

Sana Kisan Bikash Laghubitta Bittiya Sanstha Ltd. (SKBBL)

Terms of Reference (ToR) of Accounting and Internal Auditing Officer

Position Title: Senior Officer

Objectives:

The overall objectives of the Accounting and Internal Auditing Officer are:

- Maintain up to date accounting, financial reports of the organization.
- To express an independent professional opinion with regard to efficiency, effectiveness and economy of the operations of the organization.
- To ascertain and evaluate the adequacy and effectiveness of the financial management and internal control framework.
- To ascertain compliance of the laid down policies, Nepal Financial Reporting Standard (NFRS), Nepal Rastra Bank Guidelines and Directives, Company Act, SKBBL's by-laws, policies and procedures, and other applicable laws and rules of the country.
- To identifying areas for improvement and critical weaknesses, if any.

Scope of Work:

The Accounting and Internal Auditing Officer should be carried out in accordance with the Nepal Standards on Auditing (NSA) published by the Institute of Chartered Accountants of Nepal (ICAN) and controls, as necessary for performance of the audit. The scope of the assignment will be comprehensive and will cover the organizational activities and transactions. The responsibilities of the Accounting and Internal Auditing Officer include maintain up to date account and reporting on the adequacy of internal control, accuracy of transactions, and the level of compliance with applicable laws, rules and policies. Specific areas of audit should include the following:

- (a) Maintain and ensure up to date accounting and timely reporting of Financial Transaction.
- (b) Develop annual internal audit plan, get approval from Audit Committee and circulate audit calendar to HO and AOs of SKBBL
- (c) Conduct audit of AOs and divisions of SKBBL at least twice a year
- (d) Assess the adequacy of the SKBBL's financial management and internal control. This would include adequacy and effectiveness of accounting, financial and operational control mechanism, review of policies and procedural manuals and suggestions for improvement.
- (e) Review risk management process and practices as per the risk management policy and assist management to minimize the risk of loss of assets and transactions.
- (f) Review of books of accounts including vouchers and supporting documents and other information as available and provided by the management. This also includes the review of operational and day-to-day work and ensure that the expenditure statements have been correctly accounted for and disbursements made in this regard are as per the guidelines and policies.
- (g) Assess the adequacy of delegation of financial and administrative authority and segregation of duties and controls at different level.
- (h) Ensure that the expenditures incurred/advances provided are duly authorized as per the financial and administrative authority approved by the BoD/CEO or any other competent authority.
- (i) Review of the expenditure incurred are in accordance with the financial policy, operational guidelines, legal agreement or any other clarifications issued from time to time by the BoD. This

also review the expenditure incurred with reference to the budget allocation approved by the BoD. In case the budget allocation is exceeded, proper re-appropriation duly approved by the competent authority.

- (j) Review whether adequate and proper supporting documents, such as purchase orders, tender documents, invoices, vouchers, receipts, pay bills, TA bills are maintained and linked to the transactions and expenses are approved by assigned authority
- (k) Ascertain compliance of act, rules and policies of cooperatives, wholesale lending policy of SKBBL, NRB and other regulatory authority guidelines and directives
- (l) Assess whether all the loans are approved by the competent authority as per the limit prescribed in the lending policy of the organization;
- (m) Conduct on-site visits of the AOs and borrower cooperatives, as required and verify loan documentations, security details, provisions, recovery etc.
- (n) Assess whether the disbursements of loan are done in accordance with the NRB directives or any other guidelines or policies applicable for borrowing cooperatives, and whether loan monitoring and ageing analysis is carried out on continuous basis.
- (o) Verify and reconcile the statement of utilization of loan report submitted by borrowing cooperatives and review within 30 days of loan disbursement.
- (p) Review of advances paid to staff, their purpose are done as per policy and advances are settled as per the rules.
- (q) Review of completeness, existence, recording, safeguard and utilization of assets for the purpose intended including, physical verification of sample of assets.
- (r) Review of records related to NRB reporting and other records related to compliance with the NRB Directives and Circulars.
- (s) Review of system, and documentations related to human resource management, and make sure that each staff are provided ToR and performance is evaluated on half-yearly basis.
- (t) Review of operating status including authenticity, control system and reliability of computer software, security system servers, hardware's and disaster recovery mechanism of the organization.
- (u) Organize the meeting of audit committee, record minute of the committee, circulate the decision to concerned unit and evaluate the progress of implementation of decisions.
- (v) Evaluate the monitoring reports/monitoring work carried by AOs and provide required guidance to minimize the potential risks and enhance effectiveness of monitoring work
- (w) Conduct the surprise visits, suspected fraud investigation and other special audits as per the requirement of SKBBL
- (x) Summarize key findings of the NRB to supervision, auditor (internal and/or external) and actions taken by the management on the audit observations
- (y) Ensure that precautionary measure are applied in each function of AOs and HO to minimize risks and develop and implement risk based internal audit framework and internal audit procedures
- (z) Carried out the work mentioned in the 41 (D) 2 of directive of NRB to D class financial institutions, Section 61 of BAFIA, and section 165 of company act and other task assigned by SKBBL to maintain sound internal control and good governance.

Performance Evaluation:

The performance evaluation of the Accounting and Internal Auditing Officer will be done annually.