



# NAIROBI BAPTIST CHURCH

## Request for Proposal for External Audit Services

**NBC/RFP/10/2022**

**27<sup>th</sup> October 2022**

## **1. Introduction**

Nairobi Baptist Church (NBC) is a worshipping community of the Lord Jesus Christ that is advancing the kingdom God through the power of the Holy Spirit. NBC has been in existence since 1958 and has six congregations in different locations, as well as health care mission stations in Kibera and Kwale.

NBC has an investment Company, Company limited by guarantee and not having a share capital, whose mandate is to assist Nairobi Baptist Church in the spreading of the Gospel and extension of Christ's Kingdom by holding and/or managing the income generating assets of the Church and undertaking certain investments on behalf the Church as mandated under the constitution of the Church.

## **2. Overview**

Nairobi Baptist Church (NBC) invites proposals from qualified audit firms, hereinafter referred to as "Auditor," to perform the external audit for

- a) the Church and
- b) the Investment Company.

## **3. Objective**

The external audit engagement will be an in-depth financial check to ascertain true and fair financial records, in adherence to Generally Acceptable Accounting Standards, and International Accounting and Reporting Standards for SMEs.

## **4. Scope of the External Audit**

- 4.1 The financial year for the church is January to December. Final audits commence in January to be completed in time to present the draft accounts to the Elders' Court and the Board of the Investment Company by mid-February of each year; starting with audit of financial year 2023.
- 4.2 The auditor shall be engaged for a three-year term renewable once, subject to satisfactory performance.
- 4.3 The external audit should be conducted in accordance with the guidance, set in the terms outlined herein and the Code of Ethics for the Professional Practice of Auditors. The scope encompasses examination and evaluation of the adequacy and effectiveness of the financial system, system of internal control structure, and compliance to all relevant Financial Standards and regulatory requirements. It includes:
  - (a) Checking whether proper books have been kept; and whether the financial statements, and cashflow statement are in agreement with the books of account;
  - (b) Evaluating the adequacy of the financial system, management and control and the adequacy of the current policies and procedures;
  - (c) Testing and evaluating the areas of financial controls, taking into account risk, control weaknesses, size, and complexity of operations;
  - (d) Making an independent selection of sample information for testing to assure that controls are appropriate and are effective when applied;
  - (e) Checking compliance with regulatory requirements such as Tax and statutory returns.
  - (f) Developing a risk assessment of all operations of the church, including, but not limited to review of policies, procedures and practices, and compliance to the same;

- (g) Evaluating the effectiveness of the Church's risk management system;
- (h) Test the design and operating effectiveness of these internal controls to detect deficiencies.
  - i. Perform audit procedures designed to identify unusual and/or questionable transactions.
  - ii. Check the internal controls.
- (i) Review any recommendations regarding enhancing financial operations and the internal controls with Senior Management Team and the Audit, Risk and Governance Committee.

## **5. General information**

- (a) The auditor will make use of and build upon the work done by the previous independent external auditor in the course of the annual financial audit.
- (b) The report shall analyze significant risk assessment findings, recommend changes for strengthening internal controls and reducing identified risks.

## **6. Deliverables**

- (a) Separate Audit report for the Church and the Investment Company
- (b) Separate Management letter (interim and final) for the Church and the Investment Company
- (c) Present findings to the Audit, Risk and Governance Committee
- (d) Present auditor's report at the Annual General Meeting of the Church and the Annual General Meeting of the Investment Company

## **7. Cost pricing**

The proposal should include a comprehensive pricing including applicable taxes to be paid, per year, separating audit costs of the Church and audit costs of the Investment Company.

The auditor will be expected to conduct an interim audit before the year end audit.

## **8. Structure of Proposal:**

All proposals must be submitted in two parts.

- (a) Part I shall consist of the Auditor's/Audit firm's profile:
  - i. Provide evidence of partner(s) and staff credentials and qualifications in the area of external auditing.
  - ii. Describe the firm's experience and expertise.
  - iii. State the name(s) and credentials of the partners, Audit senior/manager(s) and Audit supervisor/Team leader(s) in the firm.
  - iv. Provide the firm's & partners' practising licenses.
  - v. Provide firm's certificate of registration
  - vi. Provide a valid tax compliance certificate
  - vii. List of current clients and their contact details, especially Christian non-profit organizations
  - viii. Identify the nature of any potential conflict of interest the individual or firm might have in providing these services.
  - ix. Provide any other information that might be beneficial to the assessment of the proposal.

- (b) Part II shall consist of the proposal in response to the objective and scope of work including but not limited to methodology: auditing techniques, type and extent of sampling to be employed; proposed schedule of activities and estimated timeline to undertake the audit.
- (c) Part III will provide an estimate of the professional fee including disbursements and VAT;
  - i. For the Church
  - ii. For the Investment Company

Late or Incomplete submissions will not be considered. Proposals should not be excessively long.

### **9. Evaluation of Proposals**

The Church shall undertake evaluation submissions to establish the technical and financial capability and taking into consideration:

- a) Relevant experience of the audit firm;
- b) Validity of the firm's registration, practicing license and tax compliance
- c) Adequacy of the proposed methodology and work plan in response to the Terms of Reference;
- d) Professional qualifications and competence of key staff members for the assignment;
- e) Pricing/Audit fees.

