



## MISSION DIRECTOR NATIONAL HEALTH MISSION, J&K

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### **NIT for Appointment of Concurrent Auditors for the Financial Year 2014-15**

The State Health Society, NRHM, J&K invites Technical and Financial bids from C&AG empanelled Chartered Accountant Firms meeting the minimum eligibility criteria for providing their services for Concurrent Audit for State Health Society and the 22 District Health Societies for the financial year 2014-15 as per the Ministry of Health & Family Welfare, GoI guidelines:-

**1. Firms must qualify the following minimum eligibility criteria:**

- a) Firms must be empanelled with C&AG and ICAI for the period under Audit.
- b) Firms must have at least three full time fellow partners for a period not less than three years.
- c) The firms must have an average turnover of ₹25.00 Lakhs per annum in the last three years.
- d) The firm must have carried out at least 10 Statutory Audit of Corporate/PSU entities.
- e) The firm must have carried out at least four audit assignments in Externally Aided Projects/Social Sector Projects.

**2. Detailed RFP:-**

Detailed Request for Proposal (RFP) comprising background Term of Reference (ToR) and guidelines for submitting the proposals can be downloaded from our websites [www.jkhealth.org](http://www.jkhealth.org) and [www.jknrm.com](http://www.jknrm.com). The bids shall be submitted in a single big size envelope containing two separate envelopes, one for Technical Bid and another for Financial bid duly super-scribed with the "**Bid for Appointment of Concurrent Auditor of State Health Society – 2014-15**".

In respect of bids for State Health Society, the Technical bid and the Financial bid alongwith the (i) **Bank Draft of ₹500/-** payable to the **Financial Advisor and Chief Accounts Officer, NRHM, J&K** as cost of the RFP and (ii) **CDR of ₹5,000/-** pledged to the FA & CAO, NRHM, J&K shall have to be submitted to the office of the Mission Director, Regional Institute of Health & Family Welfare, Kandoli Nagrota, Jammu – 181221 **by or before 31<sup>st</sup> May at 11.00 AM**. The bids shall be opened on the same day at **1.00 PM** in presence of the bidders who wants to be present for the same.

In respect of bids for District Health Societies, both the bids alongwith the (i) **Bank Draft of ₹500/-** payable to the concerned Chief Medical Officer/ Vice-Chairman, **District Health Society** as cost of the RFP and (ii) **CDR of ₹5,000/-** pledged to the Vice-Chairman, **District Health Society** shall have to be submitted to the office of the Chief Medical Officer of concerned District **by or before 31<sup>st</sup> May at 11.00 AM**. The bids shall be opened on the same day at **1.00 PM** in presence of the bidders who wants to be present for the same.

**Note:- Any firm not qualifying the minimum criteria given above need not apply as their bids shall be summarily rejected.**

