

**UT Administration of DNH & DD
National Health Mission
State Health Society**

SELECTION OF AUDITORS - REQUEST FOR PROPOSAL

HIRING SERVICES OF CHARTERED ACCOUNTANT FIRMS FOR STATUTORY AUDIT OF STATE HEALTH SOCIETY, U.T. DNH & DD AND DISTRICT HEALTH SOCIETY, DADRA AND NAGAR HAVELI, DISTRICT HEALTH SOCIETY DAMAN & DISTRICT HEALTH SOCIETY DIU (FOR THE FINANCIAL YEAR 2020-21) under National Health Mission (NHM)

Govt. of India (GoI) in partnership with the States is implementing the National Health Mission which comprises of various programs, with the objective of improving medical facilities in the areas and seeks to provide accessible, affordable and quality health care to the population, especially the vulnerable sections. To facilitate implementation of NHM, State and District level entities (Health Societies) have been registered which work under the administrative control of the Department of Health & Family Welfare. The UT of DNH & DD State Health Society invites "Proposal for audit" from firms of Chartered Accountants empanelled with C& AG and eligible for major PSUs audit for the year 2020-21.

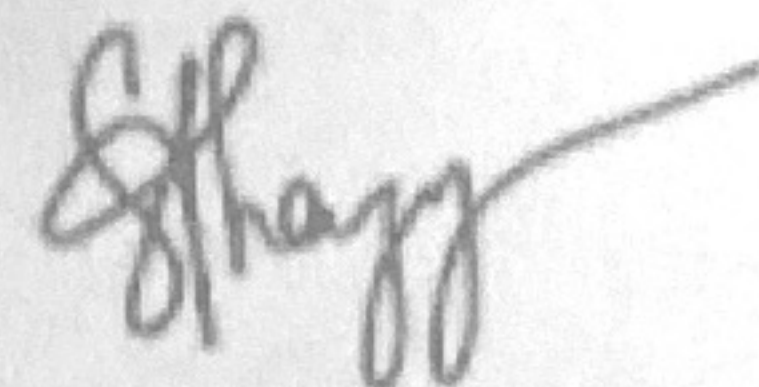
Minimum payable fees will be Rs. 1, 47, 000/- or as per the norms of ICAI.

Detail RFP: Detailed Request for Proposal (RFP) comprising background, terms of reference (ToR) and guidelines for submitting the proposal can be either downloaded from the State's website www.nhm.gov.in & www.daman.nic.in or can be collected from the O/o Mission Director (NHM), State Health Society, Community Health Centre, Moti Daman – 396220 between 09:00:00 am to 01:00:00pm and 02:30:00 to 06:00:pm

Important Dates:

- (i) Last date for collection of RFP from Office of SHS: 24th April, 2021
- (ii) Date for pre-bid conference: 20th April, 2021 at 11:00am
- (iii) Last date for submission of Proposal to SHS: 26th 2021 upto 05:00 PM
- (iv) Date of opening of financial bid: 3rd May, 2021

Venue for Pre-bid conference: Pre-bid Conference would be held at State Health Society, Community Health Centre, Moti Daman – 396220

