



नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL
(Established under the Nepal Chartered Accountants Act, 1997)

च. नं.
Ref No.



लेखापरीक्षण गर्ने कार्यको लागि प्रस्ताव आह्वान गरिएको सूचना

यस संस्थाको आर्थिक वर्ष २०७४।७५ को बाह्य लेखापरीक्षण कार्य गराउनुको लागि मिति २०७५।०३।०५ को कान्तिपूरमा प्रथम पटक १५ दिनको म्याद राखी सूचना प्रकाशित गरि योग्यता पुगेका ईच्छुक लेखापरीक्षण फर्महरूबाट प्राविधिक तथा वित्तीय प्रस्ताव आह्वान गरिएकोमा सो म्याद मिति २०७५।०३।२७ गतेसम्मका लागि थप गरिएको हुदा ईच्छुक लेखापरीक्षण फर्महरूले सोहि मितिभित्र प्राविधिक तथा वित्तीय प्रस्ताव सहित आवेदन पेश गर्नु हुन यो सूचना प्रकाशित गरिएको छ ।

यस सम्बन्धी Terms of Reference (TOR) यसै सूचना सहित संलग्न गरिएको छ ।

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TERMS OF REFERENCE FOR THE PROCUREMENT OF EXTERNAL AUDIT SERVICE

1. About ICAN

The Institute of Chartered Accountants of Nepal (ICAN) is established under an act of Parliament, the Nepal Chartered Accountants Act, 1997 to enhance social recognition and faith in accounting profession by raising public awareness towards the importance of the accounting profession, economic and social responsibility of the accountants and economic development of the country through the development of awareness among the professionals about their responsibility towards the importance of accountancy in order to develop, protect and promote the accounting profession.

The objectives of ICAN includes:

- To play the role of regulatory body in order to encourage the members to carry on accounting profession being within the limit of the code of conduct laid down so as to make accounting profession transparent.
- To develop, protect and promote the accounting profession by making the members and the practicing accountants understand the responsibility towards the importance of the accounting profession and the accountancy.
- To provide quality professional education to accounting professionals in consonance with international norms and practice so as to make the accounting profession respectable and reliable.
- To support the government with constructive suggestions towards the formulation and the revision of legislation in regards to commerce, trade, accounting, revenue etc.
- To support the economic development process by increasing the confidence among investors and general public towards the capital market by pronouncing the standards of discloses in financial reporting practices.

The Institute maintains accounting records as per double entry system and gets the accounts audited for each Nepalese fiscal year.

2. Objective of the audit

The objective of the audit is to enable the auditor to express an independent professional opinion that the Financial Statements present fairly, in all material respect, the financial position of Institute of Chartered Accountants of Nepal as of Ashadh 31, 2075 and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

The auditor should also report that:

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- All the information and explanations which to the best of their knowledge and belief were necessary for the purpose of audit were obtained.
- The institute has kept proper books of account as required by the law so far as appears from their examination of such books.
- The Balance Sheet, the Statement of Income, the Statement of Changes in Funds and the Statement of Cash Flows are in agreement with the books of account as maintained by the institute.
- The executive committee members or any employee of the institute has neither acted contrary to the legal provisions relation to accounts nor committed any misappropriation of funds or caused loss or damage to the institute.

3. Scope of the audit

The audit will be carried out in accordance with the Nepal Standards on Auditing and will include such tests and verification procedures as the auditors consider necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

- Review the effectiveness and efficiency of the financial and human resource management process.
- Appraising the effectiveness and efficiency with which resources are employed and identifying opportunities to improve operating performance.
- Review the reliability and integrity of financial and operating information and the means used to identify measure, classify and report such information.
- Review the systems established by management to ensure compliance with those policies, laws, regulations and controls that could have a significant impact on operations and determine whether the organization is in compliance with its financial, administrative and property management procedures and other relevant legislation that governs the organization.
- Ascertain, by means of a limited review of the narrative report, that the narrative and financial sections of the report are in agreement and contain no contradictions.

