

**Royal Insurance Corporation of Bhutan Limited**  
**Thimphu: Bhutan**

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**Request for Expression of Interest Consulting Services**  
**Terms of Reference (TOR)**

**Consultancy Services: Development of Internal Audit Manual**

**1. Introduction**

The Royal Insurance Corporation of Bhutan Limited (RICB) was incorporated in 1975 to meet the insurance needs of its citizens as well as to actively participate in the economic development of the nation. RICB provides Life Insurance, General Insurance, Financial Security and Services, Credit and Investment and Reinsurance. RICB has its registered office at Thimphu, Regional office at Phuentsholing and 28 Branch Offices across Bhutan.

RICB is desirous of developing an Internal Audit Manual for Internal Audit function to clearly document and standardize its accounting processes. Therefore, RICB intends to invite Expression of Interest, as per the conditions mentioned in the “Request of Expression of Interest”, from interested firms to prepare its Internal Audit Manual.

**2. Objectives and Scope of work**

The objectives of preparing the Accounting manual are as follows:

- To provide a ready reference to users on roles and responsibilities of Auditors ,
- To align organizational policy, processes, people and technology,
- To standardize accounting procedures across the organization,
- To embed robust system of internal controls into processes,
- To identify and eliminate non-value adding activities,
- Optimum use of resources.

The manual will cover all the Auditing activities across RICB that directly impact the financial statements prepared by the entity. This will include accounting handled by HO, RO and branches. All business verticals including General Insurance, Life Insurance, Reinsurance, Credit, Provident Fund, Annuity and so on that significantly impact RICB’s financial statements will be covered.

In preparing the manual the following will be taken into consideration:

- Internal controls essential for robust functioning of RICB,
- Compliance requirements prescribed by RMA, Companies Act, Corporate Governance Regulation, Financial Services Act etc.,
- Reporting requirements under IFRS/BAS.

### **3. Coverage**

The Internal Audit Manual should include:

- 1. Mission Statement and objectives of Internal Audit - Preface**
- 2. Internal Audit Services – Structural Organization and Framework**
- 3. Governance, Risk Management/Assessment, Controls and Fraud**
- 4. Annual Internal Audit Planning and Internal Audit Strategies**
- 5. Internal Audit Fieldwork – Planning and Internal Audit Engagements**
- 6. Reporting of Audit Fieldwork/ Audit Engagements**
- 7. Follow-Up and Monitoring/Evaluation of Internal Audit Works**
- 8. Internal Audit Evidence and Working Papers/Documents**
- 9. Quality Assurance and Improvement Program**
- 10. Appendices**

*Note: Anything being missed must be included in the scope in accordance with the international standards.*

#### **1. Deliverables**

The following are the expected deliverables from this assignment:

- Two copies of final version (Approved/Accepted by RICB) Internal Audit Manual with contents as described in scope (2 above), and 2 copies in CDs
- Globally accepted standards may be added to the deliverables
- The Final presentation to the Management and the Audit Committee

#### **2. Methodology**

The firm during the submission of EOI must indicate proposed methodology to prepare the Internal Audit Manual. The firm should also mention the time frame of the activity from award of the engagement. All mobilization and preparation time should be included within the time frame proposed.

#### **3. Cost of EOI Submission, Consultancy fees and payment schedule**

- a. The firm shall bear all costs associated with preparation and delivery of its EOI, and RICB will, in no case, be responsible or liable for these costs.
- b. Interested firms should submit consultancy fees mentioning all rates and quantities. The price submitted as response should be inclusive of all applicable taxes, and duties.
- c. Client shall not be responsible for any payment beyond the quoted price and the vendor should bear any additional expenses
- d. Firm should mention all payment milestones, and payments will be made only on the tasks being completed to the satisfaction of client and on acceptance by client.
- e. The Consultancy fees and Travel costs shall be quoted as separate line items. During Financial evaluation, RICB will compare bids based on Consultancy fees quoted by the bidders.

#### **4. Submission and opening of EOI**

The bid should be sealed in outer envelope clearly marked “**EOI for Preparation of Internal Audit Manual**” and must contain two envelopes clearly marked as Technical (Containing only Technical Bid) and Financial (containing only Financial Bid) and submitted to the address below

on or before 23<sup>rd</sup> June, 2017 at 12:00 Noon BST and shall be opening on the same day at 3:00 P.M BST.

**The Chief Executive Officer**  
**Royal Insurance Corporation of Bhutan Limited**  
**P.O. Box No. 315**  
**Thimphu, Bhutan**

## **5. Minimum qualification requirements**

The following are the criteria which the Consultant should qualify on. The Consultant: Should have experience of design and implementation of Internal Audit Manual and related Manuals of large government organisations. Details of a minimum three such projects should be furnished.

1. Team should consist of persons with CA, CPA, CISA qualifications.
2. Should have experience in the accounts, audit, setting of internal controls of insurance and banking operations.
3. Team members should have exposure to Accounting Standards, and IFRS preferably with certifications.
4. Should have experience in design, usage, and evaluation of accounting software applications used in large corporate, Public Sector Undertakings and government set up.
5. Should have a minimum average annual turnover of Nu. 20 Million in the last three years.

Response from prospects who do not qualify on the above criteria will be rejected for evaluation.

## **6. Bid Opening and Evaluation**

The bids which do not satisfy the minimum qualification detailed in **5 above** will be rejected. The bids which satisfy the minimum qualification criteria, will be technically evaluated. The scoring pattern will be 70:30 i.e. technical score will be 70 and the financial based on 30. The bidder scoring highest total score (Technical & Financial) will be selected.

## **7. Notification of the Award**

RICB will notify the successful firm in writing or by email that its EOI has been accepted by client. The notification of award will be followed by work order and signing of contract agreement.

## **8. Administrative Arrangements**

The consultancy services will be conducted in Head Office, Royal Insurance Corporation of Bhutan Limited, Thimphu, Bhutan, in close coordination with Internal Audit Division and/or other relevant stakeholders.

## **9. Governing Laws**

All obligations arising out of this EOI, shall be governed by, and construed in accordance with the laws of the Kingdom of Bhutan.

Agreements and/or contracts drawn in respect of this consultancy services shall be covered under the purview of laws of the Kingdom of Bhutan.