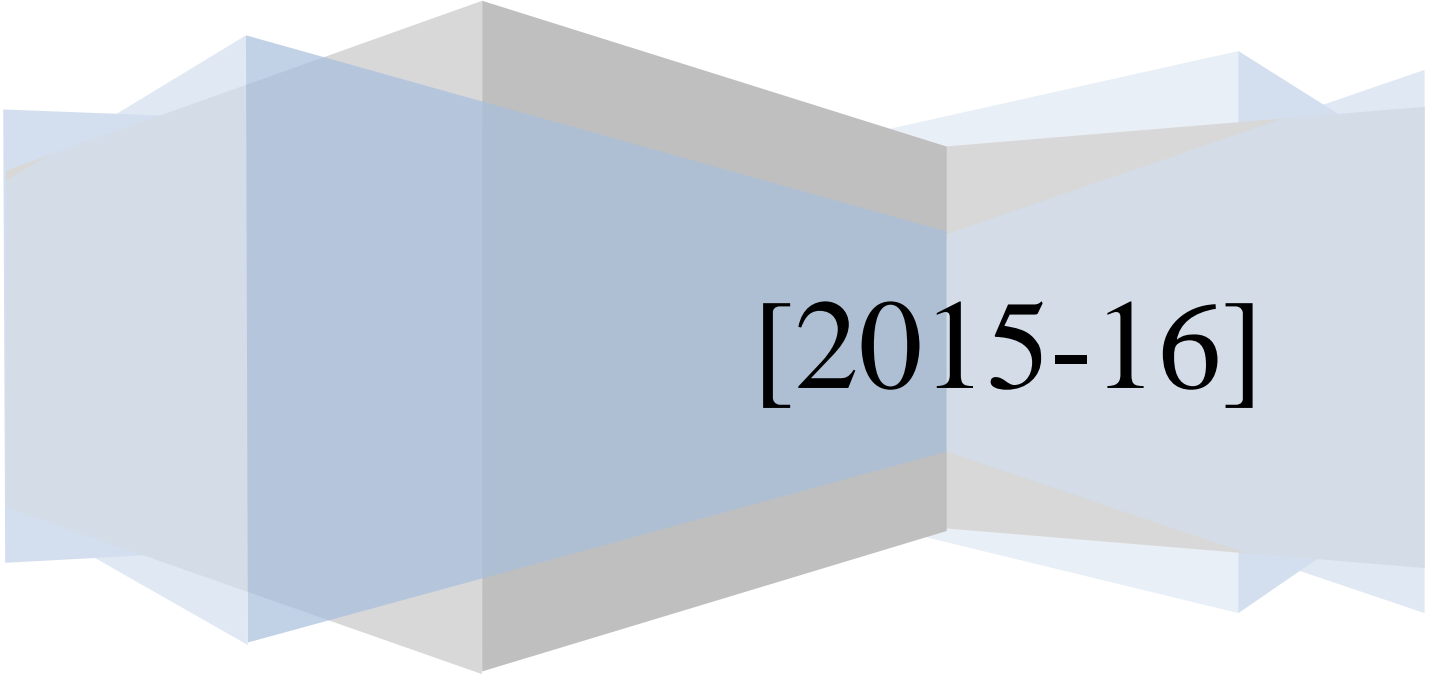


# **Request for Proposal (RFP)**

**For Appointment of Concurrent Auditor for District Health Society (DHS) for Audit of all programmes under NHM including NCDs**

**(Amended for the Year 2015-16)**



**[2015-16]**

## **REQUEST FOR PROPOSAL (RFP)**

State Health Society, Assam seeks to invite Proposal from ***C& AG empanelled Chartered Accountant firms*** meeting the minimum eligibility criteria for providing their services for the Concurrent Audit for the financial year 2015-16 of District Health Societies up to the VHSCs level of 27 Districts of the State implementing various programs under the National Health Mission.

The State Health Society, Assam (SHS) seeks to appoint CA firms for the following unit:-  
CA firm (s) for Concurrent Audit of each of the 27 District Health Societies (DHS).

The details about the background of the auditee, the units to be covered in the audit, scope of work, terms of reference, and the eligibility criteria for selection of the C. A. firms are given in the following paragraphs.

### **Section I**

#### **Terms of Reference (ToR)**

1. National Rural Health Mission (NRHM) of the Ministry of Health & Family Welfare was launched on 12<sup>th</sup> April, 2005 by the Government of India to improve medical facilities in all the area in the country. The NHM seeks to provide accessible, affordable and quality health care to the population, especially the vulnerable sections. It also seeks to reduce the Maternal Mortality Ratio (MMR) in the country from 407 to 100 per 1,00,000 live births, Infant Mortality rate (IMR) from 60 to 30 per 1000 live births and the Total Fertility Rate (TFR) from 3.0 to 2.1 within the 7 year period of the Mission. It has now been termed as National Health Mission (NHM). NHM is overarching NUHM also and includes Non-Communicable Diseases (NCD) as well.
2. One of the visions of the Mission is to increase public spending on health from 0.9% to 2-3% of GDP, with the improved arrangement for community financing and risk pooling. The NHM has provided an umbrella under which the existing Reproductive and Child Health Programme (RCH), scheme under Assam Vikash Yojana and various National Disease Control Programmes (NDCPs) at the State/District from District Health Society to VHSCs level have been repositioned. National Urban Health Mission (NUHM) has also been added as submission of National Health Mission.
3. At present the following Programmes/Schemes falls under the National Health Mission:
  - A. NHM-RCH Flexible Pool:
    - RCH Flexible Pool.
    - Mission Flexible Pool.
    - Routine Immunisation.
    - Pulse Polio Immunisation
    - National IDD Control Programme.
  - B. National Urban health Mission (NUHM).

