



नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL

(Established under the Nepal Chartered Accountants Act, 1997)



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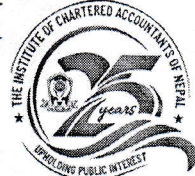
आन्तरिक लेखापरीक्षणका लागि प्रस्ताव आह्वान गरिएको बारे

यस संस्थाको आर्थिक वर्ष २०७८/७९ को आन्तरिक लेखापरीक्षण गराउनु परेको हुँदा यस संस्थामा दर्ता भई योग्यता पुगेका इच्छुक लेखापरीक्षक फर्महरूबाट प्राविधिक तथा आर्थिक प्रस्ताव आह्वान गरिएको छ। यस कार्यका लागि इच्छुक फर्महरूले मिति २०७८।११।०५ गते कार्यालय समयभित्र संस्थाको केन्द्रीय कार्यालयमा प्रस्ताव पेस गर्न सूचित गरिन्छ।

यस सम्बन्धी Terms of Reference (TOR) संस्थाको वेबसाइट www.ican.org.np मा राखिएको छ।



नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था
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Terms of Reference and Scope of Services for Internal Audit of the Institute of Chartered Accountants of Nepal (ICAN) for Fiscal Year 2078/79

Background

1. The Institute of Chartered Accountants of Nepal (ICAN), an autonomous body, established by the Nepal Chartered Accountants Act 1997, is entrusted by the statute to promote and regulate the accounting profession in the country. ICAN is committed to contribute in the economic development of the country and undertakes responsibility of leadership on matters of public interest, constructive suggestions on legislation and Government policy, and enhancement of social recognition and faith in the accounting profession. The Institute provides Chartered Accountancy education to the aspiring students. Our members provide professional accounting services and we aspire to equip them with the expertise for professional excellence. ICAN is a full member of the International Federation of Accountants (IFAC), which represents nearly three million accounting professionals in 130 countries through 170 member bodies and associations. It is also a full member of Confederation of Asian and Pacific Accountants (CAPA), a regional organization representing thirty-three national professional accountancy organizations in the Asia-Pacific region and South Asian Federation of Accountants (SAFA), a forum of regional professional accounting bodies in the South Asian region. The Institute is seeking the service of a practicing Auditor to conduct the internal audit of the Institute for the fiscal year 2078/79.
2. The Internal Audit Service is responsible for providing an independent appraisal of all the Institute's activities, internal control function, financial and otherwise. It should provide a service to the whole Institute, including the Council and all levels of management. It is not an extension of, nor a substitute for, good management, although it can have a role in advising management. The Internal Audit Service is responsible for evaluating and reporting to the Audit Committee and thereby providing them with assurance on the arrangements for risk management, internal control, governance, quality of data and safeguard of fixed assets. It remains the duty of management, not the Internal Auditor, to operate these arrangements.

Scope

3. All the activities of Institute, funded from whatever source, fall within the remit of the Internal Audit Service. The Internal Audit Service will consider the



adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that management has taken the necessary steps to achieve these objectives and manage the associated risks.

4. The scope of Internal Audit work should cover all operational and management controls. This does not imply that all systems will be subject to review at all times, but that all will be included in the audit risk assessment and hence considered for review following the assessment of risk. It follows that if Internal Audit is to give an opinion on the whole system then that will include operations of ICAN. The role of Internal Audit in this area is to confirm that there are adequate systems for the management. For example, Internal Audit could confirm that the admission and registration of students and member system is operating effectively and meeting its objectives, but this does not mean that Internal Audit should form financial judgments only.
5. Internal Audit is required to examine the arrangements by which policy decisions are made, monitored and reviewed. The Internal Audit should also review the periodic progress made by the Institute.
6. The Internal Audit Service should also conduct any special reviews requested by the Council, Audit Committee or the President, provided such reviews do not compromise its objectivity, independence, or achievement of the approved audit plan.