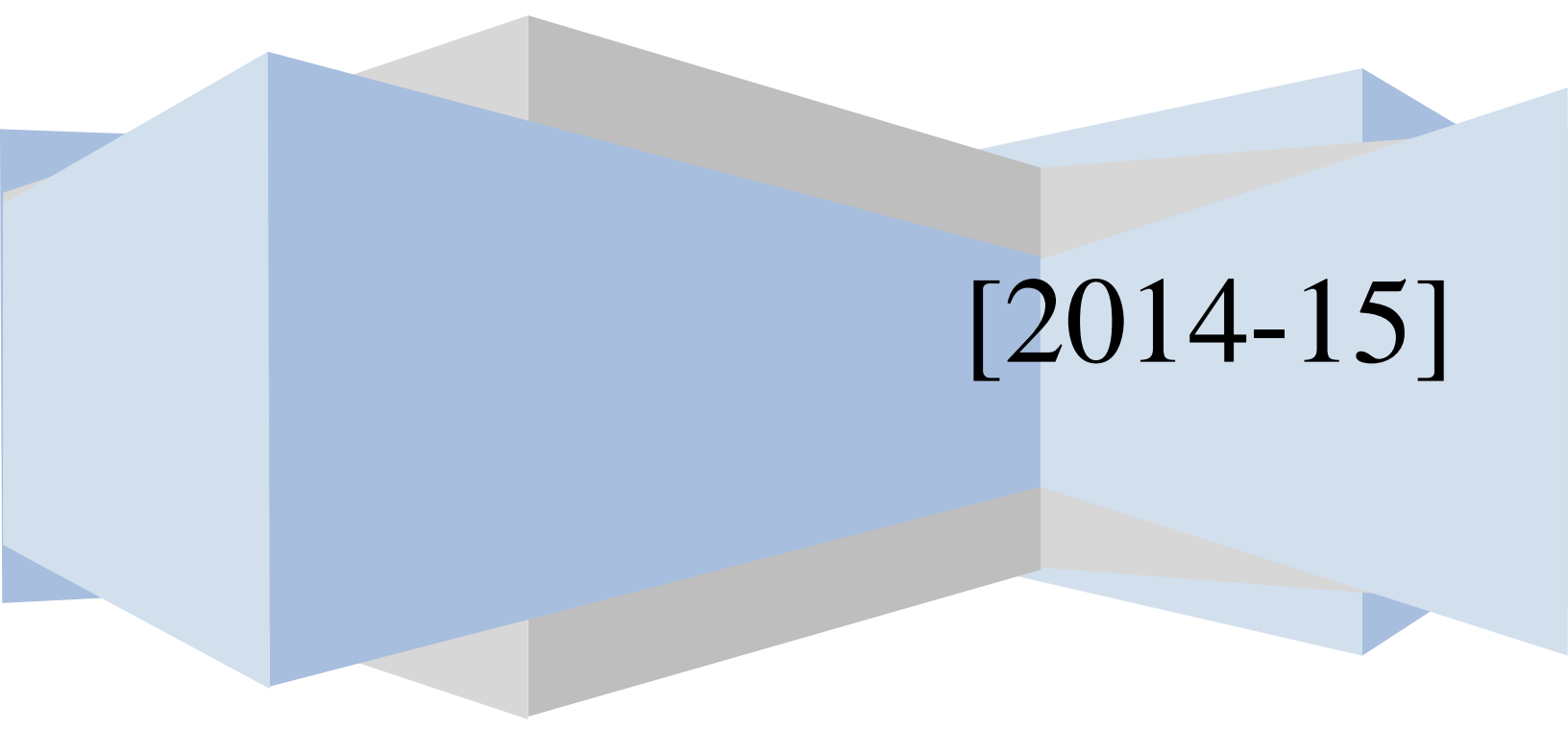
No: SHS/NRHM/J&K/FMG/2589

Dt. 19.05.2014

S/d  
Mission Director  
State Health Society,  
NRHM, J&K

# **Request for Proposal (RFP)**

**For Appointment of Concurrent Auditor(s) for State Health Society (SHS) and 22 District Health Societies (DHS) for Audit of all Programmes under NRHM.**



**[2014-15]**

## **REQUEST FOR PROPOSAL (RFP) –**

State Health Society J&K, seeks to invite Proposal from **C& AG empanelled Chartered Accountants firms** meeting the minimum eligibility criteria for providing their services for the Concurrent audit for the financial year **2014-15** of State Health Society and 22 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 12<sup>th</sup> 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 2.0 within the 7 year period of the Mission.
2. **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 further transferred to the District Health Societies/Implementing Agencies.

#### **Section II**

##### **Concurrent Audit**

Concurrent Audit is a systematic examination of financial transactions 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 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 audits 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 timeliness in maintenance of books of accounts.
- To ensure timeliness and accuracy of periodical financial statements.
- To improve accuracy and timeliness 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 for 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/CHCs, 3 sub-centre and 3 VHSNCs located within the block selected for visit once in a quarter.
- The audit has to include accounts maintained under RKS and NDCP (wherever applicable)

**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 Chief Medical Officer/ Block Medical Officer/ In charge CHC/ PHC as the case may be.
- Necessary assistance shall be provided to the concerned District Health Society by way of associating concerned 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 Circulars, Manuals 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/ shortcomings 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 Chief Medical Officer 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.

#### **Management Letter:**

In addition to the audit reports, the auditor will prepare a “Management Letter”, in which the auditor should summarize 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.
- 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.**

### **Section–III**

#### **Eligibility Criteria:**

- I. The firm must be empanelled with C & AG for the year under Audit and the particulars of the firm Head Office, Branch Office and Partners and paid Chartered Accountants should match with the certificate issued by ICAI not later than 1<sup>st</sup> January, 2014, without which the application of the firm would not be considered.
- II. The firms having Head Office only within the state capital of the same State for which the proposal is given may be given preference. (Such head office should be existing within the state for not less than three years as per the ICAI Certificate).
- III. Firms must qualify following minimum criteria:

<b>Sl. No.</b>	<b>Particulars *</b>	<b>Minimum Criteria</b>
1.	Number of Full Time Fellow Partners associated with the firm for not less than 3 years	3
2.	Turnover of the firm (Average annual in last three financial yrs.)	Minimum ₹25 Lac
3.	No. of audit assignments of Statutory Audit of Corporate/ PSUs entities Firms having specific experience of the relevant assignment will be given priority.	10
4.	No. of assignments: Experience of audit of Externally Aided Projects/ Social Sector Projects of the State	4

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:

- i. For S. No. 1 above, the firm must submit an attested copy of Certificate of ICAI as on 01.01.2014.
- 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. 3 & 4, the firm must submit a copy of the appointment letters from the auditee organizations.

IV. The firm or any partners of the firm should not be black listed by any PSUs or Govt. Co. or any other organization in respect of any assignment or behaviour. [*Self attested affidavit on ₹100/- stamp paper is to be given in this regard by the authorized person of the firm*].

### **Selection of Auditors of State Health Society and District Health Societies:-**

- **Interested Individuals/ Firms shall submit their bids in two parts - Technical (T-1, T-2, T-3, T-4, T-5)\* & Financial (F-1)\* sealed in two separate envelopes clearly marked as ‘Technical Bid’ & ‘Financial Bid’. Both these envelopes sealed in a single envelope & marked as “Tender for Appointment of Concurrent Auditor for 2014-15” shall reach to the office of FA/ CAO, State Health Society Office at Regional Institute of Health & Family Welfare, Kandoli Nagrota, Jammu – 181221 by or before 31.05.2014 (upto 11:00 AM). The bids shall be opened on the same day at 1.00 PM in presence of the bidders who wants to be present for the same.**
- **In case of the audit of District Health Societies (Annexure ‘A’), bids shall have to be submitted in the office of Chief Medical Officer, District Health Society by or before 31.05.2014 (upto 11:00 AM). The bids shall be opened on the same day at 1.00 PM in presence of the bidders who wants to be present for the same.**
- **Technical Bids not accompanied with the followings shall be summarily rejected –**
  - ✓ **Demand Draft (Non-Refundable) of Rupees Five Hundred (₹500/-) as cost of RFP payable in favour of Financial Advisor & Chief Accounts Officer, NRHM, J&K in case of bidding for State Health Society and in favour of Chief Medical Officer/ Vice-Chairman, District Health Society in case of bidding for respective District Health Society.**
  - ✓ **EMD in the shape of FDR (Refundable) of Rupees Five Thousand (₹5000/-) duly pledged to the Financial Advisor & Chief Accounts Officer, NRHM, J&K in case of bidding for State Health Society and in favour of Chief Medical Officer/ Vice-Chairman, District Health Society in case of bidding for respective District Health Society.**
- **Financial bids of only technically qualified firms will be opened and audit awarded to the lowest financial bidder.**
- **If the lowest financial bidder does not agree to undertake the audit work within the prescribed audit fee or the State Health Society deems it unfit for any reason (reasons to be recorded in writing), the job may be awarded to the next lowest financial bidder if the firm agrees to undertake the job. However, the work may only be awarded to a technically qualified bidder.**
- **After receipt of the application and letter of acceptance from the firms, the State/ District Health Society will empanel the audit firm for concurrent audit for the period from 1-04-2014 to 31-03-2015 subject to correctness of the information furnished in the application/ annexures.**
- **EMD of the successful tenderer shall be released after completion of the contract. However, EMD of unsuccessful tenderers shall be released after completion of the selection process.**
- **In any case, not more than Six Districts including State shall be allotted to a single Audit firm for Concurrent Audit during a financial year.**
- **In case of any dispute, decision of the Chairman, State Health Society, NRHM, J&K shall be final and be binding on all the parties.**

### **Termination / Cancellation of Empanelment / Appointment:**

- **If the selected firm has not sent the Technical Bid/ Financial Bid duly signed by them within the stipulated time, their bid is liable to be rejected.**
- **If any of the information/ documents furnished by the auditor is found to be incorrect, the offer will automatically stand cancelled without entertaining any further correspondence.**
- **In case the Bid is rejected for reasons mentioned in 1 & 2 above, the State Health Society shall identify a new auditor, at its discretion and they shall not claim any right for audit of said or any other District Health Society.**
- **The appointment for Concurrent Auditor is purely contractual and for a specific period of 12 months and the same may be renewed on a yearly basis subject to satisfactory performance/ eligibility of the particular District Health Society for Concurrent Audit. The maximum period of contract shall be restricted to 2 years. However, the State Health Society reserves the right to terminate the contract at any point of time for whatsoever reasons as the State Health Society may deem fit.**
- **After termination of the contract, the auditor/ firm shall not use or keep any of the material information given by the State Health Society/ District Health Society or make any representations**

to public or outsiders as continuing this agreement. The auditor/ firm shall return all materials belonging to the State Health Society/ District Health Society after termination of the agreement, unless otherwise instructed in writing by the State Health Society.