C. Flexible Pool for Communicable Disease:

- National Vector Borne Disease Control Programme (NVBDCP)
- Revised National Tuberculosis Control Programme (RNTCP)
- National Leprosy Eradication Programme (NLEP)
- Integrated Disease Surveillance Project (IDSP)

D. Flexible Pool for Non-Communicable Disease, Injury & Trauma:

- National Programme for Control of Blindness (NPCB)
- National Mental Health Programme (NMHP)
- National Programme for Health Care of the Elderly (NPHCE)
- National Programme for Prevention and Control of Deafness (NPPCD)
- National Tobacco Control Programme (NTCP)
- National Oral Health Programme (NOHP)
- National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS)
- Other New Initiative under Non-Communicable Disease Injuries and Trauma

**4. Institutional and Funding Arrangements:**

For the implementation of the above programmes, MOHFW has required the creation of an Integrated Health Society at State and District levels (registered as a legal entity at the State and District under Societies Registration Act, 1860). Such integrated State Health Society (SHS) works in close coordination with the Directorate of Health & Family Welfare and District Health Societies (DHS) work in coordination with the Deputy Commissioner and Joint Director of Health Services cum Member Secretary of District Health Society. Program implementation is done through its District Chief Medical Officer's office, Blocks, Community Health Centres (CHCs), Primary Health Centres (PHCs), Sub- Centres (SCs), Rogi Kalyan Samities and Village Health & Nutrition Sanitation Committees. Certain activities may be managed at the State level such as drug procurement, IEC, civil works, training using specialized entities such as SIHFW, IEC Bureau, PWD, the Directorate of Health and Municipal Corporations for the urban health components. In addition funds are also released from SHS/ DHS to NGOs and private entities under public private participation (PPP) arrangements.

## **Funding & Accounting Arrangements:**

Funds for the various programs are transferred to the State from the Government of India in the form of Grants-in-Aid to SHS on the basis of respective State Programme Implementation Plan (SPIPs) and approved Annual Work Plans which are prepared on the basis of District Health Action Plans (DHAP) of each of the districts in the State. Under the umbrella of the integrated SHS/DHS each program has separate bank accounts, maintains separate books of accounts and other financial records as per the requirements of each program and also submit separate financial activity reports at varying frequencies to the respective monitoring unit in MOHFW (GOI).

### **4. Financing by Development Partners/ Donors:**

Some of the programs of NHM are also supported by development partners such as the World Bank, DFID, UNFPA, European Union, and GFATM etc. for which credit agreements have been entered into by GoI with the respective development partners. Compliance with specific fiduciary requirements of the development partners will additionally need to be reported by the auditors. Copies of the legal agreements and other project documents will be provided to the auditors, if needed.

## **Section II**

### **5. Concurrent Audit**

Concurrent Audit is a systematic examination of financial transaction on a regular basis to ensure accuracy, authenticity, compliance with procedure and guidelines. The emphasis under concurrent audit is not on test checking but on substantial checking of transactions. It is an ongoing appraisal of the financial health of an entity to determine whether the financial management arrangements (including internal control mechanisms) are effectively working and to identify areas of improvement to enhance efficiency.

Independent Chartered Accountant firms shall be appointed as Concurrent Auditors at State & District Health Societies to undertake periodical audit and report on vital parameters which would depict the true picture of financial and accounting health of the program.

#### **Objective**

The key objectives of the Concurrent Audit include:-

- To ensure voucher/evidence based payments to improve transparency.
- To ensure accuracy and timelines in maintenance of books of accounts.
- To ensure timelines and accuracy of periodical financial statements.
- To improve accuracy and timelines of financial reporting especially at sub-district levels.
- To ensure compliance with laid down systems, procedures and policies.
- To regularly track, follow up and settle advances on a priority basis.
- To assess & improve overall internal control systems.

## **Scope of Audit**

The responsibilities of the concurrent auditors shall include reporting on the adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded and the level of compliance with financial norms and procedures of the operational guidelines.

The concurrent audit shall be carried out both at State as well as District level.

### **The Scope of work of “State Concurrent Auditor” is as follows:**

- Audit of the SHS accounts and expenditure incurred by SHS.
- Verification of Quarterly FMRs with Books of Accounts.
- Audit of advances at the SHS level.
- Audit of the Provisional Utilization Certificates sent to GoI.
- Monitoring timely submission of the District concurrent audit reports.
- Detailed analysis and compilation of the District concurrent audit reports.
- Vetting of the State Action Taken Reports and providing observations thereon.
- Follow up & monitoring over the ATRs prepared by districts on the observations made in the audit.
- Preparation of Quarterly Executive Summary to be sent to GoI in the prescribed format.
- Any other evaluation work, as desired by the State Health Society.

### **The Scope of work of “District Concurrent Auditor” is as follows:-**

- Review of the DHS Accounts and expenditure incurred by the DHS.
- Audit of financial Statements of DHS.
- Certification of the Statement of Expenditure on monthly basis.
- Review and analysis of the Age wise and Party wise Advances Report.
- Comparison between financial and physical performance and analysis.
- Visits to sample blocks (in a way to cover all blocks in a year) and peripheral units.
- Filling in the checklist provided.
- Vetting of the district ATRs and providing observations thereon
- Any other evaluation work, as desired by the District Health Society.

## **Frequency**

- Concurrent Audit will be carried out on “monthly basis”

## **Coverage**

- The District Concurrent Auditor should ensure that all the blocks are covered over the entire year.
- For districts containing upto 12 blocks, it needs to be ensured that at least one block is covered every month. For districts consisting of more than 12 blocks, it needs to be ensured that every block is covered at least once during the year.
- The audit plan should include a visit to at least 50% PHCs, 3 Sub-centres and 3 VHSNCs located within the block selected for visit.
- The audit has to include accounts maintained under RKS and NDGP and schemes under Assam Bikash Yojana.

### **Methodology for conducting audit / reporting:**

- The audit team shall be led by the Chartered Accountant – Proprietorship / Partner of the audit team firm with experienced assistants as the work may warrant.
- The format of Summary Report shall be signed both by the Chartered Accountant and Joint Director of Health Services cum Member Secretary of District Health Society / SDM&HO / In-charge CHC/ PHC as the case may be.

- Necessary assistance shall be provided to the concerned District Health Society by way of associating District Accounts Manager/ Block Accounts Manager or Accountant.
- The audit personnel for the audit period should not be changed so that continuity and consistency is maintained. The audit firm shall conduct appropriate due diligence before employing any personnel who will be entrusted with the work of conducting the concurrent audit of the District Health Society. The audit firm is also responsible for any commission and omission of its employees which may cause and or likely to cause any loss/ damage to the District Health Society.
- If there is any change in the constitution of the firm during the period of appointment it shall be informed to the District Health Society immediately.
- Before commencing the audit, the members of the Audit team should be properly introduced to the District Health Society by proper introduction letter duly attested by the Chartered Accountant Proprietor / Partner of the firm.
- Auditor to be guided by Circular, Manual of Instructions and other guidelines (available in the State/ District Health Society) for conducting the audit.
- The auditors should keep watch on withdrawals / purchases and any deviations to the codal formalities shall have to be reported to the controlling officer immediately.