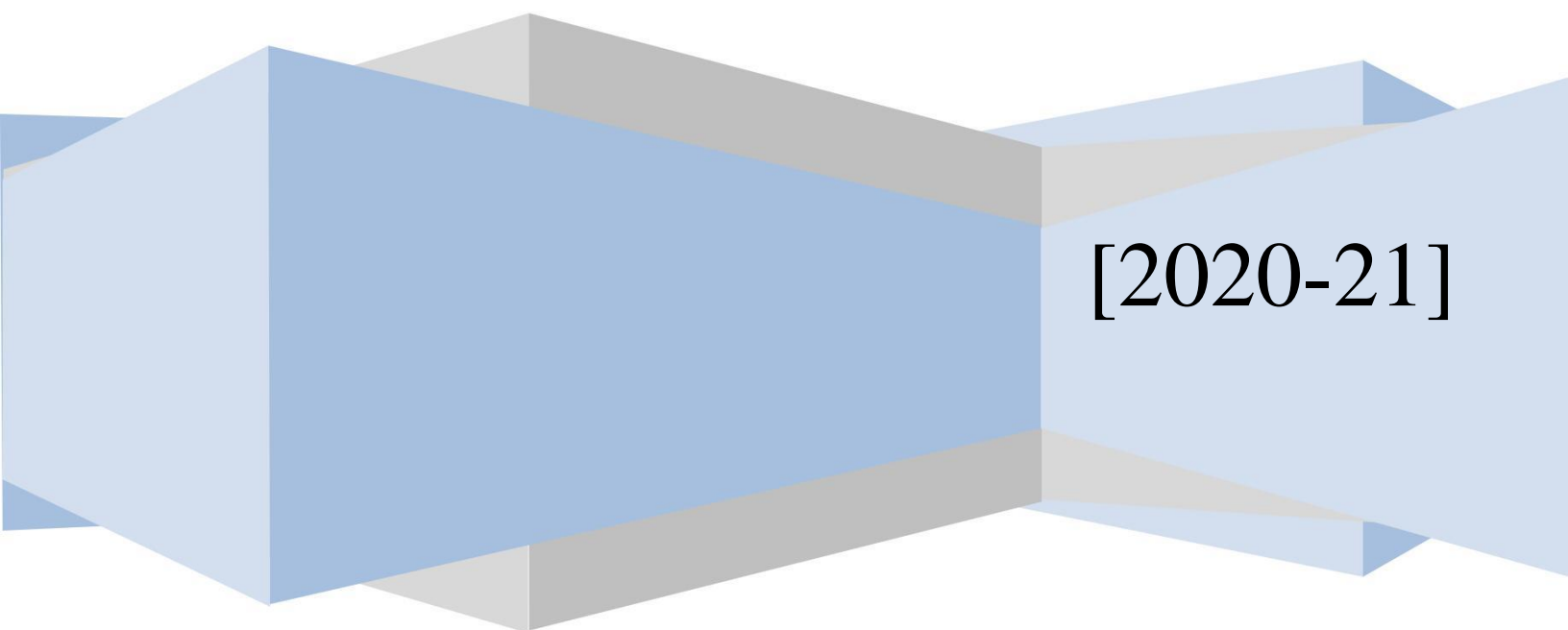


Mission Director,
State Health Society UT of DNH & DD.

**Email id: md-dd-nrhm@nic.in
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Request for Proposal (RFP)

For Appointment of Statutory Auditor for State Health Society, UT of DNH & DD (SHS) and District Health Societies (DHS) for Audit of all programmes under NHM including flexible pools of NRHM-RCH, NUHM, NDCP and NCD.



[2020-21]

REQUEST FOR PROPOSAL (RFP)

State Health Society, UT of Dadra & Nagar Haveli and Daman & Diu, seeks to invite Proposal from the Comptroller & Auditor General of India (*C&AG empanelled Chartered Accountant (CA) firms those are eligible for major Public Sector Undertakings (PSU) audits for the year 2020-21*) for conducting the statutory audit of State and District Health Societies under the National Health Mission for the FY 2020-21.

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

Terms of Reference (ToR)

National Rural Health Mission (NRHM) of the Ministry of Health & Family Welfare (MoHFW) was launched on 12th April, 2005 by the Government of India (GOI) to improve medical facilities in the country. Since 2013-14 onwards the NRHM programme has been subsumed under the umbrella programme of the National Health Mission (NHM). NHM is overarching NUHM and also includes Communicable and Non-Communicable Diseases (NCD) as well. 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 167 to 100 per 1,00,000 live births, Infant Mortality Rate (IMR) from 37 to 26 per 1000 live births and the Total Fertility Rate (TFR) from 2.3 to 2.1.

2. One of the visions of the Mission is to increase public spending on health from 1.3% 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) (including RCH, Routine Immunization (RI), Pulse Polio Immunization (PPI) and National Iodine Deficiency Disorder Control Programme (NIDDCP)), Health System Strengthening under NRHM (including Other Health System Strengthening, Ayushman Bharat – Health & Wellness Centre (AB-HWC) and Asha Benefit Package (ABP) including facilitator payment, various National Disease Control Programmes (NDCPs) and Non-Communicable Diseases (NCDs) have been repositioned. National Urban Health Mission (NUHM) comprising of Other Health System Strengthening and Ayushman Bharat – Health & Wellness Centre (AB-HWC) has also been added as Submission of National Health Mission.

3. At present the following Programmes/Schemes fall under the National Health Mission:

A. NHM-RCH Flexible Pool:

- a) **RCH Flexible Pool** including Routine Immunization (RI), Pulse Polio Immunization (PPI) and National Iodine Deficiency Disorder Control Programme (NIDDCP).

