

Terms of References (TOR)
for
Engagement of Consulting Firm to Develop an Accounting Manual Including Charts of Accounts, Accounting Policies, Format for the General Purpose Financial Statements to Implement Nepal Financial Reporting Standards (NFRS) in Nepal Re

1. Background :

Nepal Re currently has financial administrative regulation which was prepared in the year 2072. Prior to conversion to Nepal Re, erstwhile known as Akasmik Beema Kosh, it had Fund Operation Manual 2060 to regulate the financial administrative functions of the company.

In the last 15 years there have been several changes in accounting rules and method of accounting. Now in Nepal, the Nepal Accounting Standard Board will also be implementing reporting system on NFRS basis. So, Nepal Re intends to revise its old Accounting system manual and cover all recent accounting standards and follow the NFRS.

2. Objective of the Consulting Service:

The objectives of the proposed consultancy service are to:

- a. Prepare a complete accounting manual for the Nepal Re in line with Nepal financial Reporting Standards (NFRS).
- b. Create a useful reference for the accountants that consolidates the various pieces of accounting acts, rules, procedures and regulations that enriches the quality and consistency of the work performed by accounting people of different units/departments.
- c. Improve and increase the efficiency and effectiveness of overall accounting system of Nepal Re.
- d. Increase the accuracy and reliability of financial information generated by different units/departments of Nepal Re.
- e. Increase the understanding in the interpretation of financial procedure system among different units/departments of Nepal Re.
- f. Enhance the capacity of Nepal Re personnel on NFRS use in Nepal Re.

3. Scope of the Services:

The scope of services to be carried out by the consulting chartered Accountants firm consists of the following:

- A. Prepare a complete accounting manual for Nepal Re which includes the following ingredients:
 - a. Reviewing and studying of the existing accounting practices, acts, rules and regulations related to the accounting procedures and making a mindset how these provisions apply in our accounting systems.
 - b. Accounting principles, policies and procedures with present accounting practices (system).
 - c. The new codes and classification (new charts of accounts expenditure, revenues and financing) as per NFRS

- d. Use and importance of existing forms in the existing accounting system. The manual should describe in detail the method and procedures of preparing and applying these forms.
- e. Financing accounting (debt, loan, equity from GON)
- f. The provisions of NFRS/NAS/IFRIC/SET etc
- g. Authorization and expenditure process of Nepal Re
- h. Suspension/obligatory accounting system
- i. Financial reporting systems based on NFRS
- j. Define detailed procedures for the year- ended consolidation of financial statements
- k. Any relevant issues other than above may be included with mutual discussion of the client and the consultant.
- l. Training :
 - 4 to 5 days Basic Training at Kathmandu (Two times to each)
 - 2 to 3 days NFRS implementation Training at Kathmandu.

4. Availability of Previous Study Documents and Data:

Firm shall be made available the following books/documents for the completion of the service:

- a. The copies of acts, rules and regulations related to accounting
- b. A book of existing Accounting Manuals/Policies
- c. The copies of other necessary documents available.

5. Duration of Consulting Services:

The total duration of consulting service is 3 years. Time plan for the assignment is as follows:

- Four Months for the Preparation of Accounting Manuals,
- Two Months for Training of Staff, and
- 2 years and 6 months for the Implementation of NFRS.

6. Consultant's Qualifications and Experience:

Qualification of the consulting firm:

The consulting firm should have the following qualification to carry out the work:

- Firm having minimum 15 years of continuous experience
- Firm registration certificate obtained from Institute of Chartered Accountants of Nepal (ICAN) with up to date renewal
- Tax Clearance Certificate or submission of Income Tax Return up to FY 2071/72
- VAT Registration Certificate
- Experience of minimum of 1 standing in relevant assignment in case of International Expert.
- Experience in NFRS based Accounting manual works is added advantage.
- Special Requirement as advantage: The consulting firm having experience with similar assignments in the Insurance/Reinsurance companies shall have added advantage.
- Sufficient qualified professional staff/experts to carry out defined tasks.
- Firms may associate to enhance their qualification in NFRS/IFRS field. The associations shall be in the form of joint venture (JV) or intended to technical support in NFRS Implementation with qualified Foreign Firms/ Foreign Individual Consultants for the entire assignment.

7. Qualification and experience of the consultants in the consulting firm

- **Chief consultant :**
 - At least Chartered Accountant with 15 years of experience.

- He/she should have experience in Developing Accountings System Manual & Knowledge about the NFRS/IFRS/NEPSAS,
- General experience: At least of 15 years' experience in the field of financial administration/accounting/auditing and risk analysis and management in the public sector entities,
- Additional qualification: The consultant having advanced degree or any specialization degree in relevant field shall have added advantage.

Duration of service: Minimum 1 month each year for 3 years period of assignment

- **Foreign consultant (Number-1)**

- One Chartered Accountant with 10 years of experience. Additional professional degree would be added qualification.
- He/she should have experience in implementation of IFRS in insurance companies/corporates,
- At least of 5 years' experience in the field of financial administration/accounting/auditing/IFRS & Fair valuation in IFRS.
- Specific experience: Engagement in minimum 1 assignment in Insurance Company is compulsorily required.
- Experience of IFRS/NFRS in different institutions.

Duration of service: 1 month in the 1st year and 10 days each year for next 2 years including 5 visits to Nepal Re.

- **IT Consultant (Number-1)**

- He/she should have Masters Degree in Information Technology (IT).
- He/she should have at least 5 years of post-qualification experience in telecommunication, banking, insurance, audit firms or public financial institutions.

Duration of service: 10 days each year for 3 years period of assignment

- **Other consultant (Number-1)**

- At least a Chartered Accountant having membership of Institute of Chartered Accountants of Nepal (ICAN) with more than 3 years of experience in public sectors. Additional degree would be added qualification.
- He/she should have knowledge and experience about NFRS/IFRS and financial reporting system of Insurance Companies.

Duration of service: 3 months each year for 3 years period of assignment

- **Actuarial Valuator (Optional)**

- He/she should be a member of any Institute of Actuaries in foreign countries with minimum experience of 5 years in the public sectors.
- He/she should have experience of Actuarial Valuation in at least 2 insurance companies in Nepal.

Duration of service: Minimum 5 days per quarter for 3 years period of assignment

Note: Firm can propose Actuarial Valuator if they want to include within their assignment or Actuarial Valuator can be provided from Nepal Re.