



## TERMS OF REFERENCE FOR PROVISION OF AUDIT SERVICES TO THE EAST AFRICAN BUSINESS COUNCIL SECRETARIAT IN ARUSHA

### 1.0 Background:

- 1.1 The East African Business Council (EABC) is the umbrella organisation of the Private Sector in East Africa. Established in 1997, EABC is at the forefront of facilitating private sector participation in the integration process of the East African Community (EAC). EABC works closely with East African Community Secretariat, East African Legislative Assembly, governments, regional economic communities, multilateral groups and the business community to improve the region's trade and investment climate.
- 1.2 EABC members are drawn from private sector associations and the five East African Countries (Uganda, Kenya, Tanzania, Rwanda, Burundi Somalia and South Sudan). Our members believe in a private sector- led economic integration with government acting as facilitating the process.
- 1.3 EABC is registered as a company limited by guarantee and is incorporated under the laws of the United Republic of Tanzania. It is managed by Executive Committee, headed by a Chairperson, elected from the 5 partner States on annual rotational basis. A Secretariat, based in Arusha and headed by an Executive Director and limited Staff, serves the day to day needs of the Members.
- 1.4 The source of funding for the activities of EABC is the annual membership subscriptions. Currently also several international development partners funding the implementation of various projects and programmes of the EABC.

### 2. EABC Mission and Objectives:

- 2.1 EABC works towards providing a regional platform through which the business community can present their concerns at EAC policy level, with the overall aim of creating a more conducive business environment through targeted policy reforms.
- 2.2 EABC projects and programmes are designed to;
  - o Bring together potential business partners by developing critical contacts and business relationships;

- Provide a forum for exchange of information and ideas;
- Raise East Africa’s investment profile both regionally and globally;
- Address issues that limit private sector competitiveness in trade and investment.

### **3. Objective of the Audit**

- 3.1 The objective of the audit of the organisations financial statements is to enable the auditors to express an independent professional opinion on the financial position of the Company for the financial year ending 31st December 2021 and to ensure that the funds granted to the organisation have been used for their intended purposes.
- 3.2 The organisations’ books of accounts provide the basis for preparation of the Financial Statements by the Executive Committee and are established to reflect the financial transactions in respect of the organisation. The Management maintains adequate internal controls and supporting documentation for transactions.

### **4.0 Auditing Standards**

The audit should be carried out in accordance with International Standards on Auditing (ISA) or the International Organisation of Supreme Audit Institutions (INTOSAI).

### **5. Scope of work**

The audit shall cover the period 1st January 2024– 31st December 2024 and shall cover all income received by the company from membership subscriptions and International Development Partners. It should include such tests and verification procedures as the auditors consider necessary under the circumstances.

In conducting the audit, the Auditor will:

- 5.1 Carry out tests of transactions as are necessary, and will obtain an understanding of the EABC accounting system, to assess its adequacy as a basis for the preparation of the Organisations’s financial statements and to establish whether adequate records have been maintained;
- 5.2 Plan the audit in a manner that provides reasonable expectation of detecting material misstatements in the Organisations’s financial statements;
- 5.3 Ensure that goods and services financed have been procured in accordance with sound procurement procedures spelled out in the EABC Financial Regulations and Accounting Manual, Grant Agreements and MoUs with various development partners.
- 5.4 Ensure that all necessary supporting documents, records and accounts have been kept in respect of all activities of the organisation;
- 5.5 Ensure that existing practices and procedures are sound, in line with the EABC financial regulations and accounting manual, grant agreements, MoUs and best practices.

- 5.6 Verify whether activities funded are in line with the approved Work Plan and Budget and are a reflection of EABC planning priority areas.
- 5.7 Review compliance with the EABC financial regulations and accounting manual and EABC Financing agreements with the Development Partners.
- 5.8 Review the overall governance and management of the organisation, whether it reflects best practice, borrowing experience from other organizations of a similar nature;
- 5.9 Perform a risk assessment in the operations of the organisation;
- 5.10 Verify the financial reports with respect to transactions eligibility, Value For Money, budget compliance, authorization and supporting documentation;
- 5.11 Verify all bank accounts that were opened for the organisation and ensure that bank account management procedures were followed;
- 5.12 Ascertain the funds remitted by Members and Development Partners in the organisations bank account(s) and confirm acknowledgement of receipt of these funds by EABC. The disbursements made by donors should be properly recorded in the Financial Statements and shown as a note or attachment to the financial statement;
- 5.13 Verify and confirm whether expenditures reflected in the financial reports are duly authorized and adequately supported by the documentation on file;
- 4.14 Assess the soundness and adequacy of internal control systems and procedures and whether the procedures are consistently applied in the management of the funds;
- 5.15 Verify the movement of funds in the Special Accounts and verify the accuracy of the reconciliations provided by the organisation and compliance to donor procedures regarding management of Special Accounts;
- 5.15 Provide an audit opinion in the final audit report as to whether financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the financial position of the organisation as at the year end and of its receipts and expenditures for the period being audited;
- 5.16 Review any previous audit recommendation and assess the level of Implementation;
- 5.18 Prepare and submit a final audit report and management letter to the Executive Committee.

