### Project/Activity Name:
CATALYTIC IMPACT FOR DAIRY SECTOR GROWTH

### Agresso Work Order:
KE0367HIKE00

### Country:
KENYA

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**REQUEST FOR PROPOSAL - 20240608KE**

**FINANCIAL AUDIT FOR THE CATALYTIC IMPACT FOR DAIRY SECTOR GROWTH PROJECT**

<table>
<thead>
<tr>
<th>RFP Release Date:</th>
<th>Tuesday 25th June 2024</th>
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</thead>
<tbody>
<tr>
<td>Proposal Submission Deadline:</td>
<td>Monday 22nd July 2024</td>
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<tr>
<td>Question/ Inquiry Submission Deadline:</td>
<td>Friday 12th July 2024</td>
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<tr>
<td>Electronic submission to the attention of:</td>
<td>Procurement Kenya</td>
</tr>
<tr>
<td>Electronic submission:</td>
<td><a href="mailto:procurement-ke@heifer.org">procurement-ke@heifer.org</a></td>
</tr>
<tr>
<td>Contact information for inquiries about this RFP:</td>
<td><a href="mailto:procurement-ke@heifer.org">procurement-ke@heifer.org</a></td>
</tr>
<tr>
<td>Performance Period:</td>
<td>July – October 2024</td>
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</table>
BACKGROUND
Since 1944, Heifer International has worked with more than 43 million people around the world to end hunger and poverty in a sustainable way. Working with rural communities in 19 countries in Africa, Asia, and the Americas, including the United States, Heifer International supports farmers and local food producers to strengthen local economies and build secure livelihoods that provide a living income. Heifer started work in Kenya in 1981. Since then, Heifer Kenya has supported more than 682,000 families working in the dairy, meat, poultry, and horticulture value chains. Heifer Kenya is working with farmers to increase production and productivity by strengthening extension services and farmers’ cooperatives where they gain vital skills that enable them to scale and sustain their businesses. Heifer Kenya implements its projects through 1) Community development and 2) enterprise development approaches. Each of the projects focuses on three priority directions, namely, strengthening, and diversifying the resource base, strengthening country program efficiency, and increasing outreach and impacts through the utilization of innovative value chain systems.

PROJECT OVERVIEW
The Catalytic Impact for Dairy Sector Growth Project (2019 – 2022) was established in collaboration between Irish Aid, Heifer International-Kenya, respective county governments, and 10 Producer Organizations (POs). The primary goal was to enhance the institutional capacity of POs, enabling them to efficiently utilize and repay catalytic investments, ultimately increasing the profitability of their dairy. The project targeted to reach 25,000 households in five (5) counties across Kenya namely; Embu, Meru, Nandi, Uasin Gishu, and Elgeyo Marakwet counties. The project was launched in 2019 and targeted 25,000 households.

The overall goal of the project was to contribute to sustainable and inclusive growth of the farmer-owned dairy agribusiness through impact investment.

The objectives of the project were.

• To strengthen the institutional capacities of cooperatives to sustainably manage catalytic impact investments.
• To improve the competitiveness of 10 cooperatives through market and business development, financial and technical capacity investment for impact
• To stimulate the growth of women and youth-owned enterprises for improved household livelihoods
• To enhance the adoption and use of Catalytic Impact Investment at the organizational and county level to spur sustainable private-public partnerships.

The insights gained from the key learning phases, I and II, underscored the importance of deepening the impact within the 10 POs. This recognition led to the initiation of a twelve-month bridge phase from January 2023 to July 2024. The bridge phase aims to enhance the catalytic investment impact by 1) strengthening the institutional capacity of POs for efficient investment utilization and repayment and 2) minimizing operational inefficiencies.
OBJECTIVES AND SCOPE OF THE AUDIT

Heifer International wishes to engage the services of an audit firm to carry out an Audit of the Catalytic Impact for Dairy Sector Growth Project funded through Irish Aid, as stipulated in the agreement between Heifer Project International and Irish Aid, signed on August 2019 to end in July 2024. The audit shall be carried out per international audit standards issued by IAASB\(^1\). The audit shall be carried out by an external, independent, and qualified auditor.

The main objective of this assignment is to perform an audit for the Catalytic Impact for Dairy Sector Growth Project and to express an opinion on whether financial report of the project is in accordance with Irish Aid’s guidelines, the UK Charities commission statement of recommended practices (SORP) and International Standard for Audit (ISA).

The scope of the audit will be an audit or project activities for the period between August 1, 2019 to July 31, 2024.

Special attention should be paid by the auditor as to whether:

a) Project funds have been used in accordance with the conditions of funding agreements, with due attention to efficiency and economy, and only for the purposes for which funding was provided.

b) Bank accounts maintained for project funds (if applicable) have not become overdrawn during the accounting period.

c) Goods and services have been procured in accordance with the relevant procedures.

d) All necessary supporting documents, records and accounts have been kept in respect to the project with clear linkages to the progress reports presented to the Embassy.

e) The financial reports have been prepared in accordance with international accounting standards, the UK Charities commission statement of recommended practices (SORP) taking into account the partner’s system of accounting which may be cash based or modified cash based.

f) The audit needs also to review arrangement for ensuring value for money is obtained for Irish Aid funds.

g) Financial transactions are processed and recorded in accordance with policy and procedures with emphasis on authority levels, supporting documentation and separation of duties.