4. Responsibility for preparation of Financial Statements

The responsibility for the preparation of financial statements lies with the management of ICAN. The management of ICAN is also responsible for: (a) the designing, implementing and maintaining appropriate internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud and error; (b) the selection and application of appropriate accounting policies and making accounting estimate that are reasonable in the circumstances. The management of ICAN will prepare the financial statements in accordance with Nepal Financial Reporting Standards.

5. Responsibility of Auditor

The auditor is responsible for the formulation of an opinion on the financial statements based on their audit conducted in accordance with Nepal Standards on Auditing. These standards require auditor to plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes an assessment of the accounting principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation and of the risks of material differences as a result of fraud.

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6. Financial Statements

The financial statements prepared by the management of the Institute shall include:

- Balance Sheet as at 31 Ashadh 2075 (with schedules as an integral part of Balance Sheet)
- Statement of Income for the year ending 31 Ashadh 2075
- Statement of Cash Flows for the year ending 31 Ashadh 2075
- Statement of Changes in Funds for the year ending 31 Ashadh 2075
- Notes to the financial statements comprising summary of significant accounting policies and other explanatory information

7. Management Letter

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

- Give comments and observations on the accounting records, procedures, systems and controls that were examined during the course of the audit;
- Identify specific deficiencies and areas of weakness in systems and controls and make recommendations for improvement;
- Report on non-compliance with the provisions of applicable laws and regulations of the country;
- Bring to the management’s attention any other matters that the auditor considers pertinent.
- Report on the implementation status of recommendations pertaining to previous period audit;

8. General Information

- The auditor should be given access to all books of account, documents, legal documents, correspondence and any other information deemed necessary by them for discharge of their duties.
- All information obtained by the Auditor during the course of audit should be kept confidential and should not disclose to others without approval of the ICAN unless it is required by any laws of Nepal to disclose them.

9. Eligibility for submission of Proposal

- The audit firm should be registered with the Institute of Chartered Accountants of Nepal (ICAN) under “Chartered Accountants” category.
- The firm should have valid firm registration and practicing certificate
- The firm should be registered with VAT
- The firm should have obtained tax clearance certificate of latest financial year end.
- 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.

(Signature)

10. Submission of Proposal

- 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.
- The Technical Proposal should contain at least profile of the firm, structure, staff strength, audit approach and methodology, composition of the proposed audit team etc.
- The "Financial proposal" must reflect Audit Fee and total reimbursable expenses breakdowns. The expenses shall be reimbursed upon submission of actual invoices.
- The Proposal should be submitted by **27 Ashad, 2075 (11 July 2018) till 5:00 pm.**

11. Evaluation criteria

Proposals will be evaluated in two parts. The technical proposal shall bear 80% of the total marks while the financial proposal shall bear 20% of the total marks.

Technical proposal Evaluation Criteria

SN	Description	Marks
1	Firms establishment and Staffing	25
	a. No of year of establishment(One mark for each two completed year limited to maximum 10 Marks)	(1 to10)
	b. Staff Strength	
	Chartered Accountant(One mark for each but limited to maximum 10 Marks)	(1 to 10)
	Trainees and other technical staff (one mark for two staff but limited to maximum 5 Marks)	(1 to 5)
2	General Experience of firms on audit	20
	Experience of firm in external audit(One mark for each completed audit limited to maximum 15 Marks)	(1 to 15)
	Experience of firms in external audit in public interest entities (One mark for each completed audit limited to maximum 5 Marks)	(1 to 5)
3	Qualification and experience of proposed staff	35
	Engagement Partner- Chartered Accountant(One mark for each year of experience limited to maximum 10 marks)	(1to 10)
	Engagement manager-Chartered Accountant(Two marks for each year of experience limited to maximum 10 marks)	(2 to 10)
	Team Members- 1 Chartered Accountant (3 marks for each year of experience limited to maximum 9 marks) 2 Support staff (1 mark for each year of experience limited to maximum 6 marks)	15
4	Approach and Methodology: The details of the proposed approach to be adopted in order to deliver the service in accordance with the TOR	20
	Total Marks	100