## **6. Financial Statements**

- 6.1 The auditors will ensure that the financial statements are prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Board (IASB) and interpretations of those standards, and comply with the Companies Act 2002.
- 6.2 The Financial Statements prepared by the organisations management shall include;
  - o Statement of Financial Position;
  - o Statement of Income and Expenditure;
  - o Statement of Changes in Members Funds;
  - o Statement of Cashflows for the year then ended

## **7. Deliverables**

### **7.1 Final Audit report**

The audit report will comprise (i) the auditors' opinion on the organisations financial Statements and (ii) a complete set of organisations financial statements and (iii) other relevant statements as mentioned in section 5.2 above.

### **7.2 Management Letter**

In addition to the audit report, the auditors will prepare a "management letter" in which they will:

- 7.2.1 Give comments and observations on the accounting records, procedures, systems and controls that were examined during the course of the audit;
- 7.2.2 Identify specific deficiencies and areas of weakness in systems and controls and make recommendations for improvement;
- 7.2.3 Report on the degree of compliance with each of the EABC rules and regulations and funding agreement and give comments, if any, on internal and external matters affecting such compliance;
- 7.2.4 Report on the implementation status of recommendations pertaining to previous period audit reports;
- 7.2.5 Communicate matters that have come to their attention during the audit which might have a significant impact on the implementation and sustainability of the programme ; and
- 7.2.6 Bring to the EABC managements' attention any other matters that the auditors consider pertinent.

## **8. Audit Team:**

8.1 The audit firm should be registered and have a license from a national or regional Accountancy Body. The Team shall include staff with relevant professional qualifications, experience in accounting of limited companies and donor-funded operations and in applying either ISA or INTOSAI audit standards.

8.2 The key audit team will comprise, at least:

- An audit manager with at least 10 years experience in auditing and with a sound knowledge of private companies and donor-financed projects. In addition s/he should be a member of a recognised accountancy professional body;
- A team leader with full professional qualifications and a minimum of 5 years experience in auditing; and
- An assistant auditor with adequate experience and professional qualifications.

- 8.3 The Auditor must be completely impartial and independent from all aspects of management or financial interests in the entity being audited or directly related entities. They should not, during the period covered by the audit or during the undertaking of the audit, be employed by, serve as director for, or have any financial or close business relationships with any senior participant in the management of the entity. The auditor is required to disclose any relationship that might possibly compromise their independence.

## **9. EABC Responsibilities to the Audit Firm**

- 9.1 Provision of all relevant documents required by the auditor such as legal documents, correspondence and any other information associated with the organisation and projects that may reasonably be deemed necessary to enable them undertake the audit;
- 9.2 Provide working space, administrative support at the EABC headquarters in Arusha, Tanzania.
- 9.3 Monitoring of the consultant's progress
- 9.4 Payment according to the contract signed with the firm

## **10. Timeframe**

Commencement date shall be agreed with the successful selected Audit Firm. A workplan should be submitted as part of the bid. Final Report and Management Letter will be submitted as shall be agreed.

## **11. Amount and Mode of payment:**

The Audit Firm will be paid as per the Contract agreement, based on production of the stated deliverables. The Reimbursable expenses shall be the following:

- Cost of necessary travel, including transportation of the Personnel by the most appropriate means of transport and the most direct practicable route;
- Expenses related to field work, consultations and disseminations shall be covered by EABC Secretariat directly or reimbursed when Consultant incurs expenditure approved in advance for any related activities.
- Cost of printing and dispatching of the Reports

## **12. Reporting**

The Audit Firm will report to the company's members and various development partners who have entered into funding agreements with the EABC during the financial year.

### 13. Who to apply

All experienced, credible and registered Audit Firm(s) with legal capacity to enter into a contract.

