



**OFFICE OF THE MISSION DIRECTOR,
NATIONAL RURAL HEALTH MISSION, ASSAM**

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Request for Proposal (RFP)

**For Appointment of Statutory Auditor for State
Health Society (SHS) and District Health Society
(DHS) for Audit of all programmes under
NRHM including NDCPs**

(Amended for the Year 2011-12)

[2011-12]

REQUEST FOR PROPOSAL (RFP) –

State Health Society,.....(Name of State), seeks to invite Proposal from **C& AG empanelled Chartered Accountants firms** meeting the minimum eligibility criteria for providing their services for the statutory audit for the financial year 2011-12 of State and District Health Societies of the State implementing various programs under the National Rural Health Mission.

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.

Terms of Reference (ToR)

Section I - Background

1. National Rural Health Mission (NRHM) of the Ministry of Health & Family Welfare was launched on 12th April, 2005 by the Government of India to improve medical facilities in all the rural area in the country. The NRHM seeks to provide accessible, affordable and quality health care to the rural 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.
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 NRHM has provided an umbrella under which the existing Reproductive and Child Health Programme (RCH) and various National Disease Control Programmes (NDCPs) have been repositioned.
3. At present the following Schemes come under the National Rural Health Mission:
 - A. National Disease Control Programmes:
 - National Vector Borne Disease Control Programme (NVBDCP).
 - Revised National Tuberculosis Control Programme (RNTCP).
 - National Leprosy Control Programme (NLCP).
 - National Trachoma & Blindness Control Programme.
 - National Iodine Deficiency Disorder Control Programme (NIDDCP).
 - Integrated Disease Surveillance Project (IDSP).
 - NPCDCS, NTCP, NCD etc.
 - B. Reproductive and Child Health Programme: (RCH Flexipool)
 - C. Additionalities Under NRHM: (Mission Flexipool)
 - D. Operating Costs for Routine Immunisation & Injection safety.
 - E. Operating Cost for Pulse Polio Immunisation.
 - F. Others like: IEC, NGO, Deafness Control, etc.
4. **Institutional and Funding Arrangements:**

For the implementation of the above programmes an 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 the national or State Society Registration Act). This is against the earlier arrangement of having distinct legal units (societies) for each program/scheme. 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 District Collector and District CMO. 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 to NGOs and private entities under public private participation arrangements.

Funding & Accounting Arrangements:

Funds for the various programs are transferred to the States 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).

5. Financing by Development Partners/ Donors:

Some of the programs are supported by development partners such as the World Bank, DFID, UNFPA, European Union, and GFATM etc. for which grant/ 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

6. Objective of audit services:

The objective of the audit is to ensure that MOHFW receives adequate, independent, professional audit assurance that the grant proceeds provided by MOHFW are used for purposes intended in line with approved PIPs and AWP of individual programs and that the annual financial statements are free from material mis-statements and the terms of the credit/ loan agreements of the development partners are complied with in all material respects.

The objective of the audit of the financial statements - individual State and District Health Society financial Statements as well as the Consolidated Financial Statements of the State and District Financial Statements as a whole i.e. (Balance Sheet, Income & Expenditure, Receipt & Payment, together with relevant accounting policies, notes to accounts and schedules (Bank Reconciliation Statements, Statement of Funds Position, Reconciliation of Expenditures as per Audited financial statements with the expenditure reported as per the Financial Monitoring Report (FMR) and A Statement of Expenses (Reimbursable from the Development Partners in a separate format) is to enable the auditor to express a professional opinion as to whether -

(1) the financial statements give a true and fair view of the Financial Position of the individual DHS,SHS and Consolidated District and State Health Societies at the end of each fiscal year and of the funds received and expenditure incurred for the accounting period ended March 31, 200.....

(2) the funds were utilized for the purposes for which they were provided, and

(3) where programs are financed by development partners, the respective program expenditures are eligible for financing under the relevant grant/ credit agreement.

The books of accounts as maintained by the State and District Health Societies and other participating implementing units (Blocks, PHCs, sub centers and CHMOs etc) shall form the basis for preparation of the individual DHS and SHS financial statements as well as the consolidated financial statements for the state as a whole.

