

EXPRESSION OF INTEREST (EOI)

**Title of Consulting Service:
Due Diligence Audit**

Method of Consulting Service: National

**Project Name : CONSULTANCY SERVICE FOR THE DUE DILIGENCE
AUDIT OF Nepal Reinsurance Company Limited.**

EOI : NRIC/NCB/EOI/2080-81/001

**Office Name: Nepal Reinsurance
Company Limited**

Office Address: Thapathali, Kathmandu

Funding agency: Internal Resources



Abbreviations

e-GP	-	Electronic Government Procurement
EOI	-	Expression of Interest
GON	-	Government of Nepal
PAN	-	Permanent Account Number
TOR	-	Terms of Reference
VAT	-	Value Added Tax
QCBS	-	Quality Cost Based Selection



Table of Contents

Section I. A. Request for Expression of Interest 4

Section II. B. Instructions for submission of Expression of Interest 7

Section III. C. Objective of Consultancy Services or Brief TOR 9

Section IV. D. Evaluation of Consultant's EOI Application 13

Section V. E. EOI Forms and Formats 15



A. Request for Expression of Interest

08/08/23



Request for Expression of Interest

Name of Employer: Nepal Re-Insurance Company Limited

Date: 12 October, 2023

Name of Project: CONSULTANCY SERVICE FOR THE DUE DILIGENCE AUDIT.

1. Nepal Reinsurance Company has allocated fund toward the cost of CONSULTANCY SERVICE FOR THE DUE DILIGENCEAUDIT OF NEPAL RE. and intend to apply portion of this fund to eligible payments under the Contract for which this Expression of Interest is invited for National consulting service
2. Nepal Reinsurance Company Limited now invites Expression of Interest (EOI) from eligible consulting firms ("consultant") to providethe following consulting services: Consultancy Services with regard to due Diligence Audit of Nepal Re.
3. Interested eligible consultants may obtain further information and EOI document free of cost at the address Nepal Re-Insurance Company Limited, Nepal Re-Insurance Company Limited Kathmandu, Bagmati Province, Nepal during office hours on or before 05-11-2023 12:00 or visit e-GP system www.bolpatra.gov.np/egp or visit the client's website www.nepalre.com.np
4. Consultants may associate with other consultants to enhance their qualifications.
5. Expressions of interest shall be delivered online through e-GP system www.bolpatra.gov.np/egp Nepal Reinsurance Company Limited. LS Building, Thapathali, Kathmandu on or before 06-11-2023 12:00
6. In case the last date of obtaining and submission of the EOI documents happens to be a holiday, the next working day will bedeemed as the due date but the time will be the same as stipulated.
7. EOI will be assessed based on Qualification 40.0 %, Experience 40.0 %, and Capacity 20.0 % of consulting firm and key personnel. Based on evaluation of EOI, only shortlisted firms will be invited to submit technical and financial proposal througha request for proposal.
8. Minimum score to pass the EOI is 70



B. Instructions for Submission of Expression of Interest



Instructions for Submission of Expression of Interest

1. Expression of Interest may be submitted by a sole firm or a joint venture of consulting firms and maximum number of partners in JV shall be limited to three.
2. Interested consultants must provide information indicating that they are qualified to perform the services (descriptions, organization and employee and of the firm or company, description of assignments of similar nature completed in the last 7 years and their location, experience in similar conditions, general qualifications and the key personnel to be involved in the proposed assignment).
3. This expression of interest is open to all eligible National Consulting firm.
4. In case, the applicant is individual consultant, details of similar assignment experience, their location in the previous 4 years and audited balance sheet and bio data shall be considered for evaluation.
5. The assignment has been scheduled for a period of 6 months. Expected date of commencement of the assignment is January, 2024.
6. A Consultant will be selected in accordance with the QCBS method.
7. Expression of Interest should contain following information:
 - (i) A covering letter addressed to the representative of the client on the official letter head of company duly signed by authorized signatory.
 - (ii) Applicants shall provide the following information in the respective formats given in the EOI document:
 - EOI Form: Letter of Application (Form 1)
 - EOI Form: Applicant's Information (Form 2)
 - EOI Form: Work Experience Details (Form 3(A), 3(B) & 3(C))
 - EOI Form: Capacity Details (Form 4)
 - EOI Form: Key Experts List (form 5).
8. Applicants may submit additional information with their application but shortlisting will be based on the evaluation of information requested and included in the formats provided in the EOI document.
9. The Expression of Interest (EOI) document must be duly completed and submitted by electronically only using the forms and instructions provided by the system
10. The completed EOI document must be submitted on or before the date and address mentioned in the "Request for Expression of Interest". In case the submission falls on public holiday the submission can be made on the next working day. Any EOI Document received after the closing time for submission of proposals shall not be considered for evaluation.