II. Additional assignment; according to agreed-upon procedures ISRS 4400, review the following areas per the Terms of reference below

- Examine that salary costs debited to the project/programme are recorded throughout the inception period in a systemized way and examine whether the salary costs can be verified by sufficient supporting documentation.\(^2\)

\(^1\) The International Auditing and Assurances Standards Board (IAASB)

\(^2\) If the budget includes salary costs to be debited to the project, the auditor shall always examine salary costs as stipulated here.
• Verify that expenses in the year of implementation period compared to, every budget item approved, comparison between the actual costs/expenditures of activities and the budgeted costs/expenditures as approved by Irish Aid for the period.

• Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs.

• Examine Heifer Project International’s compliance with the applicable tax legislation about taxes (e.g., PAYE)\(^3\) and social security fees.

• Follow up on whether Heifer Project International has adhered to the procurement guidelines annexed to the agreement.

• Review if the outgoing balance for the previous period is the same as the incoming balance for the current period.

• Verify if Heifer Project International applies a modified cash basis as an accounting principle, the auditor shall determine whether the applied accounting principle is acceptable for this type of financial report.

III. Follow up of funds that are channelled to implementing partners

• Does Heifer Project International have signed agreements with its partner organizations and evaluated the partner’s capacity to manage project funds?

• Are the audit requirements in agreements with partner organizations following the audit requirements as stipulated in Heifer Project International’s agreement with Irish Aid?

EXPECTED DELIVERABLES

• Audit report by the audit firm to express opinion.
• Compliance with standards including the SORP mentioned earlier.
• Management letter to give an opinion and highlight control weaknesses if any. If there are none, the management letter should state the same.

The scope of the audit shall be stated in the report and the methodology used shall be presented. The reporting shall be signed by the responsible auditor (not just the audit firm) and title. The reporting from the auditor shall include an independent auditor’s report in accordance with the format in standard ISA and the auditor’s opinion shall be clearly stated, as well as a Management letter with audit findings and weaknesses identified during the audit process.

The auditor shall regardless of materiality, quantify the amount for costs lacking sufficient supporting documentation. The auditor shall make recommendations to address the weaknesses identified and the recommendations shall be presented in priority order. As applicable, measures taken by the organization to address weaknesses identified in previous audits shall also be presented in the Management Letter.

The additional assignment according to agree upon procedures ISRS 4400 under paragraph III, shall be reported separately in a “Report of factual findings”. If the auditor conducts an additional assignment according to ISRS 4400 and assesses that the observations presented in the “Report of

\(^3\) Pay As You Earn
factual findings”, include the information that would have been included in a Management Letter, a Management Letter does not need to be developed. In such a case, the “Report of factual findings” shall include an explanation of why a Management Letter has not been developed.

REPORTING AND COMMUNICATION
The focal point for the financial audit will be the Director of Finance. The consulting firm will report to him during the duration of the engagement.

RESOURCES AND ACCESS
The consulting firm shall have access to project-related financial data, reports, and documentation as required for this assignment. However, the audit firm shall not disclose, share, or use this information for any purposes beyond the scope of this project without prior written consent from Heifer Kenya.

EVALUATION CRITERIA
The selection committee will evaluate all proposals based on the following criteria. Vendors are encouraged to provide detailed and specific responses in alignment with these criteria.

<table>
<thead>
<tr>
<th>Proposal Evaluation Focus</th>
<th>Percentage (%)</th>
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<tbody>
<tr>
<td>Understanding of the TOR</td>
<td>10%</td>
</tr>
<tr>
<td>Audit approach and methodology</td>
<td>20%</td>
</tr>
<tr>
<td>Capability Statement CVs, experience, systems, and lead</td>
<td>20%</td>
</tr>
<tr>
<td>Experience and expertise in carrying out similar Irish Aid funded projects.</td>
<td>40%</td>
</tr>
<tr>
<td>Statutory compliance and Budget justification /costs realism</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
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APPLICATION REQUIREMENTS
Only legally registered audit firms are ELIGIBLE to apply and should submit the following documents upon application:

a) Letter of expression of interest and demonstration of capability
b) A technical proposal detailing your understanding and how you propose to undertake the assignment with general information approach as below.

i. Capacity Statement: The technical capacity statement, including past experiences and activities related to the assignment.
ii. Organization and/or individual overview highlighting related assignments completed.
iii. The capacity and portfolio of the lead auditor, detailed profile of the lead auditor, including their qualifications, experience, and expertise relevant to the assignment.
iv. At least three references from other clients for which similar assignments
v. A clear and comprehensive work plan (draft), outlining the major activities and schedule.
vi. Financial proposal – Applicants should submit a detailed budget in Excel format in KES & USD

c) The bidding audit firm must attach the documents below with their bid or proposal to Heifer International Kenya
• Certificate of registration
• A Partnership Deed if you are running a partnership business.
• Valid audit practicing certificate.
• KRA online PIN Certificate.
• Valid Tax Compliance Certificate.
• Physical location including town, building, room number and postal address.
• Trade reference and clientele list where similar services have been or are being provided including their respective contacts.