7. **Standards:** The audit will be carried out in accordance with **Engagement & Quality Control Standards (Audit & Assurance Standards)** issued by the Institute of Chartered Accountants of India in this regard. The auditor should accordingly consider materiality when planning and performing (except where a certain minimum coverage of implementing units is specified) the audit to reduce the risk to an acceptable level that is consistent with the objective of the audit. In addition the auditor should specifically consider the risk of material misstatements in the financial statements resulting from fraud.
8. **Scope & Coverage of audit:** In conducting the audit special attention should be paid to the following:
- a) An assessment of adequacy of the project financial systems, including financial controls. This should include aspects such as adequacy and effectiveness of accounting, financial and operational controls; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports; methods of remedying weak controls ; verification of assets and liabilities; a specific report on this aspect would be provided by the auditor annually as part of the management letter;
 - b) Funds have been spent in accordance with the condition laid down by the Department of Health & Family Welfare, Government of India from time to time with due attention to economy and efficiency, and only for the purpose for which the financing was provided. Counterpart contribution from State Government, where required has been provided.
 - c) Goods and services financed have been procured in accordance with the relevant procurement guidelines issued by the GoI/ State Government. However, for various programmes, **special attention must be paid to the requirements of the agreement between GoI and development partners (such as for RCH-II, RNTCP, IDSP and NVBDCP)**. Such requirements are available within the State/ District's concerned Program Officers. For such externally funded programmes, auditor must satisfy that all expenditure, including procurement of goods and services have been carried out as per the procurement manual of the individual programmes and guidelines issued by the Programme Divisions of GoI and have all the necessary supporting documentation.
 - d) Expenditures, ineligible for financing by the development partners (as documented in the Development Credit Agreement with IDA and equivalent agreement with DFID) are disclosed adequately in the financial statements and have to be certified in a separate statement as per the format provided.
 - e) All necessary supporting documents, records and accounts have been kept in respect of the project.

- f) **Sample Coverage of sub district Implementing Units:** Audit will cover 100% District Health Societies (DHSs) each being a legally registered society and at least 40% of the Block Level CHC/PHC (*at least 50% of such blocks should be new and remaining may be those covered in the audit of last year*). The sample shall be selected in a manner that Block level PHC/CHC in each district is included in the sample coverage. All the vouchers pertaining to all the health facilities within the Block level CHC/PHC will be available at the Block level CHC/PHCs for the purpose of audit.
- g) The Statutory Auditor may review the concurrent audit reports / quarterly executive summaries and may consider material observations / findings while forming his opinion on overall internal control and truth & fairness of accounts/financial statements.

9. 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**) and also on the website of MoHFW at www.mohfw.nic.in. 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.
 - ii. Income & Expenditure account for the year ending on 31st March....,
 - iii. Receipt and Payment Account for the year ending on 31st March....,
 - iv. 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
 - v. Notes on Accounts showing the accounting policies followed in the preparation of accounts in the State Health Society and District Health Societies and any other significant observation of the auditor.
 - vi. 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.
 - vii. 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 15% state share contribution has to be issued.**
- viii. Action Taken Report on the previous year's audit observations.

- ix. Reconciliation of the FMR Expenditures of the last quarter i.e 31st 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 DHS and SHS management 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**

10. Financial Monitoring Reports (FMR)

In addition to the primary opinion on the financial statements, the auditor is required to audit last quarter FMR (quarter ending March) submitted to MOHFW. The auditor should apply such tests as the auditor considers necessary under the circumstances to satisfy the audit objective. Where ineligible expenditures are identified as having been included in the financial reports, these should be separately noted by the auditors. The audit report should include a separate paragraph commenting on the accuracy and propriety of expenditures included in the financial statements and FMRs including whether procurement procedures have been followed, and the extent to which the GoI can rely on Quarterly FMRs.

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, 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.

12. Reporting and Timing

The final Audit Report should be submitted by 31st July, (i.e. within four months of the end of the financial year), to the State Health Society and the State Society should then promptly forward **3 copies (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.

13. Additional Instructions to Auditors

- a) Audit Report of the State Health Society (SHS) 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.
- b) Audit for the financial year will include all the components under NRHM as mentioned in the Para 3 of Section I (Background) above.
- c) 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.
- d) 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 RCH, NRHM Additionalities, Immunisation & PPIP and others for each Individual NDCPs such as RNTCP, IDSP, NVBDCP etc. 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 RCH, NRHM, Routine Immunisation, Pulse Polio, RNTCP, NVBDCP, IDSP etc.) and at State level he will issue one Consolidated Report as in the district and six individual report also for programmes other than RCH, NRHM, Routine Immunisation and Pulse Polio i.e. RNTCP, NVBDCP, IDSP, NIDDCP, Blindness Control and Leprosy Control Programmes. 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 NRHM-Finance Division and individual reports of individual programmes to the respective programme divisions of the Ministry)
- e) 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.
- f) 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.
- g) The auditor shall also append the Checklist (**APPENDIX-B - CHECKLIST FOR AUDITOR**)
- h) The auditor shall also furnish an audited FMR/SoE with all the line activities for the last quarter (quarter ending March 200..... 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.
- i) Audit Opinion as per the Model Format provided at **APPENDIX – C**.