- b) Health System Strengthening (HSS) under NRHM** (viz. Other Health System Strengthening, Ayushman Bharat – Health & Wellness Centres (AB-HWCs) and ASHA Benefit Package including facilitator payment) including National Programme for Prevention and Control of Deafness (NPPCD), National Oral Health Programme (NOHP), National Programme for Palliative Care (NPPC), Assistance to State for Capacity building (Burn Injury) and National Programme for Fluorosis(NPF).

B. Flexible Pool for Communicable Diseases:

- a) National Vector Borne Disease Control Programme (NVBDGP),
- b) National Tuberculosis Eradication Programme (NTEP),
- c) National Leprosy Eradication Programme (NLEP),
- d) Integrated Disease Surveillance Programme (IDSP).
- e) National Viral Hepatitis Control Programme(NVHCP)

C. Flexible Pool for Non-Communicable Diseases:

- a) National Programme for Control of Blindness (NPCB),
- b) National Mental Health Programme (NMHP),
- c) National Programme for Health Care of the Elderly (NPHCE),
- d) National Tobacco Control Programme (NTCP),
- e) National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS).

D. National Urban Health Mission (NUHM) Flexible Pool including Other HSS under NUHM and AB-HWC under NUHM.

4. Institutional and Funding Arrangements:

For the implementation of the above programmes, MoHFW has required the creation of an Integrated Health Society at the 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 (DHSs) work in coordination with the District Collector and District Chief Medical Officer (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 (RKS) and Village Health Sanitation & Nutrition Committees (VHSNC). 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 under NHM are transferred from the Pay& Accounts Office of MoHFW to the State Treasuries and then from Treasuries to the SHS functioning in the State. Government of India transfer funds in the form of Grants-in-Aid to State treasuries through RBI on the basis of respective State Programme Implementation Plans (SPIPs) and approved Annual Work Plans which are prepared on the basis of District Health Action Plans (DHAPs) of each of the districts in the State. Under the umbrella of the integrated SHS/DHS each program has separate bank account, 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 units in MoHFW (GOI).

5. Financing by Development Partners/ Donors:

Some of the programs of NHM are also supported by development partners such as the Asian Development Bank (ADB), The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) /World Bank, 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, by SHS/ concerned Programme Division in the State.

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 Annual Work Plan (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 of State and District Health Society as well as the Consolidated Financial Statements of the State and District 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) 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 District Health Societies (DHSs), State Health Societies (SHSs) 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, 2021.

(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 SHSs, DHSs and other participating implementing units such as Blocks, CHC, PHCs, Sub Centers, Village Health Nutrition and Sanitation Committees (VHNSCs) 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. 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. Criteria for Selection of Auditors

A) C&AG empaneled major audit firms: A firms those are empaneled with C&AG for the year 2020-21 and eligible for conducting audit of PSUs only will be eligible for the audit of the NHM programmes. In this regard firms have to submit the details about the firm as per **Form T-2**.

B) Selection through Open Tender System: The selection of the Auditor should be through an Open Tender basis.

C) Preference of firms having Head Office (H.O.)/Local Branch office in the State Capital: The firms having Head Office /Local Branch Office in the State capital of the same State for which the proposal is given to be given preference at the time of finalizing the financial bid. Such office must exist within the State for not less than three years as per the Institute of Chartered Accountants of India (ICAI) Certificate. However, in case of NE States/ UTs where availability of Auditor is scarce, the States/UT may consider the proposals of audit firms from the neighboring States.

D) Firms have to give an undertaking that the audit team members are proficient in State's official language (both oral and written) and will be headed by a Chartered Accountant on regular basis.

E) CA firms eligible for audit: CA firms those are empaneled with C&AG for the year 2020-21 and eligible for conducting audit of major PSUs only will be eligible for the audit of the NHM programmes. Further, CA firms eligible for conducting audit of PSUs in 2020-21 and having their Head Office / Branch offices in designated State may be given additional weight-age in the evaluation of Technical proposal. However, in

case of NE States/ UTs where availability of Auditor is scarce, the States/UT may consider the proposals of audit firms from the neighboring States. On clearance of Technical proposal, the auditor will be finalized on the basis of Financial Bids. In this regard, firms have to submit the details about the firm as per Form T-2.

