



TERMS OF REFERENCE FOR THE AUDIT OF INSTITUTION OF ENGINEERS RWANDA (IER) FOR THE YEAR 2018

Selection Method: Least Cost Selection Method

December, 2018

1. BACKGROUND

The Institution of Engineers Rwanda (IER) was established by law No. 26/2012 of 29th June 2012 and its mandate is to regulate and harmonize engineering services and activities in Rwanda. The overall mission of IER is to regulate, to promote, and to develop engineering profession by providing strategic leadership and a platform where engineers can pursue business, social, professional and career development.

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 1st January 2018 and ending 31st December 2018.

2. OBJECTIVE

The objective of the audit of IER is to enable the auditors to express a professional audit opinion on the financial position of the Institution as at 31st December 2018 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 Organizations

(IFRS for PI) and give a true and fair view of the financial position of the Institution as at 31st December 2018 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

The financial statements should include:

- (a) A Statement of profit/loss for the year ended 31 December 2018 and comparative
- (b) A statement of financial position showing accumulated funds, bank balances other assets of the Institution 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

In conjunction with the audit of the Institution's Financial Statements, the auditors are also required to audit the activities of the Institution's 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 Institution's 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's Secretariat, Senior Management, Accountant and shall report to the Governing Council 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 weaknesses 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 one year 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 the practicing license for the year 2018 issued by ICPAR and other prior licenses.

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 accountancy of not less than 8 years.
- An advanced degree in accountancy or management with chartered certification in accountancy; CPA, ACCA or equivalent.
- 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 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 advantage.
- 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	5 points
2. Interpretation of the ToR, Quality of the methodology and working plan proposed	30 points
3. Relevant Experience in undertaking similar assignments (3pts for each assignment)	15 points
4. Qualifications and experience of the key personnel proposed for the audit work	50 points
4.1 Team Leader	30 points
4.2 Other Staff	20 points
Total	100 points

Minimum technical score: 70%

14. SUBMISSION DEADLINE

Interested Audit Firms are required to submit their offers not later than 11th January 2019 at 17:00hrs local time, on the following Physical Address:

**Institution of Engineers Rwanda
Remera - Nobiscum House, 3rd 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.

**Eng: Papias Kazawadi Dedeki
Chairman, Governing Council
Institution of Engineers Rwanda**