- j) Management Letter as per **APPENDIX – D** along with the comments/reply of the Mission Director, State Health Society.
- k) Auditor shall certify a statement of reimbursable expenditures (audited) as per the format provided **APPENDIX – E**.

14. **General:** The State should ensure that the Auditor must be appointed for all the disease control programmes under NRHM and Uniform Accounting system is being followed for all the disease control programmes under NRHM. 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 2011-12 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 1st January, 2011, without which the application of the firm would not be considered.
- 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
1.	Number of Full Time Fellow Partners associated with the firm for not less than 3 years (As per Certificate of ICAI as on 1.1.2011) i.e. such partners should continue to be a fellow member during their partnership for all the three years continuously.	4
2.	Turnover of the firm (Average annual in last three financial yrs.)	Minimum Rs.25 Lakhs

3.	No. of Years of Firm's Existence as per ICAI Certificate	5 Yrs.
4.	No. of audit assignments of Statutory Audit of Corporate/PSUs entities except Bank Branch Audit having a turnover of not less than Rs 20 Crore <i>for each of the years for which the audit has been done</i> in the last 3 years. Firms having specific experience of the relevant assignment will be given priority.	10
5.	No. of assignments: Experience of audit of Externally Aided Projects/ Social Sector Projects of the State for which the application is being made (other than Audit of Charitable Institutions & NGOs) in the last 3 years	4

- a) Any firm not qualifying on these minimum criteria need not apply as its proposal shall be summarily rejected.
- b) A firm cannot undertake the audit assignments of more than two states in a year. The audit assignment must be opted for as awarded by States chronologically i.e. on First come First served basis.
- c) **Supporting Documents for Eligibility Criteria:**

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

- i. For S. No. 1 & 3 above, the firm must submit an attested copy of Certificate of ICAI as on 1.1.2011.
 - ii. For S. 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).
 - iii. For S. 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 S. No. 5 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:** As there are a large number of districts and implementing entities below a district, a minimum sample coverage and time bound completion schedule, more than one team will need to be constituted 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 number of teams may be constituted in a manner that each team does not have responsibility for audit of more than (6) to (8) districts in a State. 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. **Association with Other firms & Quality Assurance:** Given the large number of implementing entities, a firm (**called Lead Firm**) meeting the minimum criteria may associate itself with others firms for the purposes of providing a bigger pool of experts/ qualified staff for the purpose of this assignment. In such a case, the proposal should clearly indicate the lead firm (Lead Auditor) of the joint venture. Similar details of all the firms participating in the joint venture should be provided. In such instance responsibility for Quality Assurance of the assignment in accordance with Engagement & Quality Control Standards promulgated by ICAI shall continue to vest with the Lead firm, with particular reference to standards on relying on work done by other auditors and maintenance of working papers. Audit Report shall have to be signed by partner of the lead firm.
- iv. **Single Proposal:** A firm should submit only one proposal for one State. If a firm submits or participates in more than one proposal, all such proposals shall be disqualified.
- v. All agencies must comply with the Technical Specification, General Conditions and Format/Requirements for Technical and Financial proposal.
- vi. 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.
- vii. Financial proposals submitted by the firm should be valid for 6 months from the date of submission of the proposal by the firm.
- viii. Each page, Form, Annexure and Appendices of the Technical and Financial Proposal must be signed by the Authorised signatory of the firm.
- ix. All blank spaces in the financial proposal must be filled in completely where indicated, either typed or written in ink.
- x. 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.
- xi. 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.
- xii. 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 State/District/Blocks/Programme. This audit fee shall be exclusive of the TA/DA and taxes as applicable¹. The taxes, as applicable (service tax & cess on service tax), shall be paid by State Health Society (SHS) 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 mentioning the Man Days wise cost as per the Format given. Panel provision for delay in submitting the report should also be kept in mind.*
- ii. Single audit fee shall be quoted in case of Joint Venture or Associations.
- iii. 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.
- iv. Travel Cost for visit to the District Health Society (DHS) and Block level CHC/PHC shall be reimbursed by the State Health Society (SHS) as per the applicable State Govt. TA/DA rules, and would be supported by actual bills to be submitted by the firm. The cost of road travel by taxi shall be reimbursable as per the Travel norms notified by the State Transport Department of the concerned State. The travel cost shall be eligible for reimbursement only for the visits to the District Health Society (DHS) and Block level CHC/PHC or any other specifically authorised place of visit as per the written communication by Government authority based on the need of the audit work.
- v. Travel cost for visits to the Districts, Blocks CHCs/PHCs shall be reimbursable for the distance between these facilities from either State Headquarters or Audit Firm's Head office/Branch Office whichever is shorter or minimum.
- vi. Auditor should plan the audit in such a way that the maximum number of facilities is covered during the visit.
- vii. Lodging and Boarding facilities may be provided (and paid) by the State Health Society (SHS)/District Health Society (DHS). Either State Government guest houses/departmental guest houses may be arranged, failing which the entitlement of lodging and boarding shall be in conformity with the entitlements of the consultants working in the State Programme Management Unit of the State Health Society.
- viii. For Reimbursement of conveyance: If the audit firm has its HQ/branch office in the State capital itself, reimbursement will be limited to local travel cost/local conveyance. No D.A. will be given.
- ix. **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