- F) Disclosure of Minimum Fees in the RFP document:** The States are allowed to fix the minimum fees for audit firms in the Tender document keeping in view the resources involved, number of districts (100% districts) and blocks (40%) to be covered during the course of Audit and minimum number of days required for completion of audit. The States may refer the website of “The Institute of Chartered Accountants of India (ICAI)” to decide the minimum fees. This is in compliance with the Guideline No-1-CA(7)/03/2016 dated 7/4/2016 issued by “The Institute of Chartered Accountants of India”. The States may refer the same as indicative basis. Further, for the purpose of finalization of minimum fees, the State may also take the average of audit fees paid during the last 3 years.
- G) Audit Fees and TA/DA:** The firms those are interested to be appointed will have to quote consolidated audit fees including expenses on TA/DA and Taxes. In case the audit team requests the State for stay arrangement etc., then cost to the State for such stay arrangements etc. will be adjusted against the consolidated fees quoted. Bidding Firm should ensure that audit team shall have to visit 100% Districts and at least 40% blocks within each district. The audit fee should be quoted considering this aspect.
- H) Re-appointment of Auditor:** The auditor once appointed can continue for two more years subject to the satisfaction of the performance by the State. If any State wishes to re-appoint the same auditor shall have to seek the approval of the Executive Committee after obtaining the consent of the auditor and confirming that the said firm is in the panel of C&AG and eligible for conducting audit of major PSUs for the year for which firm is being re-appointed. Further, any comments/remarks/observation of the Ministry in this regard shall have to be considered while re-appointing the same auditor.
- I) Maximum No. of Audits under NHM:** No auditor can take the assignment of audit of more than three (3) States in a year. A certification in this regard may be obtained from the auditor.
- J) In case same audit fee is quoted by two or more CA firms, the selection of auditor shall be done considering the following factors (priority-wise): -**
- (i) Past Experience in handling Government Contracts & Conduct of the firm; and
 - (ii) Turnover of the firm.

9. The other major points related to Statutory Audit are as follows:

- a) To ensure timely completion of audit, State should ensure that the books of accounts are ready at all places before the start of audit. Further, timely availability of information to the auditors should be ensured for completion of audit on time.
- b) In the pre-bid conference to be held, the participant firms should clearly be explained about the requirements of audit as regards to the number of districts, blocks, and physical visit of the team at each location, number of implementing agencies from whom Utilization Certificates (UCs) /Statement of Expenditure (SOEs) received and

incorporated in Annual Financial Statements etc. so that a quality audit is not compromised.

- c) It should be clearly ensured that a Standing Committee headed by Mission Director (NHM) is constituted in the State for the selection of auditor and for follow up and issue of compliance to the audit observations of the previous years.
- d) After the completion of audit, State should organize an exit conference of the auditors to discuss the audit observations.
- e) A copy of the working papers of the auditors shall be retained by the Director (Finance)/ State Finance Manager (SFM) in the State.
- f) The process of appointment of auditor has to be completed by 25th April, 2021 and intimation of the auditor appointed along with the fees fixed and evaluation sheet for the appointment has to be submitted to the Ministry latest by 05th May, 2021.
- g) The State should get the audit of all the District Health Societies completed by 05th June, 2021 and the Audit Report issued before 30th June 2021.
- h) The consolidation of audit reports of all the districts with State along with all the necessary requirements such as, Accounting Policies, Notes on Accounts and Management Letter is to be completed by the State in time and final report submitted by 31st July 2021.
- i) Audit Report as per Appendices of the RFP has to be submitted in triplicate with spiral binding along with the soft copy(PDF/Scanned)mailed to manish.kr01@gov.in and in a C.D. also by 31st July 2021.

10. 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 and 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 (RNTCP, IDSP and NVBDCP, etc.). 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) All necessary supporting documents, records and accounts have been kept in respect of the project.
- e) **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 the health facilities will be available at the respective health facility (DH, CHC/PHCs) for the purpose of audit. Audit shall also cover audit of expenses related to NHM incurred through Rogi Kalyan Samities (RKSs) at each level i.e. PHC/ CHC/ DH.
- f) 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.