### **10. Right to Reject Requests for Proposal**

NBC reserves the right to reject without prejudice any and all proposals received under this Request for Proposal.

### **11. Proposal Submission and Selection**

The Responses to this Request for Proposals must be delivered EITHER physically to the tender box at Nairobi Baptist Church, Ngong Road (Reception desk) OR electronically as one pdf document to: [procurement@nairobi baptist.co.ke](mailto:procurement@nairobi baptist.co.ke) and copy [onditi@nairobi baptist.co.ke](mailto:onditi@nairobi baptist.co.ke) on or before **18<sup>th</sup> November 2022 at 12.00noon.**

Any clarifications or questions may be channelled through the same email addresses at least 5 days before the submission date.

All applications to be addressed to:

THE PROCUREMENT OFFICE  
NAIROBI BAPTIST CHURCH  
P. O. BOX 44128-00100  
NAIROBI- KENYA  
**NBC/RFP/10/2022**

And

There is no expressed or implied obligation for NBC to reimburse responding individuals or firms for any expenses incurred in preparing proposals, quotations or attending interview(s) in responding to this request. Proposals submitted after the stated time and date will not be considered.



**Nairobi Baptist Church**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2021**

<b>Income</b>	<b>Note</b>	<b>2021 Budget Kshs</b>	<b>2021 Actual Kshs</b>	<b>2020 Actual Kshs</b>
General offering	<b>4a</b>	204,800,000	176,986,193	160,453,793
Income from fundraising	<b>4b</b>	20,000,000	16,066,717	15,498,474
Other income	<b>4c</b>	2,000,000	2,085,008	970,598
Net rental income	<b>8</b>	12,000,000	9,246,699	7,686,823
Income from ministry - self funding	<b>13</b>	13,315,612	4,997,852	6,931,233
<b>Total income</b>		<b>252,115,612</b>	<b>209,382,469</b>	<b>191,540,921</b>
<b>Expenditure</b>				
<b>Ministry costs</b>	<b>13</b>	112,704,199	67,316,450	66,755,427
<b>Operational costs</b>				
Staff costs	<b>5</b>	51,961,444	46,162,022	44,300,119
Administration costs	<b>6</b>	27,441,031	19,750,526	14,170,283
Finance costs	<b>7</b>	22,921,652	21,419,256	26,738,173
Depreciation on property, plant and equipment	<b>3</b>	-	19,080,564	19,441,442
Depreciation of right-of-use assets	<b>17</b>	-	4,651,672	4,651,672
		102,324,127	111,064,040	109,301,689
<b>Total expenditure for the year</b>		<b>215,028,325</b>	<b>178,380,490</b>	<b>176,057,116</b>
<b>Operating balance</b>		<b>37,087,286</b>	<b>31,001,979</b>	<b>15,483,804</b>
Projects budget		<b>36,845,000</b>	-	-
<b>Net operating surplus for the year</b>		<b>242,286</b>	<b>31,001,979</b>	<b>15,483,804</b>

## EXTRACT OF 2021 AUDITED ACCOUNTS FOR NBC INVESTMENT COMPANY

**Nairobi Baptist Church Investments Limited**  
**Statement of Financial Position**  
**For the year ended 31 December 2021**

<b>Assets</b>	<b>Note</b>	<b>2021 Kshs</b>	<b>2020 Kshs</b>
<b>Non current assets</b>			
Property and equipment	3	-	5,550
Deffered tax asset	4 b)	302,048	300,882
<b>Total non current assets</b>		<u><b>302,048</b></u>	<u><b>306,432</b></u>
<b>Current assets</b>			
Cash and bank balances	5	4,238,059	3,198,605
Accounts receivable	6	889,548	934,739
<b>Total current assets</b>		<u><b>5,127,607</b></u>	<u><b>4,133,344</b></u>
<b>Total Assets</b>		<u><b>5,429,655</b></u>	<u><b>4,439,776</b></u>
<b>Liabilities and Equity</b>			
Accumulated losses	7	(714,777)	(712,057)
Long term liabilities	8	3,356,480	3,122,290
Payables and accruals	9	2,787,953	2,029,543
<b>Total Equity and Liabilities</b>		<u><b>5,429,655</b></u>	<u><b>4,439,776</b></u>

These financial statements were approved by the Directors on 1st March 2022.




**Nairobi Baptist Church Investments Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2021**

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<b>Income</b>	<b>Note</b>	<b>2021 Kshs</b>	<b>2020 Kshs</b>
Income received	<b>10</b>	2,248,257	1,985,379
Other income	<b>11</b>	<u>165,396</u>	<u>72,671</u>
<b>Total income</b>		<u>2,413,653</u>	<u>2,058,050</u>
<b>Expenditure</b>			
Administration costs	<b>12</b>	1,619,464	1,464,547
Establishment costs	<b>13</b>	<u>798,075</u>	<u>598,545</u>
<b>Total operations expenses</b>		<u>2,417,539</u>	<u>2,063,092</u>
<b>Loss before tax</b>		<b>(3,886)</b>	<b>(5,042)</b>
Tax for the year	<b>4 b)</b>	<u>1,166</u>	<u>1,513</u>
<b>Loss after tax</b>		<u><u>(2,720)</u></u>	<u><u>(3,529)</u></u>

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