



# **TERMS OF REFERENCE FOR THE AUDIT OF INSTITUTION OF ENGINEERS RWANDA FOR THE YEAR 2016**

**Selection Method: Least Cost Method**

January, 2017

## **1. BACKGROUND**

The Institution of Engineers Rwanda (IER) started in 2008 as a learned society of engineering professionals. In June 2012, law No. 26/2012 of 29th June 2012 was established and enacted by the Parliament empowering IER to regulate and harmonize engineering services and activities in Rwanda. The overall mission of IER is to regulate, advance, promote, and develop engineering profession by providing strategic leadership and a platform where engineers can pursue business, social, professional and career development.

Therefore, in order to improve the efficiency and effectiveness to be able to deliver on its mandate, the Institution of Engineers Rwanda is seeking for audit services to conduct Institutional Audit of its books of accounts.

These Terms of Reference (TOR) relate to the audit of the Institution of Engineers Rwanda (IER) and will cover a twelve (12) months period starting 1<sup>st</sup> January 2016 and ending 31<sup>st</sup> December 2016.

## **2. OBJECTIVE**

The objective of the audit of the IER is to enable the auditors to express a professional audit opinion on the financial position of the Institution as at 31<sup>st</sup> December 2016 and on the statement of profit/loss covering the whole period as shown above. The audit should also enable the auditors to give an opinion on the statement of cash flows as well as compliance with the provisions of the IER procedures and regulations (by laws).

## **3. SCOPE**

The audit will be carried out in accordance with International Standards of Auditing (ISA) and will include such tests and controls, as the auditors consider necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

- (a) All funds have been used in accordance with the IER procedures and regulations (by laws);
- (b) Goods and services financed have been procured in accordance with the IER procedures and regulations (by laws);
- (c) All necessary supporting documents, records and accounts have been kept in respect of all activities
- (d) The financial statements have been prepared in accordance with International Financial Reporting Standards for Professional Institutions and Organisations (IFRS for PI) and give a true and fair view of the financial position of the Institution as at 31<sup>st</sup> December 2016 and of its incomes and expenses for the period ended on that date.
- (e) The auditor should carry out a comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transactions and ensure safe custody of assets.
- (f) The auditor should ascertain that the ledgers are maintained as required by IER procedures and regulations (by laws) as well as a fixed asset registers are properly kept.

#### **4. FINANCIAL STATEMENTS**

4.1 The financial statements should include:

- (a) A Statement of profit/loss for the year ended 31 December 2016 and comparative
- (b) A statement of financial position showing accumulated funds, bank balances other assets of the institute and liabilities and comparative.
- (c) A statement of cash flows for the year and comparative.
- (d) Notes to the accounts including significant accounting policies followed and breakdown of line items in the other financial statements.

#### **5. BANK ACCOUNTS**

6.1 In conjunction with the audit of the institute financial statements, the auditors are also required to audit the activities of the Institutes bank accounts. These activities usually comprise:

- (a) Deposits and replenishments received from the Bank
- (b) Payments substantiated by withdrawal applications
- (c) Interest that may be earned on the account balance
- (d) The remaining balance at the end of the period

#### **6. AUDIT OPINION**

Besides a primary opinion on the financial statements, the audit report on the Institutes financial statements should include any separate paragraph of any material matters that may have come to the notice of the auditor.

#### **7. MANAGEMENT LETTER**

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

- (a) give comments and observations on the accounting records, 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 recommendations for improvement;
- (c) report on the degree of compliance of the financial procedures and give comments, if any, on internal and external matters affecting such compliance;
- (d) communicate matters that have come to their attention during the audit which might have a significant impact on the implementation and sustainability of the IER; and

- (e) bring to the IER management attention any other matters that the auditors consider pertinent.