The audit team should adopt the following procedure in the matter of reporting their findings.

- As on the last day of the month, the audit firm shall prepare an Executive Summary/ Quarterly report (as applicable) signed by both the auditor and the controlling officer.
- The Executive Summary should cover the critical areas mentioned in the checklist/ guidelines and the irregularities/ shortcoming observed during the course of the audit. Auditors are however free to report any other deficiencies which they may come across during the course of audit.
- Any transactions of serious nature which is unusual/ not normal to the usual course of business or any other un-healthy practices indulged by the District Health Society, Block & down below staff, persistent irregularities, observed during the physical verification, transactions of fraudulent nature, other serious irregularities like disbursements without proper sanction/ incomplete documentation/ irregularities as per guidelines, as a whole on a monthly basis may however be reported immediately to the District Commissioner cum Chairman concerned by way of separate letter along with Executive Summary with copy to State Health Society.
- The serious irregularities, if any, noticed shall be covered exhaustively in the executive summary submitted to the State Health Society.
- The executive summary along with the annexure should be submitted by the auditor so as to reach the State Health Society by 10<sup>th</sup> of the succeeding month.

## 6. Project Financial Statements

A format of such financial statements and relevant schedules showing the consolidation of all the programmes is given at (**APPENDIX A - FORMAT of FINANCIAL STATEMENTS [Financial Year may be treated as 2015-16 & Change of signatory and district / block level receipt / expenditure may be adopted where applicable]**) and also on the website of National Health Mission at <http://nhm.gov.in/nrhm-components/nhm-finance.html>

Project Financial Statement (SHS, DHS and Consolidated) shall include the following:

- i. Audit Opinion as per **APPENDIX-C**.
- ii. Balance sheet showing accumulated funds of the project balances other assets of the project, and liabilities, if any.
- iii. Income & Expenditure account for the year ending on 31<sup>st</sup> March 2016
- iv. Receipt and Payment Account for the year ending on 31<sup>st</sup> March 2016
- v. Other Schedules to the Balance sheet as appropriate, but which shall include

- Statement of Fixed Assets in the form of a Schedule,
  - Schedule of Loans and Advances (Age-wise analysis)
  - Schedule of all Cash & Bank Balances (attach bank reconciliation statements)
  - Program wise statement of expenditure
- vi. Notes on Accounts showing the accounting policies followed in the preparation of accounts in the State Health Society / District Health Societies and any other significant observation of the auditor.
- vii. Auditor shall have to specify the significant observations, including internal control weaknesses for each program and also specify the institution to which these relates to enable/ facilitate appropriate follow up action.
- viii. Scheme wise Utilization Certificates (UCs) as per Form 19-A of GFR 2005; duly tallied with the Income & Expenditure and expenditure on Fixed Asset during the financial year (which have been shown as capitalized) **[Attach a statement showing the details of expenditures clubbed in the Utilisation Certificate tallying with the Income & Expenditure Account and Schedules forming part of it].**  
**A separate utilisation certificate for state share contribution has to be issued.**
- ix. Action Taken Report on the previous year's audit observations.
- x. Reconciliation of the FMR Expenditures of the last quarter i.e 31<sup>st</sup> March with expenditure as per the Annual Audited Financial Statements in the FMR format only for the financial year covered by audit period identifying the variance and the reasons for the same. This has to be certified by the auditor.
- x. **Representation by Management:** The State / District Health Society should sign the financial statements and provide a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements and an assertion that the project funds have been expended in accordance with the intended purposes as reflected in the financial statements.
- xi. Statement of Reimbursable Expenses as per Format given vide **APPENDIX-E**

### **Management Letter:**

In addition to the audit reports, the auditor will prepare a "Management Letter" as per **Appendix-D**, in which the auditor should summarise the observation on the internal control issues (other than those which materially affect his opinion on the financial statements) as under:

- Give comments and observations on the accounting records, systems and internal controls that were examined during the course of the audit;
- Identify specific deficiencies and area of weakness in the system and internal controls and make recommendations for their improvement;
- Report on the level of compliance with the financial internal control.
- Report any procurement which has not been carried out as per the procurement manual/ guidelines of the state for the individual programmes such as; RCH-II, NRHM, RNTCP, IDSP etc.
- Communicate matters that have come to the attention during the audit which might have significant impact on the implementation of the project; and
- Bring to Society's attention any other matter that the auditor considers pertinent.

**The observations in the management letter must be accompanied by the implications, suggested recommendations from the auditors and management comments/ response on the Observations/ recommendations have to be obtained and reported along with the Audit report.**

## 7. Reporting and Timing

### a) Monthly / Quarterly Reporting

- i. Monthly FMR in GOI format along with Statement of Expenditure in prescribed format and Statement of Fund Position at the end of the each month with Bank Reconciliation Statement within 7th days of the following month to the State / District Health Society.
- ii. Monthly Income & Expenditure Account, Receipt & Payment Account, along with Executive Summary in GOI format within 7th days of the following month.
- iii. Action Taken Report on last Audit report and on monthly Executive Summary by DHS along with Accounts.
- iv. Compilation and submission of Quarterly Balance Sheet for 1st 2nd and 3rd quarter and yearly report on 4th quarter ending 31st March 2016 by end of the following month incorporating all the vertical programmes of respective Health Institution(s) of the district where NRHM fund has been released.

### b) Yearly Report:-

The DHS final Audit Report should be submitted by 30th April'2016 to the State Health Society and the State Society should then consolidated the DHSs report and submit consolidated Audit Report of SHS to MOHFW by 31st July 2016 in 3 (three) volumes (Spiral Bound) and also soft copy in MS Excel / MS Word and Scanned (Both) is also to be submitted in mail or CD of the audited financial statements and audit report along with the final Utilisation Certificates signed by the State and Auditor both, to GoI with their comments, if any.

