donor terms and conditions, especially in regard to cost allocation, ineligible costs, budgeting, accounting and financial reporting

o) Ensure compliance with tax/VAT obligations

p) Develop, review and implement the Internal Audit Charter.

q) Conduct investigative and special/ad-hoc audits as necessary as advised by the client;

r) Provide regular reports/updates to the Audit and Risk Committee and Board and attend Board meetings as and when invited.

5. Conduct of the Consultancy

The consultancy will be carried in the KCIC offices in Nairobi, but the consultant will have the authority to inspect records and property at any other office/ location implementing KCIC activities, including the County Business Incubation Hubs.
The consultancy will report to the Audit and Risk Committee of the Board. The Chief Executive Officer will facilitate the administrative functions of the consultancy. The consultant will make quarterly reports and an annual report to the Board of Directors through the Audit and Risk Committee. Other reports for adhoc audits/ investigative audits will also be carried out through the authorizing office.

The consultant will be required to develop an audit plan and implement the same after appropriate approval. The programme will be developed and implemented in accordance with the internal auditing standards.

The Internal Audit Consultant may be required to carry special investigations as necessary.

The services to be provided by the consultancy are expected to commence immediately the Contract is signed. The consultancy shall carry out the services initially for a period of three years which may be renewed subject to satisfactory performance.

6. Carrying out of the Consultancy Tasks

The Chief Executive Officer will be available to clarify any matters that may arise. The consultant will be required to prepare an inception report on the process of carrying out its work. The consultant will also prepare a work plan, scope of work and an audit programme for discussion and approval by KCIC.

The internal audit consultancy will commence immediately upon signing the contract.

7. Deliverables

The Internal Audit Consultant is expected to provide the following key deliverables: -

a) **An Inception Report**: This report to be submitted within 30 calendar days after signing of the Contract. The inception report will provide the following-

   i. Internal Audit Strategy:

   ii. Annual Internal Audit Plan:
b) **Subsequent Annual Internal Audit Plan** to be submitted not later than 30 days after commencement of the Financial Year.

c) **Quarterly internal audit reports:** This will be submitted within 30 days after the end of the quarter. The Quarterly reports will be presented to the Audit and Risk Committee. The consultant will be given adequate notice to attend.

d) **An annual internal report** for the financial year. This will be submitted within 45 calendar days after end of the financial year.

e) **Additional audit reports** for investigative/ adhoc and special audits deliverables to be agreed with the Client.

The structure and content of the reports will highlight significant audit findings and recommendations and detail any deviations from the approved audit plans.

8. **Firm Requirements**
   a) Registration with ICPAK and with a current practising licence;
   b) Valid Tax compliance certificate;
   c) Significant experience in auditing (external and internal) donor funded organisations and Projects;
   d) Experience dealing with donors such as Denmark (Danida), EU, and the World Bank will be an added advantage;
   e) Experience working with private equity and venture capital funds preferably those making early-stage investments will be an added advantage.

9. **Personnel**

   A team of professionals and support staff to be provided by the consultant should be sufficient with professional qualifications and skills needed to perform the tasks specified and provide outputs agreed under the contract.

   The proposed personnel should have adequate skills and capacity to carry out the assignment to the satisfaction of KCIC. Details of qualifications and experience is as indicated below:
A. Team Leader/Lead Auditor
   a) Master’s Degree in finance, business administration or equivalent from a recognised University
   b) Professional qualifications - (CPA (K), or any other recognized professional qualification)
   c) Membership in professional bodies (ICPAK, IIA or any other recognized body)
   d) Current practicing certificate issued by ICPAK
   e) 15 years’ experience in audit and review of organisation systems and processes.
   f) Experience in dealing with donors (EU, Danida, World Bank among others) and donor funded organisations in the region
   g) Experience working with private equity and venture capital funds preferably those making early-stage investments will be an added advantage.
   h) Knowledge of International Financial Reporting Standards

B. One Senior Consultant
   a) Bachelor’s Degree in finance, business administration or equivalent from a recognised University
   b) Professional qualifications - (CPA (K), or any other recognized professional qualification)
   c) 8 years’ experience in audit
   d) Experience in dealing with donors (EU, Danida, World Bank among others) and donor funded organisations in the region
   e) Experience working with private equity and venture capital funds preferably those making early-stage investments will be an added advantage.
   f) Knowledge of International Financial Reporting Standards

C. Two Consultants
   a) Bachelor’s Degree in finance, business administration or equivalent from a recognised University.
   b) Professional qualifications - (CPA (K), or any other recognized professional qualification).
   c) 5 years’ experience in audit.
   d) Experience in dealing with donors (EU, Danida, World Bank among others) and donor funded organisations in the region.
In the conduct of Internal Audit work, Internal Audit team will:

a) Comply with relevant professional standards;
b) Required to be independent and objective;
c) Remain free from interference of any persons or group within KCIC including on matters of audit selection, scope, procedures, frequency, timing or report content;
d) Possess the knowledge, skills and technical proficiency relevant to the performance of their duties;
e) Be skilled in dealing with people and communicating audit, risk management and related issues effectively;
f) Exercise due professional care in performing their duties;
g) Provide reasonable assurance on the internal control environment;
h) Promote a strong ethical culture throughout the organization.

The interested firms should provide together with their proposal the proposed methodology of conducting the consultancy. A tentative schedule of the expected activities and how they will be conducted should be provided.

10. Proposals Submission details and deadline

Interested firms shall submit soft copies of both a technical and a financial proposal to the email procurement@kenyacic.org with the subject line: **Provision of Internal Audit Consultancy Services.** The deadline for submission of proposal is on Thursday 13th June 2024 at 5pm. The technical proposal should clearly outline the following:

a) Documented past experience in undertaking similar work
b) Qualification and experience of the team
c) Methodology
d) Work plan

The submission should be in two separate zip folders clearly marked technical and financial. Any proposal received after the deadline will not be opened, and no amendments to the technical or financial proposals will be accepted after the deadline.

Proposals submitted in contrary to the instructions given above will not be accepted. All inquiries relating to the TORs shall be communicated in written form to procurement@kenyacic.org
11. Evaluation Criteria

Weightage of the score for the two proposals will be allocated as follows:
   a) Technical proposal – 70 points
   b) Financial proposal - 30 points

The evaluation criteria for the technical proposal has four components: -
   a) Firm/Consortium Profile and Experience – 35%
   b) Methodology and Approach to the Assignment -25%
   c) Team with Team Leader profile – 30%
   d) Work plan and Timeline – 10%

The costing of the proposal should be against man-hours of time expected
to be spent on carrying out the identified activities and against any
reimbursable costs incurred.