## **8. GENERAL**

The auditors should have access to all legal documents, correspondence and any other information associated with the IER and deemed necessary by them. Confirmation should also be obtained of amounts received and outstanding at the Bank

## **9. REPORTING REQUIREMENTS/ DELIVERABLES:**

The auditors will work closely with, Institution Secretariat, senior management, accountant and shall report to the President of the Institution

The following outputs will be delivered in both soft and Two (2) bound hard copies by the Audit firm:

- i. Audit plan within 5 working days of signing the contract detailing the proposed work schedule and methodology for undertaking the assignment;
- ii. draft report at the end of the first (1) week showing clear findings of the report;
- iii. Final report at the end of the second (2) week period, incorporating the feedback from the client.

The final report will include:

- a) The Executive Summary and detailed report which will contain the professional opinion of the auditors on the financial statements of the Institution, and the notes on financial statements;
- b) The report on the internal control (Management Letter) reporting all the weaknesses of the system, estimating the risks linked to these failures and proposing relevant and practical recommendations, matched by an action plan and by a chronogram of application

All reports should be in English.

## **10. DURATION:**

It is estimated that the assignment will take a period of 21 working days for the entire assignment. The Audit Firm selected will be contracted to audit the accounts of the Institution for an extra period of two years but this will be determined by the effectiveness of the firm in carrying out this first assignment.

## **11. PROFILE OF THE CONSULTING FIRM**

The assignment must be conducted by a Registered auditing firm with evidence of not less than 6 years of national, regional or international experience in financial audit. The Audit firm must submit in its offer a valid practicing license for the year 2017 given by ICPAR.

The team to be presented by the firm should compose of the following:

### **1. The Team Leader: An audit partner**

- Should demonstrate a work experience in financial audit and in depth knowledge in public accountancy of not less than 8 years

- An advanced degree in accountancy or management with chartered certification in accountancy; CPA, ACCA or equivalence
- Experience in execution of similar assignment, not less than 5 specific assignments;
- Ability to work and write in English and experience of working in the region will be an added advantage.

## **2. Other audit staff**

- Should demonstrate a work experience in financial audit and in depth knowledge in public accountancy of not less than 4 years
- An advanced degree in accountancy or finance with experience in accounting; ACCA, CPA or equivalent is an added advantages.
- Experience in execution of similar assignment, not less than 3 specific assignments;
- Ability to work and write in English and experience in the region

## **12. SUBMISSION OF PROPOSALS**

Bidders shall submit both technical and financial proposals in two (2) separate envelopes with indication of technical or financial proposal and both envelopes shall be inserted in the third outer envelope.

## **13. EVALUATION CRITERIA**

Technical proposals will be evaluated based on the following criteria;

1. General Experience of the firm in the field	<b>10 points</b>
2. Relevant Experience in similar services	<b>20 points</b>
3. Quality of the methodology and working plan proposed	<b>20 points</b>
4. Qualifications and experience of the key personnel proposed for the audit work	<b>50 points</b>
4.1 Team Leader	<b>30 points</b>
4.2 Other Staff	<b>20 points</b>
<b>Total</b>	<b>100 points</b>

**Note:** During evaluation of technical proposals the maximum mark will be given to the firm which is the best for criteria 1, 2 and 4. The marking of the other bidders will be calculated proportionally using the rule of “Three Simple”. The Criterion 3 will be evaluated and marked based on the content of each proposal.

Minimum technical score           70%

#### **14. SUBMISSION DEADLINE**

Interested Audit Firms are required to submit their offers not later than 31<sup>st</sup> January 2017 at 17:00hrs Rwanda time, on the following Physical Address:

**Institution of Engineers Rwanda  
Remera - Ingenzi House, 2<sup>nd</sup> Floor  
P .o. Box 4386 Kigali Rwanda**

For further information, interested bidders can contact the following telephone numbers: 0788594136, 0783061343 or visit our website [www.engineersrwanda.rw](http://www.engineersrwanda.rw).

**Eng: Dismas NKUBANA  
Chairman Governing Council**