C. Objective of Consultancy Services or Brief TOR

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C. OBJECTIVE OF CONSULTANCY SERVICES OR BRIEF TOR

Terms of Reference for Consultancy Services with regard to Due Diligence Audit of Nepal Re.

1. Background:

Nepal Reinsurance Company Ltd. (hereinafter called the "company") is the first Reinsurance Company of Nepal with national flagship incorporated under the Companies Act, 2063. The purpose of establishing the Company is to cater all kinds of reinsurance need of the emergent domestic insurance market. Company formally started reinsurance underwriting from 22 December 2014. It is established in the PPP Model and current company share structure is 44.04% Government of Nepal, 39.96% Institutional promoters (life & non-life insurers, some institutional owners) and 16% public.

Company is being successful to cater treaty and facultative reinsurance services to domestic and foreign insurers and reinsurers in all types of general insurance business like motor, engineering, agriculture, aviation, property and personal and commercial line, life insurance business with excellent customer services.

Company has planned to conduct Due Diligence Audit (DDA) to know the exact financial and compliance situation of the company. Section 27 of Corporate Governance Directive, 2075 issued by Insurance Board has provided that the DDA should be done by insurer in every 5 years.

2. Existing Legislative Provisions:

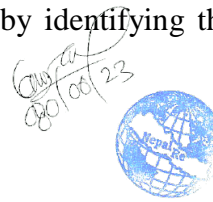
The major Legal framework of Insurance regulation mainly comprises of the following:

- a. Insurance Act, 2079
- b. Insurance Regulations, 2049
- c. Company Act, 2063
- d. Labor Act, 2075
- e. Public Procurement Act, 2063 and Public Procurement Rule, 2064
- f. ALPA 2064 and Regulation 2073
- g. Directives/Circulars issued by the Nepal Insurance Authority
- h. Company's Rules/Bylaws (Employee's Bylaw, 2076; Financial Administration Bylaws, 2072; Claim Manual, 2072; Underwriting Manual (Non-life), 2078; Non-life Reinsurance Manual; Life Insurance Manual; Marketing Manual, 2079; Reinsurance Policy, 2079; Information Technology Policy, 2019)
- i. Any other related Laws/Bylaws

3. Objective:

The main objective of the proposed DDA is to study the present financial status of the Company which will ultimately help for its sound development by identifying the problems and finding a solution for further improvement of business.

The objectives of proposed study are:



- a) To explore the present financial status of the company.
- b) To improve and increase the efficiency, effectiveness and credibility of business of the company.
- c) To examine the assets and liabilities of the company.
- d) To propose some strategic recommendations to the company.
- e) To ensure corporate governance in the company.

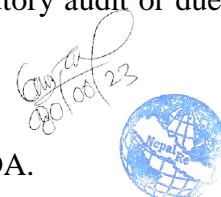
4. Scope of the DDA:

Minimum areas to be covered and included in the Due Diligence Audit Report:

- a. Background and Introduction of the Insurance Company
- b. Financial Analysis
 - i. Net worth
 - ii. Capital Adequacy and Solvency
 - iii. Asset Liability Management and Liquidity Management
 - iv. Quality of Assets
 - v. Adequacy of Liabilities
 - vi. Reinsurance Management
 - vii. Actuarial
 - viii. Analysis of Income and Profit
 - ix. Analysis of Expenses
 - x. Analysis of ratios issued by Insurance Board of five years
- c. Assessment of Tax Liability and its Adequacy
- d. Portfolio wise analysis of business
- e. Corporate Government Practice
- f. Effectiveness of Risk Management Function
- g. Effectiveness of Underwriting Process
- h. Status of Claim Payment and Claim Handling Process
- i. Turn Around Time Analysis of Claim Payment
- j. Effectiveness of Reinsurance Management and its Adequacy
- k. Investment Management
- l. Effectiveness of Internal Control System
- m. Human Resource Management and Management Soundness
- n. Procurement Procedure
- o. Information Technology
- p. Market Share
- q. Adequacy and Qualitative assessment of directives, manuals, policies passed by Board of Directors of Insurance Companies
- r. Compliance status of Insurance Act, Insurance Rule, directives, circulars, guidelines, directions issued by Insurance Board and other prevailing laws of Nepal.
- s. The firm should be able to demonstrate a best capability to handle the assignment solely or in joint venture in relation to the human resource, financial capability, past track record etc.
- t. The consulting firm should have track record in internal audit, statutory audit or due diligence audit in the field of insurance and financial sector.

5. Commencement of Work:

The audit work shall commence immediately after agreement date of DDA.



6. Duration of the Project:

The total duration of project will be 6 months.

7. Expected Output & Responsibility of the consultant:

The selected consulting firm shall comply with the terms and conditions as mentioned in the contract paper. This assignment is expected to:

- a. **Reflect the existing scenario of the company.**
- b. **Show the status of adherence of International best practices in the company.**
- c. **Identify the actual assets and liability of the company.**
- d. **Presents the recommendation for further activities to be taken by the company.**
- e. **Rating the status of compliance level of the company.**
- f. **Assessment of the Investor and reinsured's protection in the company.**

8. Presentation:

The consulting firm must provide presentation on the synopsis, major findings of the DDA and recommendations to the company for the betterment of its business after the finalization of DDA.

9. Deliverables:

DDA Report shall be informative & well written document that can be easily comprehended. It shall be presented in a professional & attractive manner. Key deliverables of this rating are summarized as follows:

- **Inception Report:** Consultant shall submit the inception report ensuring mutual understanding of the consultant's plan of action and timeline for conducting the DDA providing guarantee of adherence to, and interpretation of the TOR.
- **Draft Report:** After completion of the DDA, Soft copy of DDA report along with working notes (word, excel sheet).
- **Final Report with recognized certificate:** DDA Report (3 copies) shall be submitted within the time specified in the agreement after completion of the task.

10. Methodology:

The task demands desk study, computer work, field visits and interactions with the staffs, beneficiaries and stakeholders in the field. The consultant shall propose a set of methods in the methodology part of technical proposal. Basically, the following methods will be used to collect the information:

- a. Revisit existing documents, quarterly and annual reports and other publications.
- b. Integrations with BOD, Management and staffs.
- c. Conduct Focus Group Discussion where appropriate.
- d. Field visit as per requirement
- e. Organize stakeholder consultation workshops.

The selected consultant firm will work closely with the Company to refine the methodology and developed detail work plan.



11. Required Experience of the Consulting Firm:

- a) **General Experience** - Consulting firm shall have at least 5 years of consulting service experience in the field of conducting Statutory Audit or Internal Audit or DDA on Insurance, Banking and other financial institutions after obtaining COP from ICAN.
- b) **Specific experience of consulting firm within last 7 years** - Consulting firm shall have Consulting service experience in the field of Due Diligence Audit in at least 2 Insurance company or Bank or Financial Institutions (Note: This shall be supported by submission of copy of experience certificate issued from concerned authority or from the Consultant's clients)

12. Composition of Audit Team & their minimum qualification & experiences requirement

- f. DDA team shall comprises of at least 4 members with at least 2 chartered accountants. The audit team leader to be engaged in DDA must have minimum 5 years of Experience. Audit Team Leader shouldn't be changed without prior notification during the audit period.

Team Members	Minimum Qualification	No.	No. of Person Days	Minimum experience
Team Leader/Key Auditor	FCA	1	180 days	At least 5 years of experiences in the capacity of team leader/ Chartered accountant post CA qualification
Consultants Auditors	CA	1	180 days	At least 2 years of experiences post CA qualification
Other team member	Article Trainee	2	180 days	

13. Documents to be submitted by the consultant/Applicant

Consulting firm should submit Proposal along with following details. Upon failure to submit the documents and information, the firm (s) will not be eligible to be included for selection process.