## 8. Additional Instructions to Auditors

- (i) Audit Report of shall include audit of all the transactions at the State level as well as all the transactions in the District Health Societies (DHSs) within the State.
- (ii) Audit for the financial year will include all the components under NHM as mentioned in the Para 3 of Section I (Background) above.
- (iii) The auditor will specifically mention in the audit report about the coverage of audit (SHOULD MENTION THAT AUDIT OF ALL THE DISTRICTS HAS BEEN COMPLETED BY HIM) on these components and also will ensure that the releases and expenditures are duly separately reflected in each program financial statements.
- (iv) The auditor appointed shall be required to issue separate Audit Report for each Programme individually for the State and each District and prepare a consolidated Report also for the State and all the Districts and also for each programme separately (i.e. one for NHM-RCH Flexible Pool, NUHM, Flexible Pool for Communicable Disease and Flexible Pool for Non-Communicable Disease, Injury & Trauma and he will have to do the consolidation of audit reports of all the programmes for each District Health Societies (DHS) and State Health Society (SHS). It is also required to issue separate audit report for each District and State level for each programme separately (with accounting policies, notes to accounts and management letter. For example for a State having 10 districts he will have to issue 10 Consolidated Audit Report for each district (covering all the programmes like NHM-RCH Flexible Pool, NUHM, Flexible Pool for Communicable Disease and Flexible Pool for Non-Communicable Disease, Injury & Trauma etc.) and at State level he will issue one Consolidated Report as in the district and six individual report also for programmes other than NHM-RCH Flexible Pool, i.e. Flexible Pool for Communicable Disease. All state level report shall have to be issued in four sets (Three sets to MoHFW and one set for State). Consolidated Report is to be sent to NHM-Finance Division and individual reports of individual programmes to the respective programme divisions of the Ministry)



- (v) Financial Statements and relevant schedules shall be prepared in accordance with the format provided by Ministry of Health and Family Welfare, GoI (**APPENDIX-A - FORMAT of FINANCIAL STATEMENTS**). However, specific programme requirements (in accordance with the agreement with the GoI and Development Partners) may also be incorporated in the separate schedule of the programme.
  - (vi) Auditor shall certify the Utilization Certificates in the prescribed format (Form 19 A of GFR, 2005) of GOI. The Utilization Certificates should be jointly signed by the Mission Director, State Programme Officers in charge of concerned Programme and the Auditor.
  - (vii) The auditor shall also append the Checklist (**APPENDIX-B - CHECKLIST FOR AUDITOR**).
  - (viii) The auditor shall also furnish an audited FMR/SoE with all the line activities for the last quarter (quarter ending March 2016 showing cumulative and head wise expenditure for the complete financial year) along with the Audited Statement of Accounts. Auditor shall certify a comparative statement showing expenditure as per FMR and as per Audit Report. Auditor must also document the reason for variances between the FMR figures and audited figures in cases where the variances are significant e.g. more than 15% from the audited figures at each component level.
  - (ix) Audit Opinion as per the Model Format provided at **APPENDIX – C**.
  - (x) Management Letter as per **APPENDIX – D** along with the comments/reply of the Mission Director, State Health Society.
  - (xi) Auditor shall certify a statement of reimbursable expenditures (audited) as per the format provided **APPENDIX – E**.
9. **General:** The State should ensure that the Auditor must be appointed for all the disease control programmes under NHM and Uniform Accounting system is being followed for all the disease control programmes under NHM. The State should also ensure that the auditor should follow the latest formats given in the RFP.

The auditor should be given access to any information relevant for the purpose of conducting the audit. This will normally include (other than all financial and procurement records) the SPIPs, AWP, MOU/LOU signed between MOHFW and the State/ SHS, instructions issued by MOHFW regarding scheme guidelines (e.g. JSY etc.), administrative orders issued by the SHS/ DOHFW/ Directorate of Health including cost norms etc. Where programs are financed by Development Partners copies of the legal agreement, project appraisal document should be made available to the auditors.

### **Section – III**

#### **Eligibility Criteria:**

- I. The firm must be empanelled with C & AG for the year 2014-15 and the particulars of the Firm H.O., B.O. and Partners and paid Chartered Accountants should match with the certificate issued by ICAI not later than 1<sup>st</sup> January, 2015, without which the application of the firm would not be considered. Proof of empanelment with C&AG to be attached.
- II. The firms having H.O. only within the state capital of the same State for which the proposal is given may be given preference. (Such head office should be existed within the state for not less than three years as per the ICAI Certificate).

III. Firms must qualify following minimum criteria:

Sl No.	Particulars	Minimum Criteria (for Concurrent audit of DHS)
1	Number for Full Time FCA associated with the firm for not less than 3 years (As per certificate of ICAI as on 01.01.2015)	1
2	Turnover of the firm (Average annual in last three years)	Rs. 10 lakh (Min)
3	No. of years of firm Existence as per ICAI certificate.	3 Years
4	No. of assignments of Concurrent / Statutory Audit (Having a turnover of not less than Rs. 2 crores in the last 5 years)	3
5	No. of assignment : Experience of audit of Externally / Internally Aided Projects/ Social Sector Projects (other than audit of Charitable Institutions & NGOs) in the last 3years	3

- a) Any firm not qualifying on these minimum criteria need not apply as its proposal shall be summarily rejected.

**b) Supporting Documents for Eligibility Criteria:**

Following supporting documents must be submitted by the firm along with the technical proposal:

- For Sl. No. 1 & 3 above, the firm must submit an attested copy of Certificate of ICAI as on 01.01.2015.
- For Sl. No. 2, the firm must submit, a copy of the Audited Balance Sheet & Profit & Loss Account for the last three years otherwise a Certificate issued by any C.A. Firm may also be provided in this regard giving the break-up of Fees (Audit Fee, Taxation and Others).
- For Sl. No. 4 & 5, the firm must submit a copy of the appointment letters from the auditee organizations. Branch Audit of any Bank shall not be considered while taking into account the total number of assignments.

- IV. The firm or any partners of the firm should not be black listed by any PSUs or Govt. Co. or any other organisation in respect of any assignment or behaviour. [*Self attested affidavit on Rs.100/- stamp paper is to be given in this regard by the authorised person of the firm*].
- V. The Firm which has undertaken audit of any State Health Society for consecutive three years shall not be eligible for the audit for the initial fourth year of that particular State/UT.
- VI. As regards Sl. No. 4 the turnover of the auditee organisation and audit fee paid/ received have to be provided along with the relevant evidences/ documents.