Responsibilities

7. The Internal auditor is required to give their report for first six months of fiscal year 2078/79, and then quarterly to the Audit Committee, on the adequacy and effectiveness of the arrangements for risk management, control, governance and quality of data; and for economy, efficiency and effectiveness within the Institute; and the extent to which the Council can rely on these. The Internal Auditor should also comment on other activities for which the Council is responsible, and to which the Internal Audit Service has access.
8. To provide the required assurance, the Internal Auditor should prepare annual programme of work which will subsequently be reviewed and approved by the Audit Committee. The programme will evaluate the arrangements in place:
 - (a) To establish and monitor the achievement of Institutional objectives;
 - (b) To identify, assess and manage risks to those objectives;
 - (c) To ensure compliance with policies, laws and regulations and the internal rules, regulations, procedures and guidelines of the Institute;
 - (d) To ascertain the integrity and reliability of financial and other information



- provided to management and stakeholders, including that used in decision making;
- (e) To ascertain that systems of control including Institutes policies and procedures are adequately laid down and operate to promote the economic, efficient and effective use of resources and to safeguard assets; and
 - (f) To address any request for special reviews by the Council, Audit Committee and the President;

Standards and approach

- 9. The Internal Audit Service's work will be performed with due professional care, in accordance with appropriate professional auditing practices. It will have regard to comply with the Risk Based Internal Audit Function generally accepted in the international arena.
- 10. In achieving its objectives the internal audit service should develop an audit plan and audit programme that assesses the Institute's arrangements for risk management, control, governance, quality of data and for achieving value for money and present to the Audit Committee for its approval.
- 11. The engagement leader of internal audit services will implement measures to monitor the effectiveness of the service and compliance with standards. The Audit Committee will consider and approve these performance measures and may also ask the external auditor to provide an independent assessment of Internal Audit's effectiveness.

Independence

- 12. The Internal Audit Service has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. However, it should provide independent and objective advice on risk management, control and governance, value for money and related matters, subject to resource constraints. For day-to-day administrative purposes, the Internal Auditor should report to the Executive Director within the Institute. The Internal Auditor shall have right of access to the Chairman of the Audit Committee and President of the Institute directly.
- 13. Within the Institute, responsibility for risk management, control, governance arrangements and quality of data, and the achievement of value for money rests with the Council and management, who should ensure that appropriate and adequate arrangements exist without reliance on the Institute Internal Audit Service. To preserve the objectivity of the Internal Auditors' professional judgment, it is for management to determine whether or not to accept audit



recommendations, to recognize and accept the risk of not taking action, and to implement recommendations.

Access

14. The Internal Audit Service has right of access to all of the records, information and assets which it considers necessary to fulfill its responsibilities. Rights of access to other bodies funded by the Institute should be set out in the conditions of funding. The Internal Auditor has a right of direct access to the President of the Council, the Chairman of the Audit Committee and the Executive Director of ICAN. In turn, the Internal Audit Service agrees to comply with any requests from the external auditors for access to any information, files or working papers obtained or prepared during audit work that they need to discharge their responsibilities.

Reporting

15. The Internal Auditor must submit their report for the first six months of fiscal year 2078/79 and then quarterly to the Audit Committee within the agreed timeline. The report should give an opinion on the adequacy and effectiveness of the Institute arrangements for:
 - risk management, control and governance;
 - economy, efficiency and effectiveness;
 - management and quality assurance of data and information recorded and reported by the management
 - control and safeguard of the assets

The audit findings should be categorized as High, Medium and Low Risk Category for the attention of Audit Committee.

The auditor should also prepare, before the beginning of the audit, an audit plan, audit programme along with resource deployment plan. Resource deployment plan should clearly reflect the man days input of various audit team members in order to achieve the objectives of audit plan. These should be submitted to the Audit Committee for approval.