### 14. Submission of Proposals

#### 14.1 Technical Proposal

- Technical Proposal in one original and one copy;
- Administrative requirements including; firm profile, registration and license documents, Tax registration, power of attorney(where applicable);
- Contact details, evidence of experience in similar tasks;
- CVs of Professional staff involved (Minimum of two (2) staff)

#### 14.2 Financial Proposal

- Financial proposal in one original and one copy.
- Full cost in USD and breakdown of reimbursables, Taxes and duties and any other related costs

The Technical and Financial proposals should be sealed in separate envelopes and enclosed in the main outer envelope.

#### 14.3 Evaluation Criteria

Appears as Appendix 1 below

### 15. How to apply

Interested bidders should submit one original for both the Technical Proposal and the Financial Proposal in sealed envelopes clearly marked **"QUOTATION FOR PROVISION OF AUDIT SERVICES TO THE EAST AFRICAN BUSINESS COUNCIL** to the EABC [procurement@eabc-online.com](mailto:procurement@eabc-online.com) not later than **10<sup>th</sup> December 2024 at 17:00hrs EAT** addressed to;

The Executive Director,  
East African Business Council Limited,  
9th Floor Mafao House, along Old Moshi Road  
P.O. Box 2617, Arusha, Tanzania.  
Tel: 255 27 2520162 | +255 27 2520163

For any clarification, please contact the Procurement Unit on Email: [procurement@eabc-online.com](mailto:procurement@eabc-online.com)

APPENDIX 1

1.1	Mandatory Eligibility Criteria	Yes/No
	<p>Documents required to be submitted with the Proposal are:</p> <ul style="list-style-type: none"> <li>• Audited Financial statements (3 years)</li> <li>• Company Profile</li> <li>• Registration details</li> <li>• Business Licence/practising license</li> <li>• Tax identification references/ Numbers</li> <li>• Income Tax Compliance Certificate</li> <li>• Powers of attorney(where applicable)</li> <li>• VAT registration certificate</li> </ul>	
2.0	<b>Evaluation Criteria</b>	
	<b>Details</b>	<b>Marks</b>
2.1	<p><b>Overall capabilities of the firm.</b>            Affiliation with international firm, experience in not-for-profit organisations, international organisations and private companies of a similar nature. Number of partners and professional staff, types and numbers of clients and firm specialties that may be advantageous to the audit of the organisation.</p>	20
2.2	<p><b>Professional Team to be assigned</b>            Organization of team (lead partner, review partner, number of manager). The curriculum vitae of lead partner, review partner, manager(s), professional and academic qualification, years of external audit experience, recent professional development activities, experience with audit of not-for-profit entities, experience with auditing against international financial reporting standards, Number of hours allocated in proposal by partners, managers and auditor in charge.</p>	20
2.3	<p><b>Approach methodology and workplan</b>            Risk assessment methodology, balance between reviews of controls and substantive testing, reporting approach–interim reports, management reports, presentations to management and Board, number of hours allocated to the assignment, number of visits to the Center for the audit and approach to reviewing the financial system.</p>	20
2.4	<p><b>Understanding of the assignment</b>            Familiarity or at least knowledge of types of financial reporting</p>	20

	and control issues facing an entity like EABC, Approach tailored for not-for-profit organisation, registered as a company limited by guarantee and receiving donor-funding. Ability to audit against IFRS and according to International Auditing Standards understanding what this entails. Ability to identify important risks that would affect the audit and ability of the organisation to report against IFRS.	
<b>2.5</b>	<b>Specific staff experience;</b>	
<b>2.5.1</b>	Lead Partner should be a Certified Public Accountant - 10 years experience in audit	<b>10</b>
<b>2.5.2</b>	Others- Minimum 5 years (Must demonstrate practical experience and expertise with Audit projects)	<b>10</b>
	<b>Total Points</b>	<b>100</b>
<b>3.0</b>	The minimum Technical Score required to pass is: 70 Points.	
<b>3.1</b>	The formula for determining the financial scores is the following: $S_f = 100 \times F_m / F$ , in which $S_f$ is the financial score, $F_m$ is the lowest price and $F$ the price of the proposal under consideration.	
<b>3.2</b>	The weights given to the Technical and Financial Proposals are: $T = 0.7$ and $P = 0.3$	
<b>4.</b>	The address for contract negotiations is: <b>East African Business Council Limited,</b> <b>9th Floor Mafao House, along Old Moshi Road</b> <b>P.O. Box 2617, Arusha, Tanzania.</b> <b>Tel: 255 27 2520162   +255 27 2520163</b>	