## **Section IV - Guidelines for Submitting the Proposals:**

### **A. General Guidelines:**

Agencies are required to submit the proposal as per the guidelines and formats detailed out in the following paras:

- i. The original and all copies of the Technical Proposal shall be placed in a sealed envelope clearly marked “**TECHNICAL PROPOSAL**” Similarly, the original Financial Proposal shall be placed in a separate sealed envelope clearly marked “**FINANCIAL PROPOSAL**” followed by the name of the assignment, and with a warning “**DO NOT OPEN WITH THE TECHNICAL PROPOSAL.**” The envelopes containing the Technical and Financial Proposals shall be placed into an outer envelope and sealed. This outer envelope shall bear the submission address, reference number and title of the Assignment, and be clearly marked “**DO NOT OPEN, EXCEPT IN PRESENCE OF THE OFFICIAL APPOINTED.**” The Society shall not be responsible for misplacement, loss or premature opening if the outer envelope is not sealed and/or marked as stipulated. This circumstance may provide a case for Proposal’s/ bid’s rejection. If the Financial Proposal is not submitted in a separate sealed envelope duly marked as indicated above, this shall constitute grounds for declaring the Proposal non-responsive/ invalid.
- ii. **Team Composition & Number of Teams for the assignment:** The team(s) for the assignment (including those for audit of district & sub district level implementing units) must be headed by a qualified Chartered Accountant with one semi-qualified C.A. (C.A. Inter) and two support staff (Junior Auditor). The technical proposal must clearly elaborate on the team composition as given in **T-4.**

**The firm shall give an undertaking that the team members are proficient in the State’s official language (both oral and written).**

**It may be noted that a record of the team shall be maintained at the facility visited and team has to collect a certificate of their attendance giving their name, designation and date of visit etc. from the head of that facility.**

- iii. The CA firms have to apply with only one proposal distinctly for Concurrent Audit of District Health Society (DHS). As separate CA firms will be selected for each DHS, the CA firms have to apply with only one proposal for the district.

In case of inadequacy, the allotment of units for the purpose of Concurrent Audit to CA firms will be at the discretion of State Health Society, Assam. **Hence, the interested CA firms may apply for not more than two districts.**

- iv. All agencies must comply with the Technical Specification, General Conditions and Format/Requirements for Technical and Financial proposal.
- v. The Technical Proposal shall be marked “ORIGINAL” or “COPY” as appropriate. All required copies of the Technical Proposal are to be made from the original. If there are discrepancies between the original and the copies of the Technical Proposal, the original governs.
- vi. Financial proposals submitted by the firm should be valid for 6 months from the date of submission of the proposal by the firm.
- vii. Each page, Form, Annexure and Appendices of the Technical and Financial Proposal must be signed by the Authorised signatory of the firm.

- viii. All blank spaces in the financial proposal must be filled in completely where indicated, either typed or written in ink.
- ix. **State Health Society (SHS) reserves the right to accept or reject any application without giving any explanation and can change the evaluation criteria as per its requirements in the interest of the organisation.**
- x. State Health Society (SHS) may take its own written out decision while evaluating the proposal with regard to awarding weight ages for social sector audit experience.
- xi. If the required constitution of the team is not deployed the state may take appropriate action as it deems fit (including blacklisting of the firm) against the firm, keeping the Ministry informed.

#### **B. Technical Proposal:**

- i. Letter of Transmittal ( *Form T-1*)
- ii. Details of the Firm along with Details of Partners (*Form T-2*),
- iii. Details of Qualified Staff & Semi-qualified Staff (*Form T-3*),
- iv. Details of the Team Composition (*Form T-4*): Firm must provide the structure and composition of the teams which shall be deputed (see point ii of the general guidelines above) for conducting the audit in the SHS and DHS. Firm should provide the Curriculum Vitae of the key personnel (experts) who would be leading the individual audit teams and the overall audit assignment.
- iv. Description of Approach, Methodology & Work Plan for performing the Audit of SHS & DHS (*Form T-5*)
- v. Brief of the relevant experience (*Form T-6*)
- vi. Comments & suggestions on the TOR (*Form T-7*)

#### **C. Financial Proposal:**

- i. The financial bid shall be submitted only for the professional (audit) fee to be charged by the firm and same has to be given with a detailed break-up of Fees being charged for District/Blocks/Programme. The taxes, as applicable (Service Tax) shall be paid by District Health Society (DHS) separately on submission of final bill by the audit firm. The financial bid shall be submitted as per *Form F-1 along with a Break-up for each work as per the Format given. Rates and amount computed at these rates in respect of each of the six items given in Form F-1 must be provided otherwise the proposal shall be rejected. Panel provision for delay in submitting the report should also be kept in mind.*
- ii. Percentage (or proportion) of funds involved/turnover shall not be basis for quoting the audit fee, and in such case the proposal shall be rejected.
- iii. Travel Cost for visit to the District Health Society (DHS) and Block level CHC/PHC shall be not reimbursed by the State Health Society (SHS)/District Health Society (DHS).
- iv. Travel cost for visits to the District Health Society (DHS), Blocks CHCs/PHCs etc. shall not be reimbursed by the SHS/ DHS. However the transport will be provided by the DHS for visit to BPHC and other Health Institutions outside the town/city.

- v. Auditor should plan the audit in such a way that the maximum number of facilities is covered during the visit.
- vi. Lodging and Boarding facilities will not be provided (and paid) by the State Health Society (SHS)/District Health Society (DHS). But, if possible, the districts may arrange for lodging facilities at State Govt. Guest house/ departmental guest houses.
- vii. **Timeliness for completion of Audit:** In order to ensure timeliness from the part of the Auditor, if the State feels that in spite of providing all information, documents, and updated books of accounts, there was delay and due to lacking at the part of the auditor then the State may deduct the audit fees @ 5% per month from the expected day of completion of audit, as agreed in the terms of contract. A clause in this regard has been newly incorporated by the State in the agreement also and a deduction may be done only after an opportunity of being heard is given and subject to the satisfaction of the auditor.

**Letter of Transmittal**

To,

The Mission Director,  
National Health Mission, Assam,  
Saikia Commercial Complex, G.S. Road, Christianbasti, Guwahati-05.