¹ If the Auditor belongs from outside State, then the audit fees would include the cost of travel from his Office to the office of the State Head Quarter (e.g. If an auditor from Delhi applies for the audit of Tamil Nadu then the Audit fees would include the Cost of Travel from Delhi to Chennai and the same cannot be claimed separately under the TA/DA.)

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.

Form T-1

Letter of Transmittal

To,
The Mission Director,
State Health Society,
Name & Address of State

Dear Sir,

We, the undersigned, offer to provide the audit services for [*Name of State 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 prices 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,

()

Form T-2

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 No.	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	Details of Partners: Provide following details: <ul style="list-style-type: none"> • Number of Full Time Fellow Partners associated with the firm. • Name of each partner, • Date of becoming ACA and FCA • Date of joining the firm, • Membership No., • Qualification • Experience • Whether the partners is engaged full time or part time with the firm. • Their Contact Mobile No., email and full Address 	Attested copy of Certificate of ICAI as on 1.1.2011.
12	If applying in Joint venture, then provide similar details	Letter jointly signed by all the firms participating in

	for the firms participating in Joint venture.	Joint venture whereby they have agreed for the Lead Auditor.
13	Indicate the Lead Auditor in the Joint Venture.	Letter jointly signed by all the firms participating in Joint venture whereby they have agreed for the Lead Auditor.

Form T-3

A. Details of Qualified Staff (Chartered Accountants)

(Please provide a self attested copy of Certificate of ICAI as on 1.1.2011 for each qualified staff)

S. 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)

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

Form T-4

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

Each team will constitute of minimum 4 members with qualifications as below:

Name	Position/ Team Number	No's (Minimum)	Educational Qualification	Key Responsibilities or Task Assigned	Relevant Experience and period	Name of the firm to which he belongs in case	Number of Man days estimated for

					of association with the firm	of Associate	task completion
Chartered Accountant	Team Leader	1					
Semi-Qualified (CA Inter)	Individual District Team Lead	1					
Support Staff (Jr. Auditors)	Support to District/ State team lead	2					

1. The firm shall give an undertaking that the team members are proficient in the State's official language (both oral and written).
2. **Firms must also clearly bring out the number of teams it plans to deploy for the audit keeping in view the scope of work, coverage and Guidelines for submitting the proposal. Structure of each team should be indicated as per format below:**

Structure of Team 1:

Name of CA	Names of Support Staff	Qualifications	Number of districts (including the blocks as in point 8(f) of Section II of RFP) proposed to be covered.	Time Required for Each assignment

Form T-5

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 alongwith 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.

Form T-6

Brief of Relevant Experience:

A. Experience of audit in relation to externally Aided projects/ State's Social Sector Projects (Excluding the audit of Charitable Institutions and NGOs).						
S. 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. Experience of audit in Commercial Sector/PSUs etc.						
S. 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

Form T-7

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]

Form F-1

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 (Exclusive of TA/DA, Service Tax and cess on Service tax)	Both in Numeric and in Words. Rs. _____/-
Note: Percentage of funds involved shall not be a basis of quoting the Audit Fee.	(Rupees _____).

Breakup of the Audit Fee quoted above must be provided as per following format:*

S. NO.	Particulars	Total Man days	Amount (Rs.)
1	Audit of individual District Health Societies including sample of sub district level implementing units (covering all programs) Give a break-up for each district		
2	Audit of State Headquarter of SHS and other state level implementing units		
3	Audit of Consolidated Financial Statements of State and District Health Societies.		
4	Others, if any		
	TOTAL		

Please provide the details of man days and their costing in the format being provided as per **Appendix-F**

* To be arrived based on the estimated man days for each category of staff proposed for the assignment.