- a. Firm Registration Certificate along with renewal documents
- b. VAT/PAN Registration Certificate
- c. Tax Clearance/Tax Return of latest fiscal year.
- d. Audit Report or financial statements of latest Fiscal Year.
- e. CIB report for not being black listed with regard to both firm and partners
- f. Self-Declaration Letter of not being subjected to any disciplinary action as per prevailing laws
- g. Self-Declaration Letter of not being disqualified and having no conflict of interest with the company as per prevailing laws.
- h. CVs of proposed key and other supporting personnel.



D. Evaluation of Consultant's EOI Application

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Evaluation of Consultant's EOI Application

Consultant's EOI application which meets the eligibility criteria will be ranked on the basis of the Ranking Criteria.

i) Eligibility & Completeness Test

Sl. No.	Criteria Title	Compliance
1	Firm Registration Certificate along with renewal documents	
2	Tax Clearance/Tax Return of latest fiscal year	
3	VAT/PAN Registration Certificate	
4	CIB report for not being black listed with regard to both firm and partners	
5	Audit Report or financial statements of latest Fiscal Year.	
6	Self-Declaration Letter of not being subjected to any disciplinary action as per prevailing laws	
7	Self-Declaration Letter of not being disqualified and having no conflict of interest with the company as per prevailing laws	
8	EOI Form 1: Letter of Application	
9	EOI Form 2: Applicant's Information Form	
10	EOI Form 3: Experience of the Consulting Firm (Form 3(A), 3(B) & 3(C))	
11	EOI Form 4: Capacity (A)	
12	EOI Form 5: Qualification of Key Experts (The consultant should submit the CVs of proposed key and other supporting personnel)	

ii) EOI Evaluation Criteria

ii) EOI Evaluation Criteria	Minimum Requirement	Score [Out of 100%]
Qualification		40
<i>Qualification of Key Experts</i>		20
i) Team Leader/Key Auditor	Fellow Chartered Accountant (FCA)	
ii) Consultants Auditors	Chartered Accountant	
iii) Other team member	Article Trainee	
Experience of Key Experts		20
i) Team Leader/Key Auditor	At least 5 years of experiences in the capacity of team leader/ Chartered accountant post CA qualification	
ii) Consultants Auditors	At least 2 years of experiences post CA qualification	
iii) Other team member		
B. Experience of Consulting firm		40
<i>General of consulting firm</i>	Consulting firm shall have at least 5 years of consulting service experience in the field of conducting Statutory Audit or Internal Audit or DDA on Insurance, Banking and other financial institutions after obtaining COP from ICAN	
<i>Specific experience of consulting firm within last 7 years.</i>	Consulting firm shall have Consulting service experience in the field of Due Diligence Audit in at least 2 Insurance company or Bank or Financial Institutions	
<i>Similar Geographical experience of consulting firm</i>		
C. Capacity		20
<i>Financial Capacity¹</i>	Average Annual turnover of last 7 years should be more than NPR 14,00,000.00	

Minimum score to pass the EOI is: 70



E. EOI Forms & Formats



E. EOI Forms & Formats

Form 1. Letter of Application

Form 2. Applicant's information

Form 3. Experience (*General, Specific and Geographical*)

Form 4. Capacity

Form 5. Qualification of Key Experts



Standard EOI Document

1. Letter of Application

(Letterhead paper of the Applicant or partner responsible for a joint venture, including fullpostal address, telephone no., fax and email address)

Date:

To,

Full Name of Client: _____

Full Address of Client: _____

Telephone No.: _____

Fax No.: _____

Email Address: _____

Sir/Madam,

1. Being duly authorized to represent and act on behalf of (hereinafter "the Applicant"), and having reviewed and fully understood all the short-listing information provided, the undersigned hereby apply to be short-listed by **[Insert name of Client]** as Consultant for **{Insert brief description of Work/Services}**.
2. Attached to this letter are photocopies of original documents defining:
 - a) the Applicant's legal status;
 - b) the principal place of business;
3. **[Insert name of Client]** and its authorized representatives are hereby authorized to verify the statements, documents, and information submitted in connection with this application. This Letter of Application will also serve as authorization to any individual or authorized representative of any institution referred to in the supporting information, to provide such information deemed necessary and requested by yourselves to verify statements and information provided in this application, or with regard to the resources, experience, and competence of the Applicant.
4. **[Insert name of Client]** and its authorized representatives are authorized to contact any of the signatories to this letter for any further information.¹
5. All further communication concerning this Application should be addressed to the following person,
[Person]
[Company]
[Address]
[Phone, Fax, Email]
6. We declare that, we have no conflict of interest in the proposed procurement proceedings and we have not been punished for an offense relating to the concerned profession or

¹ Applications by joint ventures should provide on a separate sheet, relevant information for each party to the Application.