Dear Sir,

We, the undersigned, offer to provide the audit services for State [*Name of State health society*]/ [*Name of District health society*] in accordance with your Request for Proposal dated [*Insert Date*]. We are hereby submitting our Proposal, which includes this Technical Proposal, and a Financial Proposal sealed under a separate envelope.

We are submitting our Proposal in association with: [*Insert a list with full name and address of each associated firm*]

We hereby declare that all the information and statements made in this Proposal are true and accept that any misinterpretation contained in it may lead to our disqualification.

The fees quoted by us in the Financial Proposal (Form F-1) are valid till six months from the date of submission of the quotation. We confirm that this proposal will remain binding upon us and may be accepted by you at any time before the expiry date.

Prices have been arrived independently without consultation, communication, agreement or understanding (for the purpose of restricting competition) with any competitor.

We agree to bear all costs incurred by us in connection with the preparation and submission of the proposal and to bear any further pre-contract costs.

**We understand that State Health Society [*Insert Name of the State*] is not bound to accept the lowest or any proposal or to give any reason for award, or for the rejection of any proposal.**

I confirm that I have authority of [*Insert Name of the C.A. Firm*] to submit the proposal and to negotiate on its behalf.

Yours faithfully,

( )

**Particulars/Details of the Firm**

Sl. No.	PARTICULARS	Supporting Documents required to be submitted along with this Form
1	Name of the Firm	
2	Addresses of the Firm:	
	Head Office	Phone No: Fax No: Mobile No. of Head Office In-charge:
	Date of establishment of the firm	
	Date since when is H.O. at the existing Station	
	Branch Office 1,2,3..... (Particulars of each branch to be given)	Phone No: Fax No: Mobile of each Branch Office In-charge:
	Mention the date of each branch offices since when existed at the existing place	
3	Firm Income Tax PAN	Attach copy of PAN card
4	Firm Service Tax Registration No.	Attach copy of Registration
5	Firm's Registration No. with ICAI	
6	Empanelment No. with C & A G	Attach proof of latest empanelment with C&AG for the year under Audit.
7	No. of Years of Firm Existence & Date of establishment of Firm	Attach copy of Partnership Deed
8	Turnover of the Firm in last three years	Attach balance sheet and P&L Account of the last three years or a C.A. Certificate give Break-up of Audit Fee and Other Fees Received.
9	Annual Average Turnover with Break-up of Fee towards Audit, Income Tax matters and others (Specify)	Provide a Chart
10	Audit Experience of the Firm: 1. Number of Assignments in Commercial/Statutory Audit 2. Number of Assignments in State' Social Sector Audits (Other than audit of Charitable Institutions) 3. Experience in the relevant assignment.	Copy of the Offer Letter & the Fee Charged. Copy of the Offer Letter & the Fee Charged (Relevant evidences to be given of the turnover and fee)
11	<b>Details of Partners:</b> Provide following details: <ul style="list-style-type: none"> <li>Number of Full Time Fellow Partners associated with the firm.</li> <li>Name of each partner,</li> <li>Date of becoming ACA and FCA</li> <li>Date of joining the firm,</li> <li>Membership No.,</li> <li>Qualification</li> <li>Experience</li> <li>Whether the partners is engaged full time or part time with the firm.</li> <li>Their Contact Mobile No., email and full Address</li> </ul>	Attested copy of Certificate of ICAI as on 01.01.2015.

**Note: The firm shall give an undertaking that the team members are proficient in the State's official language (both oral and written).**

**Form T-3****A. Details of Qualified Staff (Chartered Accountants)**

(Please provide a self attested copy of Certificate of ICAI as on 01.01.2015 for each qualified staff)

Sl. No.	Name of Staff	Length of Association with the Firm (in years)	Educational Qualifications	Area of Key Expertise	Membership No.	Relevant Experience
1						
2						

**B. Details of Semi-qualified Staff (including Article Clerks etc)**

Sl. No.	Name of Staff	Length of Association with the Firm (in years)	Educational Qualifications	Area of Key Expertise	Relevant Experience	Remarks
<b>Semi Qualified Staffs:</b>						
1						
2						
..						
<b>Article Clerks:</b>						
1						
2						
..						
<b>Others</b>						
1						
2						
..						



**Details of Structure & Composition of Team and Task Assignments –  
DEPLOYED FOR Proposed Assignment**

1. The firm shall give an undertaking that the team members are proficient in the State's official language (both oral and written).
2. Audit team will constitute of minimum 4 members for Concurrent Audit of SHS/DHS as below:-

**Structure of Team 1:**

<b>Name of CA</b>	<b>Names of Support Staff</b>	<b>Qualifications</b>	<b>Number of units proposed to be covered each month</b>	<b>Time Required for Each month's concurrent audit.</b>

**Description of Approach & Work Plan for performing the Audit of SHS & DHS**

**A. Technical Approach :**

The firm should explain the understanding the objectives of the assignments, approach to the services, methodology for the carrying out the activities and obtaining the expected output, and the degree of the detail of such output.

**B. Work Plan along with the time required for each work/ assignment in the State/ District/ Blocks etc:**

The firm should propose the main activities of the assignment, their content and duration, phasing and inter-relations, milestones (including interim approval by the SHS), and delivery dates of the reports.

The proposed work plan should be consistent with the technical approach showing understanding of the TOR and ability to translate them in to a feasible working plan.

**Brief of Relevant Experience:**

<b>A. Experience of audit in relation to externally Aided projects/ State's Social Sector Projects (Excluding the audit of Charitable Institutions and NGOs).</b>						
Sl. No.	Name of the Auditee Organization	Grant-in-aids handled of the auditee organization	Type/Nature of Assignment	Scope & Coverage of the assignment	Duration of Completion of Assignment	Proof of the letter of Work or Assignment awarded by the Auditee Organization (Pl attach a copy of the letter)

<b>B. Experience of audit in Commercial Sector/PSUs etc.</b>						
Sl. No.	Name of the Auditee Organization	Turnover of the Auditee organization	Type/Nature of Assignment	Scope & Coverage of the assignment	Duration of Completion of Assignment	Proof of the letter of Work or Assignment awarded by the Auditee Organization (Pl attach a copy of the letter) And Mention the Fee Received

**Comments and Suggestions on the Terms of Reference**

[Firm can present with justifications here, any modifications or improvements to the Terms of Reference which can significantly improve performance in carrying out the assignment (such as deletion of some activity which the firm considers unnecessary, adding other activities of significance, re-organizing the activities, additional human resource required at various levels etc. Such suggestions should be concise and to the point, and incorporated in the proposal]

Applied unit: {Mention the Name of District}

**FORMAT FOR FINANCIAL BID****(Please provide the break-up of Firm's quoted fees for each work and unit)**

Item or Activity	Total Amount (in Rupees)
AUDIT FEE.....	Both in Numeric and in Words.
Service Tax.....	₹ _____/-
Total.....	
<b>Note: Percentage of funds involved shall not be a basis of quoting the Audit Fee.</b>	(Rupees _____).