Failure to submit any of the required documents may result in the disqualification of the application.

APPLICATION PROCEDURE
The proposal (duly signed) from the audit firm should comprise a letter of expression of interest quoting the audit fees. Applications will be accepted preferably in soft copy through email and mentioning the subject line; “FINANCIAL AUDIT FOR THE CATALYTIC IMPACT FOR DAIRY SECTOR GROWTH PROJECT’’ to procurement-ke@heifer.org on or before Monday 22nd July 2024

LATE SUBMISSIONS AND MODIFICATIONS
Proposals received after the submission deadline will not be considered. Applicants are responsible for ensuring their proposals are submitted according to the instructions stated herein. Heifer retains the right to terminate this RFP or modify the requirements upon notification to the Applicants.

AWARD PROCESS AND CONTRACT MECHANISM
Heifer will issue a fixed award agreement based on the submission and Heifer’s acceptance of deliverables. Once an award is issued, it will include the payment schedule with the deliverables specified above.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Timeframe</th>
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<tbody>
<tr>
<td>Procurement</td>
<td>June 25, 2024 – July 31, 2024</td>
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<tr>
<td>Contract signature</td>
<td>Aug 19, 2024</td>
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<tr>
<td>Field work</td>
<td>Aug 26 – Sep 2, 2024</td>
</tr>
<tr>
<td>1st Draft Audit report</td>
<td>Sept 6, 2024</td>
</tr>
<tr>
<td>Final Audit report</td>
<td>Sept 13, 2024</td>
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VALIDITY OF PROPOSALS
Proposals submitted shall remain open for acceptance for Twenty-One (21) days from the last date specified for receipt of the proposal. This includes, but is not limited to pricing, terms and conditions, service levels, and all other information. If your organization is selected, all information in this document and the negotiation process is contractually binding.

LIMITATIONS
This Request for Proposal does not represent a commitment to award a contract, to pay any costs incurred in the preparation of a response to this RFP, or to procure or to contract for services or supplies.
Heifer reserves the right to fund any or none of the applications submitted and reserves the right to accept or reject in its entirety and absolute discretion any proposal received because of the RFP.

INTELLECTUAL PROPERTY

Section 1. Ownership Generally. Subject to Section 2 below, any intellectual property (including but not limited to copyrights, trademarks, service marks, and patents), intellectual property rights, deliverables, manuals, works, ideas, discoveries, inventions, products, writings, photographs, videos, drawings, lists, data, strategies, materials, processes, procedures, systems, programs, devices, operations, or information developed in whole or in part by or on behalf of Contractor or its employees or agents in connection with the Services and/or Goods (collectively, the "Work Product") shall be the exclusive property of HPI. Upon request, the Contractor shall sign all documents and take all actions necessary to confirm or perfect HPI's exclusive ownership of the Work Product.

Section 2. Prior-Owned Intellectual Property. Any intellectual property owned by a Party before the Effective Date ("Prior-Owned IP") shall remain that Party's sole and exclusive property. Regarding any of Contractor's Prior-Owned IP included in the Work Product, Contractor shall retain ownership, and hereby grants HPI a permanent, non-exclusive, royalty-free, worldwide, irrevocable right and license to use, copy, reproduce, publicly display, edit, revise, perform, and distribute said intellectual property, in any format or any medium, as part of the Work Product.

Section 3. Work Made for Hire. To the extent copyright laws apply to the Work Product, the Parties agree that (a) HPI specially ordered or commissioned the Work Product, (b) the Work Product is a "work made for hire" under United States copyright laws, and (c) HPI shall be deemed the author thereof and shall own all right, title, and interest therein. To the extent such rights, in whole or in part, do not vest in HPI as a "work made for hire", Contractor hereby irrevocably grants, assigns, and transfers to HPI, exclusively and in perpetuity, all of the Contractor's rights of any kind or nature, now known or hereafter devised, in, too, and in connection with the Work Product, and HPI shall solely and exclusively own any rights therein, and in the elements thereof, including but not limited to any allied, ancillary, subsidiary, incidental, and adaptation rights. The contractor hereby waives all rights known as "moral rights", and any similar rights, which Contractor may have in connection with the Work Product. The description of Services and/or Goods provided in this Agreement shall in no way limit the way HPI may use the Work Product.

DIVERSITY AND INCLUSION

Heifer International values diversity, equity, inclusion and belonging ("DEIB"), and believe that effectively accessing and managing diverse talent leads to improved outcomes. HPI takes a broad view of diversity, and inclusive of varied backgrounds including, but not limited to, age, experience, race, ethnicity, sexual orientation, gender, gender identity, disability status, national origin, and culture. HPI expect third-party providers to respect and reflect HPI’s value of DEIB. HPI’s ongoing monitoring of third-party service providers incorporates an assessment of vendors’ commitment to, adherence with, and track record of accessing and retaining diverse and inclusive workforces.