16. The Internal Auditor is accountable to the President and the Council through the Audit Committee for the performance of the service. The Internal Auditor should discuss audit findings and recommendation with the relevant department heads during the course of Audit.
17. The Internal Audit Service should usually produce its reports, in writing, within the agreed timeline, giving an opinion on the system reviewed and making recommendations to improve systems where appropriate. Such reports should



be addressed to the Audit Committee and should have the response of the management / Executive Committee. Concerned Head of the Departments will be required to respond to each audit findings, usually within 15 days of issue, stating their proposed action with a timetable for implementing agreed recommendations. Internal Audit recommendations will be followed up regularly. In addition the Audit Committee will monitor the implementation of audit recommendations.

18. The Internal Audit Service should report to the Chairman of Audit Committee any serious weaknesses, fraud or major accounting breakdown discovered during the normal course of audit work.

Liaison

19. The Internal Auditor will liaise with the external auditors to optimize the audit services provided to the Institute.
20. Focal point for Internal Auditor shall be the head of Finance Department of the Institute.

Eligibility for Submission of Proposal

21. The audit firm should be registered with the Institute of Chartered Accountants of Nepal (ICAN) under “Chartered Accountants” category.
22. The firm should have valid firm registration and practicing certificate.
23. The firm should be registered with VAT.
24. The firm’s registration with the Institute of Chartered Accountants of Nepal (ICAN) should be duly renewed.
25. The firm should have obtained tax clearance certificate of latest financial year end.
26. None of the partners of the firm should be the present council member or member of any of the present standing committees and boards of the ICAN.
27. The firm, it’s partners should not have been convicted of any offence by any competent body under the provision of any laws and regulation including moral turpitude and period of five years has been lapsed after the punishment is served.
28. The firm should not be currently blacklisted under the applicable legislation.



Submission of Proposal

29. The interested audit firm should submit Technical and Financial proposals separately in sealed envelopes clearly mentioning '**Technical Proposal**' and '**Financial Proposal**' and the name and address of the audit firm outside the envelopes;
30. The proposal should accompany following documents regarding eligibility:
 - Firm's registration certificate issued by ICAN and evidence of it's renewal;
 - Evidence of renewal of Certificate of Practice (COP) of firm's partners;
 - VAT registration Certificate;
 - Tax clearance certificate of latest financial year; and
 - Self-declaration of point 26, 27 and 28 above;
31. The Technical Proposal should contain the documents as mentioned in the minimum information required in technical proposal point 35 below;
32. The Financial Proposal must include the details mentioned in minimum information required in financial proposal point 36 below.
33. The Proposal should be submitted by Falgun 05, 2078 (February 17, 2022)
34. The technical proposal and financial proposal submitted should be with reference to the "ICAN's directive to Members relating to Standard of Audit Firm and Fee, 2078". This can be accessed at below link:
https://en.ican.org.np/browsable/file/policies/Minimum_Fee_and_Quality_Guide_lines.pdf

Minimum Information required in Technical Proposal

35. In addition to instructions set out above, the technical proposal should contain the following matters:

- Profile of the firm;
- Details of firm's experience, human resource capacity and composition of the proposed team in the format as per annex – 1 below;
- Detailed resume of proposed team members detailing their experience and qualifications, list of statutory audit, internal audit and other assignments in which proposed team members have experience;
- Proposed approach and methodology clearly mentioning the approach to be adopted in order to deliver service as per the terms of reference;
- Other matters firm considers helpful in evaluation of technical proposal.

Minimum Information required in Financial Proposal



36. Financial Proposals at minimum should

- Include the name of proposed team member, man days input, rate per man day and total remuneration for each proposed team member;
- Reflect Audit Fee (Separately first six months and then for the remaining two quarter of fiscal year 2078/79).
- Basis and amount of reimbursable fee to be charged; if any

Note: Proposed team members as per the technical proposal and financial proposal should be same.