**Breakup of the Audit Fee quoted for District Health Society must be provided as per following format. (Rates and amount computed at these rates in respect of each of the six items given below must be provided otherwise the proposal shall be rejected):**

Sl. No.	Particulars	Break-up	Amount (Rs.)
1	Fee per BPHC (inclusive of Health Institutions and PPP under BPHC area)	Rs...../PM/ Per BPHC	(Rate X No. of BPHC X 12)
2	Fee for DHS (inclusive of Jt. DHS, Addl. CM & HO(FW), DH & all NDCP offices)	Rs...../PM	(Rate X 12)
3	Fee for submission of consolidated SOE/FMR along with Status of fund as per GoI format	Rs...../ PM	(Rate X 12)
4	Compilation of DHS Accounts 2015-16 in GoI format available on MOHFW website upto BPHC Account (covering all Health Institutions)	Rs...../ BPHC/PA	(Rate X No. of BPHC)
5	DHS Account (Covering all Health Institutions and inclusive of NDCPs)	Rs...../ DHS/PA	
6	Fee for Rogy Kalyan Samiti	Rs...../ RKS/PA	(Rate X No. of RKS)
	<b>TOTAL</b>		

**N.B:- District wise number of BPHC and RKS (Rogi Kalyan Samiti) is given in Annexure I.**

# **Section V – Selection Process** **of the Auditor**

## **Section V – Selection Process of the Auditor:**

### **General Process:**

Open advertisement (as per Format for Advertisement) in leading newspapers at State level for inviting proposals from CAG empanelled Chartered Accountant firms for Concurrent audit of State and District Health Societies should be issued first.

The advertisement should clearly mention the last date and time for collection of RFP. Last date for submission of Technical and Financial bids should also be clearly mentioned. The last date for submission of technical and financial bid shall not be less than 3 weeks and no more than 5 weeks from the date of publication of the EOI.

Technical Bid opening date also has to be mentioned in the advertisement.

A pre-bid conference shall be held (date to be indicated in the advertisement) wherein clarifications that the potential bidders may have shall be clarified.

The Executive Committee of the SHS will form a Standing Committee on Audit (SCA) with suitable representation from programme and finance wings under the chairpersonship of Mission Director. The SCA should invariably be headed by the Mission Director and Director-Finance will be a member of the committee. This Standing Committee will also act as the Selection Committee for the selection of auditors. The Standing Committee on Audit will subsequently monitor the audit process and the follow up on audit paras and Action Taken Reports on those audit paras.

The CA firms securing less than cut off marks 25 % in technical evaluation will be communicated that they have not qualified in the technical bid and their Financial Bid will be returned unopened after the completion of the selection process.

The firms qualifying in technical bid will be notified by registered post that they have been shortlisted in the technical bid and their Financial Bid opening date shall also be communicated to them in the same notification.

Financial Bid opening date shall not be later than 2 weeks after the completion of technical evaluations process.

The selection process of auditor shall be subject to review by Financial Management Group, MOHFW, GOI / Office of Chief Controller of Accounts, MOHFW, GOI / Audit parties of the AG or any authorized person of the Ministry of Health and Family Welfare, Government of India.

## ELIGIBILITY CRITERIA & TECHNICAL EVALUATION:

- i. Eligibility criterion of the firms shall be based on the various criteria as given in the table below. The technical proposal evaluation shall be based on the following parameters.

### For selection of CA firms for District Health Societies:-

Sl. No.	Particulars	Minimum Criteria	Max Marks	Evaluation Criterion
1.	Number of Full Time Fellow Partners associated with the firm for not less than 3 years (As per certificate of ICAI as on 01.01.2015)	1 FCA (3 years with CA firms)	10	Firms with one FCA = 5 marks Firms listed as eligible for major audits by C&AG for the year under audit = 10
2.	Turnover of the firm (Average annual in last three financial yrs.)	Minimum Rs.10 Lakhs	10	Rs 10 to 50 Lakhs = 5 Above 50 Lakhs = 10
3.	(a) No. of assignments: Experience of Commercial / Statutory Audit. <u>Specific Experience of the firm relevant to the assignment</u>  (b) Experience of audit in relation to Social Sector of the State/ Centre (excluding the Audit of Charitable Institutions).	3  3	10	No. of assignments in PSUs 3 to 15 plus 3 to 8 in Social sector = 5  Above 15 plus above 8 in Social Sector = 10
4.	Adequacy of the proposed methodology and work plan  Technical Approach & Methodology work plan		10  10	As per the evaluation of the Proposal  As per the evaluation of the Proposal
	<b>Total</b>			

- ii. **Supporting Documents for Eligibility Criteria:** Following supporting documents must be submitted by the firm along with the technical proposal:
- For Sl. No. 1 above, the firm must submit an attested copy of Certificate of ICAI as on 01.01.2015.
  - For Sl. No. 2, the firm must submit, a copy of the balance sheet for the last three years or A. Certificate issued by any other C.A. firm certifying the turnover of the firm during last three years.
  - For Sl. No. 3 (a) & (b), the firm must submit a copy of the appointment letters from the auditee organizations.
- iii. The firm must achieve at least 25% of the marks to qualify on technical parameters for the purpose of the audit of State Health Society and District Health Societies.

- iv. **Associations:** In case of Association, the evaluation of the technical proposal shall be done only on Lead Firm for parameters 1 to 4.

### **Selection Methodology:**

A two-stage procedure shall be adopted in evaluating the proposals.

