

Terms of Reference (TOR) for Outsourced Internal Audit Services National Credit Guarantee Institution Limited (NCGIL)

1. Background

NCGIL seeks to engage an independent audit firm to provide outsourced internal audit services. The objective is to ensure robust governance, risk management, and internal controls aligned with regulatory requirements and industry standards.

2. Scope of Work

The outsourced internal audit function will focus on:

- **Risk Management:** Evaluate the effectiveness of risk identification, assessment, and mitigation strategies related to credit guarantee issuance process, financial operations, and regulatory compliance.
- **Internal Controls:** Assess adequacy of controls over financial reporting, transaction processing, and operational workflows.
- **Governance:** Review alignment with policies, laws (e.g., banking regulations), and stakeholder expectations (e.g., Board and other subcommittee decisions).
- **Compliance:** Verify adherence to internal policies, external regulations, and industry standards (e.g., Basel Committee guidelines).
- **Operational Efficiency:** Identify areas for process optimization and cost savings.

3. Key Responsibilities

The outsourced firm will:

- I. **Develop a Risk-Based Audit Plan & Audit Program:**
 - a. Conduct annual risk assessments to prioritize high risk areas (e.g., credit guarantee issuance processes, financial reporting).
 - b. Align the audit plan & Audit Program with NCGIL's strategic objectives and regulatory requirements.
- II. **Perform Audits:**
 - a. Conduct fieldwork, including interviews, transaction testing, and documentation reviews.
 - b. Evaluate governance, risk management, and internal controls.
- III. **Report Findings:**
 - a. Submit detailed reports to the Audit Committee, including recommendations for improvement.
 - b. Highlight critical weaknesses, compliance gaps, and operational inefficiencies.

IV. Follow-Up:

- Monitor implementation of audit recommendations and report progress to the Audit Committee.

4. Deliverables and Time Frame

I. Annual Audit Plan & Audit Program: To be approved by the Audit Committee before execution.

II. Audit Reports: To be issued monthly or as agreed, with executive summaries and actionable recommendations.

III. Compliance Reports: Documentation of adherence to laws, policies, and industry standards.

IV. Risk Assessment Updates: Periodic reviews of emerging risks (e.g., regulatory changes, fraud threats).

Related Task & Activity No.	Required Deliverable	Time frame (after awarding the contract)
I	Annual Audit Plan & Audit Program	Within one month
II	Audit Reports	Within 10 days after month end
III	Compliance Reports	Within 15 days after quarter end
IV	Risk Assessment Updates	Within 15 days after quarter end

5. Procedure for review of Deliverables

The CEO of the NCGIL shall closely coordinate the Consultancy firm and review deliverables.

6. Qualifications and Experience

The firm must demonstrate:

- **Minimum 5 years of experience** in internal auditing.
- **Minimum 3 years of experience** in internal auditing for Bank or Non-Banking financial institutions.
- **Sri Lankan Rupees 20 million turnover** per annum for last 03 years.
- **Certifications:** Compliance with **Sri Lanka Auditing Standards**
- **References:** Provide **contactable references** from similar engagements, including project scope, cost, and outcomes.
- **Team Expertise:** Submit CVs and a skills matrix for proposed auditors, emphasizing experience in risk management, financial controls, and regulatory compliance.

7. Independence and Objectivity

- The firm must maintain **independence** from NCGIL's management and operations.
- No conflicts of interest (e.g., prior involvement in NCGIL's financial audits).

8. Reporting Structure

The firm will report directly to NCGIL's **Board Audit Sub Committee**, with regular updates to senior management.

9. Method of Payment

Monthly payments are made within one month from the end of each month subject to submission of deliverables as section 4 above.

Contract Terms

- **Duration:** 1 year.
- **Termination:** Either party may terminate with 01 month notice for non-performance or breach.

10. Method of selection

Selection will be based on the Consultants' Qualifications (CQS) as indicated in the REOI.