Standard EOI Document

business and our Company/firm has not been declared ineligible.

7. We further confirm that, if any of our experts is engaged to prepare the TOR for any ensuing assignment resulting from our work product under this assignment, our firm, JV member or sub-consultant, and the expert(s) will be disqualified from short-listing and participation in the assignment.
8. The undersigned declares that the statements made and the information provided in the duly completed application are complete, true and correct in every detail.

Signed :

Name :

For and on behalf of (name of Applicant or partner of a joint venture):

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2. Applicant's Information Form

(In case of joint venture of two or more firms to be filled separately for each constituent member)

1. Name of Firm/Company:
2. Type of Constitution (*Partnership/ Pvt. Ltd/Public Ltd/ Public Sector/ NGO*)
3. Date of Registration / Commencement of Business (*Please specify*):
4. Country of Registration:
5. Registered Office/Place of Business:
6. Telephone No; Fax No; E-Mail Address
7. Name of Authorized Contact Person / Designation/ Address/Telephone:
8. Name of Authorized Local Agent /Address/Telephone:
9. Consultant's Organization:
10. Total number of staff:
11. Number of regular professional staff:

(Provide Company Profile with description of the background and organization of the Consultant and, if applicable, for each joint venture partner for this assignment.)



3.

Experience

3(A). General Work Experience

(Details of assignments undertaken. Each consultant or member of a JV must fill in this form.)

S. N.	Name of assignment	Location	Value of Contract	Year Completed	Client	Description of work carried out
1.						
2.						
3.						
4.						
5.						
6.						
7.						

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Standard EOI Document

3(B). Specific Experience

Details of similar assignments undertaken in the previous seven years

(In case of joint venture of two or more firms to be filled separately for each constituent member)

Assignment name:	Approx. value of the contract (in current NRs; US\$ or Euro) ² :
Country: Location within country:	Duration of assignment (months):
Name of Client:	Total No. of person-months of the assignment:
Address:	Approx. value of the services provided by your firm under the contract (in current NRs; US\$ or Euro):
Start date (month/year): Completion date (month/year):	No. of professional person-months provided by the joint venture partners or the Sub- Consultants:
Name of joint venture partner or sub-Consultants, if any:	Narrative description of Project:
Description of actual services provided in the assignment: Note: Provide highlight on similar services provided by the consultant as required by the EOI assignment.	

Firm's Name: _____



² Consultant should state value in the currency as mentioned in the contract

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3(C). Geographic Experience

Experience of working in similar geographic region or country

(In case of joint venture of two or more firms to be filled separately for each constituent member)

<i>No</i>	<i>Name of the Project</i>	<i>Location (Country/Region)</i>	<i>Execution Year and Duration</i>
1.			
2.			
3.			
4.			
5.			
6.			
7.			

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4. Capacity

4(A). Financial Capacity

(In case of joint venture of two or more firms to be filled separately for each constituent member)

Annual Turnover	
Year	Amount Currency

- Average Annual Turnover

(Note: Supporting documents for Average Turnover should be submitted for the above.)

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4(B). Infrastructure/equipment related to the proposed assignment³

No	Infrastructure/equipment Required	Requirements Description
1.		
2.		
3.		
4.		
5.		

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³ Delete this table if infrastructure/equipment for the proposed assignment is not required.

Standard EOI Document

5. Key Experts *(Include details of Key Experts only)*

(In case of joint venture of two or more firms to be filled separately for each constituent member)

SN	Name	Position	Highest Qualification	Work Experience (in year)	Specific Work Experience (in year)	Nationality
1						
2						
3						
4						
5						

(Please insert more rows as necessary)

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