#### **First Stage:**

- i. Only Technical Proposals shall be opened first for all the firms.
- ii. Thereafter, a technical evaluation shall be carried as per the evaluation parameters provided in the “Eligibility Criteria & Technical Evaluation” section.
- iii. The technical proposal scoring at least 25% of the marks shall be considered as “Qualified on Technical Parameters”. A Proposal shall be rejected at this stage if it does not respond to important aspects of the RFP, and particularly the Terms of Reference or if it fails to achieve the minimum technical score (i.e. at least 25%)

#### **Second Stage:**

- i. Financial proposals shall be opened only for those firms who have Qualified on Technical Parameters (i.e. secured at least 25% of maximum marks on evaluation criteria). Financial Proposals of the firms which have not qualified on technical parameters shall be returned unopened after the completion of selection process.

#### **Auditors for Concurrent Audit of District Health Societies:**

The Firms qualifying in the technical Bid will be shortlisted. The selection of auditors will be done from the shortlisted firms for the DHS and at the fees as per decision of the selection committee.

### **Award of Contract:**

On completion of selection process, the firm selected shall be awarded the contract of audit of DHS by issuing the Letter of Award (LOA). The firm should execute a Contract with the DHS within 2 weeks of the award of the issuance of LOA. The firm shall enter in to an agreement with the DHS as per Form C-1.



**SAMPLE CONTRACT FOR AUDIT FIRMS**

**CONTRACT**

THIS CONTRACT ("Contract") is entered into this *[insert starting date of assignment]*, by and between [name of *STATE HEALTH SOCIETY,*] ("the Client") having its principal office at *[insert SHS's address]*, and *[insert Firm's/Auditor's name]* ("the Auditor") having its principal office located at *[insert Firm's/Auditor's address]*.

WHEREAS, the Client wishes to have the Auditor perform the services hereinafter referred to, and

WHEREAS, the Auditor is willing to perform these services,

NOW THEREFORE THE PARTIES hereby agree as follows:

- 1. Services**
- (i) The Auditor shall perform the services as per the RFP & TOR.
  - (ii) The Auditor shall provide the personnel "Auditor's Personnel," to perform the Services as per the proposal.
  - (iii) The Auditor shall submit to the Client the reports in the form and within the time periods "Auditor's Reporting Obligations."

- 2. Term**
- The Auditor shall complete the audit of DHS and SHS as per RFP/TOR within 90 days of the signing of this "Contract" or such extended time as may be mutually agreed with the client.

After a complete and timely completion of audit the contract can be renewed for next financial year with a suitable enhancement in the fees.

- 3. Payment**
- A. Ceiling

For Services rendered pursuant to RFP, the Client shall pay the Auditor an amount not to exceed *[insert amount]*. This amount has been established based on the understanding that it includes all of the Auditor's costs and profits exclusive of service tax obligations that may be imposed on the Auditor. The service tax obligations shall be paid by the Client separately as applicable.

- B. Schedule of Payments

The schedule of payments is specified below:

Some signing advance (against Bank Guarantee must be provided – say up to 15% of the fees)

Balance .....% of Auditor's fee shall upon the Client's receipt of the final report, acceptable to the Client.

Payments of all Travel Claims shall be made by the Client based on actual expenses claimed from the Auditors in accordance with the eligibility conditions laid down in the RFP.

- C. Payment Conditions

Payment shall be made subject to complying the observations made by

Govt. of India within 30 days following submission by the Auditor of invoices in duplicate and its approval with the Coordinator designated in paragraph 4.

Conditions for deduction in fees for not following the timeliness and completion as mentioned in RFP are acceptable.

**4. Project Administration**

A. Coordinator.

The Client designates Mr. /Ms. *[insert name]* as Client's Coordinator; the Coordinator will be responsible for the coordination of activities under this Contract, for acceptance and approval of the reports and of other deliverables by the Client and for receiving and approving invoices for the payment.

**5. Performance Standards**

The Auditor undertakes to perform the Services with the highest standards of professional and ethical competence and integrity in line with the Engagement & Quality Control Standards issued by ICAI. Specific reference is invited to standard (SA 600 – AAS 10- relying on work of another auditor) and SA 230 (AAS 3 - Documentation). The Auditor shall promptly replace any employees assigned under this Contract that the Client considers unsatisfactory and any substitution of staff, if necessary, shall be with a staff of at least the same level of qualifications.

**1. Ownership of Material**

Any studies reports or other material, graphic, software or otherwise, prepared by the Auditor for the Client under the Contract shall belong to and remain the property of the Client. The Auditor may retain a copy of such documents and software.

**1. Assignment**

The Auditor shall not assign this Contract or sub-contract any portion of it without the Client's prior written consent.

**2. Law Governing Contract and Language**

The Contract shall be governed by the laws of Government of India and the language of the Contract shall be English.

**3. Dispute Resolution**

Any dispute arising out of the Contract, which cannot be amicably settled between the parties, shall be referred to adjudication/arbitration in accordance with the laws of the Government of India.

FOR THE CLIENT

FOR THE AUDITOR

Signed by \_\_\_\_\_ Signed by \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_

**Annexure-I**

<b>District wise numbers of BPHC &amp; RKS</b>				
<b>Sl.No.</b>	<b>Name of DHS</b>	<b>No. of BPHC</b>	<b>No. of RKS</b>	<b>Remarks</b>
1	Baksa	6	47	
2	Barpeta	7	59	
3	Bongaigaon	4	34	
4	Cachar	8	39	
5	Chirang	2	29	
6	Darrang	4	37	
7	Dhemaji	5	27	
8	Dhubri	7	54	
9	Dibrugarh	6	37	
10	Dima Hasao	3	14	
11	Goalpara	5	47	
12	Golaghat	5	46	
13	Hailakandi	4	17	
14	Jorhat	7	51	
15	Kamrup_M	1	29	
16	Kamrup_R	12	84	
17	Karbi Anglong	8	53	
18	Karimganj	5	35	
19	Kokrajhar	4	51	
20	Lakhimpur	6	40	
21	Morigaon	3	42	
22	Nagaon	11	96	
23	Nalbari	4	57	
24	Sivsagar	8	52	
25	Sonitpur	7	68	
26	Tinsukia	4	30	
27	Udalguri	3	28	
<b>Total</b>		<b>149</b>	<b>1203</b>	
<b>N.B:- No. of RKS were taken from proposed PIP 2015-16.</b>				