

**Terms of Reference for a consultant for  
Preparation of Annual Internal Audit Report for the Royal Government of Bhutan**

**Project/activity name:** Preparation of Annual Internal Audit Report for Financial Year 2020-2021 with comparative numbers of 2019-2020.

**Source of Funding:** Bhutan Multi Donor Fund on Public Financial Management (PFM-MDF)(P162196)

**Background:**

The internal audit function in Bhutan was instituted in the year 2000 as part of the Good Governance agenda. The RGoB has taken initiatives to strengthen public sector internal audit through the Central Coordinating Agency (CCA) for Internal Audit Service in MoF including development of an audit charter, code of conduct, internal audit manual, guidelines, and capacity building and certification of internal auditors. The World Bank had provided technical assistance.

The CCA works as a dedicated body for management of the internal audit function, with responsibilities for the professional development of internal auditors, ensuring quality, uniformity and consistency in the function and technical backstopping to the internal auditors, and overall coordination of Individual Internal Audit Units (IAUs) that are established in the government budgetary agencies.

The International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA) have already been incorporated in the Internal Audit Manual and guidelines. Each IAU prepares an annual plan based on risk-assessment and units to be covered during the year are identified. A system of priority rating of individual findings has also been instituted. In 2015/16, CCA took the first step in undertaking thematic audits on procurement and the consolidated report was published. The second similar audit for 2016/17 was carried out on a human resource management. CCA has published its first annual internal audit report for 2014/15 covering the scope and work undertaken by the IAUs. The report serves as a self-assessment of the internal audit function and an instrument to disseminate the mandate, achievement and results of internal audit work.

The CCA publishes an annual Internal Audit Report but due to COVID, shortage of staff and other reasons, the report for FY2019-2020 could not be published. The annual report summarizes the work done by the government internal audit function, the key findings, reforms undertaken etc. and is a key document for outreach to the auditees, other oversight agencies and the citizens.

CCA now intends to continue with the practice of publishing annual internal audit report for Financial Year (FY) 2020-2021 with comparative numbers of FY 2019-2020. For this purpose, CCA will engage an individual international consultant to carry out this task and to enhance the contents of annual internal audit report for showcasing the visibility of internal audit service through an independent report.

**Contract Objectives:**

To prepare an annual internal audit report for past financial year 2020-2021 with comparative figures from financial year 2019-2020 with the objective to promote and showcase the visibility of internal audit service in the Royal Government of Bhutan.

**Scope of work/list of deliverables**

1. Review the internal audit reports issued by the Internal Audit Units in the government agencies for the financial years 2019-2020 and 2020-2021 and analyze them in the area of but not limited to:
  - a. Compliance with the RGoB Internal Audit Legal Frameworks.
  - b. Methodology of internal audit followed including risk assessment
  - c. Audit Findings including Performance Audits (key audit findings), including type of risks observed.
  - d. Examine the level of management responses received for the audit observations and the implementation.
2. Examine the status of Annual Internal Audit Plan Vs actual engagements taken up and analyze.
3. Study the Consulting Services, and Non-Audit Work carried out by IAUs and report.
4. Study and report on the plan and achievements of CCA and IAUs including the collaboration with peer agencies.
5. Review the Internal and external quality assessments conducted and their outcome.
6. Analyze the staffing requirements and actual strength
7. Review all the reforms undertaken during FY 2019-2020 and FY 2020-2021 in the area of strengthening the Internal Audit function.
8. The Consultant is expected to draw good presentation styles and datasets from other countries/internal audit units and incorporate after consultations with the CCA. The report's findings should be accompanied with tables, figures, etc.
9. The consultant may interview a sample of internal auditors to gather first-hand information. This would be done virtually, as far as practical.
10. The Consultant shall submit the following reports and documentation:
  - Inception Report, within 7 days after signing the contract. This should include a detailed work plan as to how the assignment will be carried out including list of information required from CCA-IAU, the data sets needed for the report and indicative contents of the report.
  - Progress reports to be submitted as per the timeline given in Appendix A

**Scope of services:**

Estimated number of days: 90 after signing of contract and work order

**Supervisory arrangements**

The consultant will report to Mr. Kencho Dorji, Chief Internal Auditor, Central Coordinating Agency for Internal Audit Services, Ministry of Finance, Royal Government of Bhutan. Email id [kenchodorji@mof.gov.bt](mailto:kenchodorji@mof.gov.bt) .

**Fee Claim:** The consultant will work on lump sum cost basis and payment shall be made as per the following installments:

10% of contract price on submission and acceptance of Inception Report

50 % of contract price on submission and acceptance of draft report

40 % of the contract price on submission and acceptance of final report with design and layout.

(Tax shall be applicable as per Income Tax Act of Kingdom of Bhutan 2001.)

*For each of the deliverables, the consultant is expected to make a presentation to the RGoB officials. Payment will be released upon acceptance of each deliverable.*

**Consultant qualifications and experience requirements:**

- a) Masters level qualification and professional qualifications in the area of accounting, auditing or financial management. Additional qualification in internal audit or government sector audit and IT audit (eg CIA, CISA, CGAP) will be given preference.
- b) The Consultant (individual) should have at least 5 years' experience in internal audit/Assurance services.
- c) Demonstrated experience of working on at least two similar assignments during last five years in preparing annual reports for submission to the government at national level.

**Evaluation Criteria**

Criteria	Score
a) Masters in area of accounting, auditing and financial management, Chartered Accountant, CPA, ACCA or equivalent. Additional qualification in internal audit or government sector audit and IT audit (eg CIA, CISA, CGAP) will be given preference.	(Maximum score 35) 20 points for one qualification. Two additional points for each additional qualification. 5 additional points for CIA qualification.

b) At least 5 years' experience in internal audit/Assurance services.	(Maximum score 30) 20 points for 5 years' experience. One additional point for each additional year of experience beyond 5 years. 30 points flat for above 15 Years.
c) Experience of working on at least two similar assignments during last five years in preparing annual reports for submission to the government at national level.	(Maximum score 30) 20 points for experience of two similar assignments and 30 points flat for more than two similar assignments.
Fluency in English is mandatory (oral and written);	(Maximum score 5) 5 points for submission of English Language Proficiency Certificate.

### APPENDIX A - REPORTING REQUIREMENTS

Sl. No	Milestone	Deliverables	Time line
1	Preparation & Submission of Inception Report	Acceptance of IR: 1. Consultant to submit IR within 7 days of signing contract. 2. CCA to review the IR within 3 days and revert back. 3. Consultant to submit the final IR incorporating feedback and CCA to issue acceptance letter.	Within 15 days of signing the contract.
2	Submission of draft report	Acceptance of draft report: 1. Consultant to submit 1st draft report on or before 45 days after acceptance of IR. 2. CCA to review draft report and provide comments and feedback for incorporation in 10 days. 3. Consultant to incorporate the changes required and present the draft in 5 days. 4. CCA to issue acceptance letter for draft report.	On or before 60 days after acceptance of inception report.
3	Submission of final report with design and layout	Acceptance of final report with design and layout: 1. Consultant to submit the final report with design and layout in 5 days. 2. CCA to review the design, layout and issue letter of acceptance within 2 days. 3. Consultant to design and submit ready to print report in soft copy within 7 days.	On or before 15 days after acceptance of draft report.