- The State Health Society shall have the absolute discretion in allotting the District Health Society, revising fee structure, stipulating terms and conditions of the appointment like experience in Concurrent Audit of District Health Society and termination of the services of the empanelled auditor after giving due notice at any point of time including during the pendency of the contract.

### **Contents of Audit Report :**

Concurrent Audit Report of State Health Society/District Health Societies should contain the following financial statements and documents:

- Duly filled in checklist provided in the guideline
- Financial statements as prescribed
  - o Audited Trail Balance
  - o Audited Receipts & Payments A/c
  - o Audited Income & Expenditure A/c
  - o Balance Sheet
  - o Audited Statement of Expenditure
  - o Audited Bank Reconciliation Statement
  - o List of advances
- Observations and Recommendations of the auditor (including observations on block visited)
- Action Taken by District Health Society on the previous audit observations, along with his observations on the same

### **Notes:**

- The report at both the District level will include consolidated report of RCH, Additionalities under NRHM, Immunization and NDCPs. In addition, it should also include instances of misappropriation/unauthorized diversion of funds as noticed during the audit.

### **Methodology for review of the performance of the auditor :**

1. The system of concurrent audit has been introduced mainly with the following objectives.
  - To keep all routine work of the District Health Society/ Blocks and down below under continuous check so as to supplement State Health Society efforts to ensure a robust internal control system at the State Health Society in the critical and sensitive areas.
  - To pick up and report early warning signals in right time to alert the administration.
  - To report serious irregularities noticed at the District Health Society/ Blocks and down below controlling officer in right time.
  - The audit firm shall own professional responsibility for concealment of facts, not reporting serious irregularities or losses on account of non-reporting/ non-detection of early warning signals/ frauds.
  - The State Health Society may convene the meetings of select auditors at periodical intervals at the specified centres for interaction.
  - The auditor/ firm shall indemnify the State Health Society against all actions, omissions,, proceedings, claims, suits, damages and any other expenses for causes attributable to the auditor/ firm including any loss suffered on account of any breach of the terms and conditions of the offer of the appointment.
  - If the performance is found wanting, then the services of the auditors shall be terminated with due intimation at the discretion of the State Health Society and such Audit firms shall stand de-empanelled. This is without prejudice to referring the issue to the professional body and also claim damages for such unsatisfactory services, whatsoever by the firm or any of its employees.



**Letter of Transmittal**

**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,  
( )

Particular/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:
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	Details of Partners: Provide following details: • 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 1.1.2014.
11	If applying in Joint venture, then provide similar details for the firms participating in Joint venture.	Letter jointly signed by all the firms participating in Joint venture whereby they have agreed for the Lead Auditor.
12	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.

**A. Details of Qualified Staff (Chartered Accountants)***(Please provide a self attested copy of Certificate of ICAI as on 1.1.2014 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 Qualification	Area of Key Expertise	Relevant Experience	Remarks
<b>Semi Qualified Staff:</b>						
1						
2						
..						
<b>Article Clerks:</b>						
1						
2						
..						
<b>Others:</b>						
1						
2						
..						

**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>						
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 (PI attach a copy of the letter)

<b>B. Experience of audit in Commercial/PSUs etc.</b>						
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 (PI 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]

**FORMAT FOR FINANCIAL BID**

Item or Activity	Total Amount (in Rupees)
AUDIT FEE inclusive of TA/DA, Service Tax, and cess on Service tax for State Health Society/ District Health Society.	Both in Numeric and in Words. ₹ _____/- (Rupees _____)

