

Terms of Reference (TOR)

**To provide consultancy services for:
External Audit for the Fiscal Year- 2080/081**

Notice Circulated: 22 Shrawan 2081 (6 August, 2024)

Final Date: 28 Shrawan 2081 (12 August, 2024)

Expected Duration: 15 Bhadra 2081 to end of Bhadra 2081

Name of Issuing Office

DECOS Nepal



Development Concern Society (DECOS) Nepal

Rolpa Municipality-4, Libang Rolpa

Phone: 086-440148, 9857822148

E-mail: decosnepal@gmail.com, info@decos.org.np

About DECOS: -



6, August 2024

Terms of Reference (TOR) of External Auditor for F/Y 2080/81

I. Background

Development Concern Society (DECOS) is a regional level NGO registered in Nepal in 2004 (2061 BS) with the vision of promoting integrated efforts for creating social, economic, cultural and physical development of the people. Organization having programme coverage in all twelve districts of Lumbini province and two districts (Salyan and Rukum-west) of Karnali province. It envisions “a prosperous community where all human beings share equitably distributed resources for their social growth, economic stability and civilization”. Since its establishment, it has been working with vulnerable communities for their social and economic development. As a non-political, non-profit organization, DECOS serves as a platform for youth development activists and collaborates effectively with both governmental and non-governmental agencies. It has a track record of successful technical and social mobilization projects, addressing issues such as natural resource management, sustainable agriculture, micro-entrepreneurship, and community infrastructure. DECOS is expanding its reach across Lumbini Province, intending to grow further to meet the needs of vulnerable populations, in alignment with the Sustainable Development Goals. With over 100 members and affiliations with several networks and local offices, DECOS is committed to transparency, accountability, and inclusive development for women, Dalits, ethnic groups, unemployed youths, and conflict-affected families.

II. Objectives of the Audit

The objectives of the audit are to provide reasonable assurance that all transactions incurred in the current fiscal year are in accordance with the relevant policies of Decos organization, comply with funding agencies' requirements, and conform to the Government of Nepal's laws, rules, and regulations. The audit should produce a report as per Nepal Accounting Standards (NAS).

- Ensure compliance with Nepal Accounting Standards and legal requirements according to Nepal Government.
- Evaluate the accuracy and completeness of financial statements.
- Assess the effectiveness of internal controls.
- Provide an opinion on the financial statements.
- Identify areas of improvement and provide recommendations.
- Detection and Prevention of Errors and Fraud
- Identify and evaluate risks that could affect the organization's financial health, and operations and suggest strategies to mitigate identified risks.
- Provide management with insights and recommendations that can support strategic planning and decision-making

III. Major Responsibilities of External Auditor:

- All the functions of the unit shall be audited by the organization from the fiscal year F/Y 2080/81.
- An auditor shall physically attend the Head office and Cluster office of DECOS and pre-plan the audit under the scope and complexity of the area that is under review.
- The task shall be completed in a timely, accurate, and well-documented manner as per the agreement.
- Friendly and cooperative behavior with the audited area's staff.
- The auditor shall request files to the organization staff which may be needed.
- An auditor shall return all files/records to the person or area from where it was obtained.
- The auditor shall maintain records at all times in the same or better condition in which they were found.
- The auditor shall retain all the records on the premises. They shall never remove any vital documents from the premises.
- An auditor shall prepare a management letter, and debriefing meeting with the organization's management and officials.
- An auditor shall prepare and submit the final audit report as per the agreement.
- An auditor shall commit to safeguarding the policy of the organization.

IV. Scope of Services

- Bookkeeping and accounting system.
 - Assessment of internal controls.
 - Procurement and financial management.
 - Banking operation
 - Cash and other assets management.
 - Human resource and General Administration.
 - Information system management.
 - Compliance with applicable laws policies and procedures.
- In addition to the audit report, the auditors will prepare a Management Letter on the following:
- a) Give comments and observations on the accounting records, procedures, systems, and controls that were examined during the course of the audit.
 - b) Identify specific deficiencies and areas of weakness in systems and controls and make
 - c) recommendations for improvement.
 - d) Report on the implementation status of recommendations pertaining to previous period audit reports.
 - e) Communicate matters that have come to their attention during the audit which might have a significant
 - f) impact on the sustainability of the organization.
 - g) Bring to the Board of Director's attention any other matters that the auditors consider pertinent.

V. Eligibility Criteria for External Auditor

Any eligible Class A Chartered Accountancy Firm as per the prevailing laws of Nepal fulfills the following additional criteria and may submit its proposal for audit for F/Y 2080/81:

- With 3 years of experience in auditing in non-profit organizations.
- With a team of Qualified Chartered Accountants.
- Terms of Reference (TOR) of External Auditor for F/Y 2080/81.
- Audit methodology: The firm should provide audit methodology and Curriculum Vitae for its partner/s, manager/s, and key staff for the audit.

VI. Required Documents for Independent Auditors Qualification

Interested audit firms should submit the following:

- Profile of the consultancy firm, including relevant experience.
- Certificate of Practice (COP) with current renewal.
- Firm Registration Certificate with the Institute of Chartered Accountants of Nepal (ICAN).
- VAT registration certificate.
- Latest tax clearance certificate.
- Detailed information about the proposed audit team, including qualifications and work experience.
- Price proposal with validity, inclusive of VAT.

VII. Team for Audit

- The Audit Firm shall deploy at least one qualified CA for audit work.
- The Audit shall be conducted by a team led by a senior CA who will be the Audit Manager
- Another auditor would be at least semi-Qualified CA/ACCA/CPA with audit experience.

VIII. Audit Duration:

The audit work shall be completed within two weeks from the date of commencement of the audit deliverables:

- The Auditors on completion of the audit work will submit three original copies of the audit report.
- Report appended to the Financial Statements along with the reports to the attention of the Board of Directors of the organization.
- Management letter in accordance with the scope of work described here before.

IX. Audit Fee/ Remuneration

The eligible and interested firms shall submit their proposal including the audit fee on a lump sum basis including traveling, Lodging, and food costs.

X. Evaluation Criteria

All received proposal shall be reviewed following different indicators. These will be but not limited to sound understanding of the assignment, prior experience, and efficient budget planning

Apart from the above, submission of the following will be taken into account during the selection process:

- a. A full technical and financial proposal along with method of result verification.
- b. A copy of Company Registration updated.
- c. A copy of VAT certificate
- d. A copy of tax clearance for last fiscal year from Inland Revenue Office; and
- e. Updated curriculum vitae of proposed professionals, duly signed copy of clearly mentioning their proposed position in this assignment.

XI. Invitation for The Letter of Interest

Interested and eligible audit firms must submit their technical and financial proposal in a sealed envelope within the deadline, along with the required documents mentioned above, to the address below or via email to decosnepal@gmail.com by 5 PM on August 12, 2024. DECOS Nepal reserves the right to reject any submission without providing reasons. Any attempt to influence the decision will result in automatic disqualification. Consulting firms (registered in VAT) to submit (i) an application highlighting the letter of interest (LoI) (ii) technical proposal (iii) a financial proposal with detail cost breakdown to conduct the proposed work on the following address.

ADDRESS FOR PROPOSAL SUBMISSION:

DECOS Nepal (Head office)	Via Email:	Cluster Office-Dang
Rolpa Municipality-4, Libang Rolpa Phone: 086-440148, 9857822148 E-mail: info@decos.org.np	decosnepal@gmail.com info@decos.org.np	Ghorahi Sub-Metropolitan- 15, Bharatpur Dang Contact no: 9857822148