Minimum Qualification, Experience and Man Days of Proposed Team Members

37. The team should be composed of at least following team members with respectively mentioned minimum qualification and experience;

SN	Position	Number	Qualification	Experience	Minimum Man Days Input
1	Engagement Partner	1	Chartered Accountant	At least 10 years post qualification experience and must have experience in audit including Internal Audits.	15
2	Engagement Quality Control Reviewer	1	Chartered Accountant	At least 10 years post qualification experience and must have experience in audit including Internal Audits.	4
3	Engagement Manager	1	Chartered Accountant	At least 3 Years of Post Qualification Experience and having experience in audit including Internal Audits.	35
4	Senior Auditors	2	Completed at	At least 2	At least 20 per



			least CAP II	years of Experience in audit including Internal audits	team member.
5	Auditors	2	Completed at least CAP II	At least 1 years of Experience in audit including Internal audits	At least 20 per team member.

Conclusion

38. The Terms of Reference provides the Institute with an agreement relating to the work internal audit will undertake and the support it will receive. It may also be seen as a benchmarking tool against which it can measure the effectiveness of the internal auditor in fulfilling its commitment.
39. The Terms of Reference can act as a service level agreement with the council or audit committee so that there is a clear understanding of the role, purpose and position of internal audit within the Institute and the scope and nature of its work.
40. Proposals that do not conform to the requirements, specifications, terms, and conditions and accompanied without adequate documents as set out in this terms of reference may be rejected as non-responsive.



Annex – 1: Details of firm’s experience, human resource capacity and composition of proposed team

Word file of Annex – 1 can be downloaded from below link:

<https://docs.google.com/document/d/1hLt5kRa7I6ZA-THtsdhe8TzvzKf8m6MN/edit?usp=sharing&oid=110892750437527545785&rtpof=true&sd=true>

A. Firm's Human Resources

1. Fellow Chartered Accountants Including Partners

(Do not include Consultant / Part Time Staff in this section.)

S.N .	Name	Position / Designation in Firm	Date of Obtaining FCA Membership from ICAN	Name of Other Professional Accountancy Organization from which membership (If available) is obtained	Date of obtaining membership from other Professional Accountancy Organization
1					
2					
3					
4					
5					
6	Add / Delete rows as appropriate.				

2. Chartered Accountants Including Partners

(Do not include Consultant / Part Time Staff in this section.)

S.N.	Name	Position / Designation in Firm	Date of Obtaining CA Membership from ICAN	Name of Other Professional Accountancy Organization from which membership (If available) is obtained	Date of obtaining membership from other Professional Accountancy Organization
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1					
2					
3					
4					
5					
6	Add / Delete rows as appropriate.				

3. Trainees, Technical Staffs (Include Staff members not included in 1 & 2 above)
(Do not include Consultant / Part Time Staff in this section)

S.N.	Name	Position / Designation in Firm	Summary of Study / Training Ongoing / Any qualification, membership of professional accountancy organizations
1			
2			
2			
3			
4			
5			
7			
8			
9			
10			
11			
12			
13			
14			



15			
16	Add / Delete rows as appropriate.		

B. Experience of Firm in Completed Internal Audit

(Do not include ongoing assignments)

[Only include the assignments which were completed by the firm after registration with ICAN (Not the assignments carried out by other firms in which partners / others were associated)]

S.N.	Name of Internal Audit Client	Fiscal Year
1		
7		
2		
3		
8		
4		
5		
6		
9		
10		
11		
12		
13		
14		
15	Add / Delete rows as appropriate.	

C. Qualification / Experience of Proposed Staff

(Do not include Consultant / Part Time Staff in this section)

Technical Proposal must accompany the detailed resume of the proposed team members.



S.N .	Role	Name of Proposed Staff	Position / Designation in the firm	No of Year of Experience in Audit	List out the names of client along with fiscal year of Completed Internal Audit Assignments in which the team member was engaged in
1	Engagement Partner				
2	Engagement Quality Control Reviewer				
3	Engagement Manager				
4	Senior Auditor 1				
5	Senior Auditor 2				
6	Auditor 1				
7	Auditor 2				