**ELIGIBILITY CRITERIA & TECHNICAL EVALUATION:**

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

Sl. No.	Particulars	Minimum Criteria	Max Marks	Evaluation Criterion
1.	Number of Full Time Fellow Partners associated with the firm	3	10	Firms with 3 or more FCA partners = 5 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 ₹25 Lakhs	10	Rs 25 to 50 Lakhs= 5 Above 50 Lakhs = 10
3.	No. of assignments: Experience of Commercial / Statutory Audit. <u>Specific Experience of the firm relevant to the assignment</u>  Experience of audit in relation to Social Sector of the State/ Centre (excluding the Audit of Charitable Institutions).	10  4	10	No. of assignments in PSUs 10 to 15 plus 4 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
5	Key Professional Staff Qualifications & Competence for the assignment		50	See note (iii) below for evaluation criteria

- ii. **Supporting Documents for Eligibility Criteria:** Following supporting documents must be submitted by the firm along with the technical proposal:
- For S. No. 1 above, the firm must submit an attested copy of Certificate of ICAI as on 1.1.2014.
  - For S. 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 S. No. 3 & 4, the firm must submit a copy of the appointment letters from the auditee organizations.
- iii. The criterion “key professional qualifications and competence’ is further sub divided into the following three sub-criteria as per details given in the Form T-4 and marks have to be allotted as under:

S.No	Criteria	Maximum Marks
1.	No. of Team (with minimum 4 members as specified in Form T-4) & Team composition	25
2	Team Leader Qualification and experience of the Team Leader (should be a qualified CA with at least 05 years post qualification audit experience)	20
3	Lead Firm having Head Quarters in the STATE	5
<b>Total Maximum Marks</b>		<b>50</b>

\* For NE States, the Lead Firm or Bidding Firm may have headquarters in any North Eastern States/ West Bengal. For UTs, the Lead Firm or Bidding Firm may have headquarters in the adjacent States (sharing boundary with the concerned UT). Firms having Head Office in the State for not less than three year as per ICAI Certificate as on 1.1.2014 only will be considered under this category. The State should get verified the existence and its effectiveness in the State for at least last three year with proper evidences.

- iv. The firm must achieve at least 60% of the marks to qualify on technical parameters for the purpose of the audit of State Health Society and District Health Societies.
- v. In case after the technical evaluation, if no bidding firm gets the minimum 60% marks than top three firms are to be taken into consideration for financial bid. If there are only one or two firms than they may be considered.
- vi. **Associations:** In case of Association, the evaluation of the technical proposal for shall be done only on Lead Firm for parameters 1 to 4 and evaluation of parameter 5 (team composition) will include evaluation of professional staff from associate firms as well.

### **Selection Methodology:**

A two-stage procedure shall be adopted in evaluating the proposals. The selection will be done using Quality cum Cost Based Selection (QCBS) process. 70% weightage would be given to the Technical evaluation and 30% weightage would be given to the financial bid. :

**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 60% 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 60%)

**Second Stage:**

- i. Financial proposals shall be opened only for those firms who have Qualified on Technical Parameters (i.e. secured at least 60% 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.
- ii. Quality cum Cost Based (QCBS) process shall be followed.

**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 State Health Society (SHS) within 2 weeks of the award of the issuance of LOA. The firm shall enter in to an agreement with the SHS as per Form C-1.

**SAMPLE OF 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.

**6. 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.

**7. Assignment**

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

**8. 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.

**9. 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 “A”**

### **Name & Address of District Health Societies**

1. District Health Society, Chief Medical Office, Anantnag
2. District Health Society , Chief Medical Office, Kulgam
3. District Health Society, Chief Medical Office, Baramulla
4. District Health Society, Chief Medical Office, Bandipora
5. District Health Society, Chief Medical Office, Budgam
6. District Health Society, Chief Medical Office, Pulwama
7. District Health Society, Chief Medical Office, Shopian
8. District Health Society, Chief Medical Office, Srinagar
9. District Health Society, Chief Medical Office, Ganderbal
10. District Health Society, Chief Medical Office, Kupwara
11. District Health Society, Chief Medical Office, Leh
12. District Health Society, Chief Medical Office, Kargil
13. District Health Society, Chief Medical Office, Doda
14. District Health Society, Chief Medical Office, Ramban
15. District Health Society, Chief Medical Office, Kishtwar
16. District Health Society, Chief Medical Office, Udhampur
17. District Health Society, Chief Medical Office, Reasi
18. District Health Society, Chief Medical Office, Jammu
19. District Health Society, Chief Medical Office, Samba
20. District Health Society, Chief Medical Office, Kathua
21. District Health Society, Chief Medical Office, Rajouri
22. District Health Society, Chief Medical Office, Poonch