11. 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.nhm.gov.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.
- iii. Income & Expenditure account for the year ending on 31st March 2021.
- iv. Receipt and Payment Account for the year ending on 31st March 2021.
- 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 (supported by bank reconciliation statements),
 - Program wise statement of expenditure.
- vi. Notes on Accounts showing the accounting policies followed in the preparation of accounts in the SHSs and DHSs 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. Auditor shall have to certify the delay status of funds transferred from State Treasury to SHS for the F.Ys. 2016-17, 2017-18 ,2018-19, 2019-20and 2020-21 as per prescribed format at **Appendix E-1, 2, 3,4 and 5** for all the programmes under NHM.
- ix. The Auditor has to disclose whether the State has received any interest on delayed transfer of funds from State Treasury to SHS bank account.
- x. The comparison between audited expenditure and expenditure reported in the FMR of 2020-21 along with the reason for variations.
- xi. Sanction wise UCs as per Form 12-C of GFR 2017; 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 Utilization Certificate tallying with the Income & Expenditure Account and Schedules forming part of it**].
- Also a separate UC for State share contribution needs to be issued by the auditor.**
- xii. Action Taken Report on the previous year's audit observations.
- xiii. Reconciliation of the FMR Expenditures of the last quarter i.e. 31stMarch 2020with 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.
- xiv. **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.

12. Financial Monitoring Reports (FMR)

In addition to the primary opinion on the financial statements, the auditor is required to audit last quarter FMR in the new format (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.

In addition to the audit reports, the auditor will prepare a “Management Letter” as per **Appendix-D**, 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: -

- a) Give comments and observations on the accounting records, systems and internal controls that were examined during the course of the audit;
- b) Identify specific deficiencies and area of weakness in the system and internal controls and make recommendations for their improvement;
- c) Report on the level of compliance with the financial internal control;
- d) Report procurements which have not been carried out as per the procurement manual/ guidelines of the State for the individual programmes such as; RCH-II, RNTCP, IDSP etc.;
- e) Communicate matters that have come to the attention during the audit which might have significant impact on the implementation of the project; and
- f) 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.

13. Reporting and Timing

The final Audit Report should be submitted by **30th June 2021**, (i.e. within three months of the end of the financial year) to the SHS and the SHS should then promptly forward **3 copies (Spiral Bound) and also soft copy in MS Excel / MS Word and Scanned (Both) in mail or CD** along with the **final Utilization Certificates** signed by the State and Auditor both, to GOI with their comments, if any.

In case State has opted to appoint **multiple auditors** for a group of districts and State, in such cases the Auditor appointed for a group of districts, shall have to issue a separate audit report for each district and provide a soft copy also (Word/ Excel). Audit Reports for all districts in such cases shall have to be issued by **31st May, 2021** so that consolidated report of the State is not delayed and issued by **30th June, 2021**.

Submission of the Statutory Audit Report by the prescribed date is a Record of Proceedings (ROP) conditionality for release of second tranche of funds to the State which ultimately ensures smooth implementation of the Mission and leads to better outcomes as funds are expended when needed by the State. In view of the above following measures need to be taken by the State: -

- a) The duty of the State is to ensure that the process for appointment of the auditor is completed by 25th April, 2021 and intimation of the auditor appointed along with the fees fixed & evaluation sheet for the appointment has to be submitted to the Ministry latest by 5th May, 2021. Also timely availability of information to the auditor needs to be ensured strictly.
- b) The State should make sure that complete cash book, ledgers, vouchers and other financial statements are ready at the time of visit of auditors.
- c) **Penal provision on failure to complete the Audit on time:** In order to ensure timeliness on 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 in submission of Audit Report from the auditor, the *State may deduct the audit fees @ 5% per month from the due date of completion of audit.* A clause in this regard should be incorporated by the State in the agreement. However, in case of delay in submitting the audit report due to unforeseen circumstances like flood, earthquake, election, etc., the Mission Director (NHM) of the State has the right to waive off the penalty. Further, before imposing penalty, the firm may be given an opportunity to be heard.

14. Additional Instructions to Auditors

- a. Audit Report of the SHS shall include audit of all the transactions at the State as well as DHSs level.
- b. Audit for the financial year will include all the components under NHM.
- c. The auditor appointed shall be **required to issue separate Consolidated Audit Report for the State and each District, comprising all programmes under NHM RCH-(RCH RI PPI and Iodine) , HSS- (Other Health System Strengthening ,Ayushman Bharat –H&W centre under NRHM,ASHA Benefit Package), NUHM, and NDCPs & NCDs). Auditor appointed for the State, in case of multiple auditors, shall prepare a consolidated Report for the State. However, in case of RNTCP and IDSP, a separate audit report with required annexures and schedules shall also have to be issued by the State / District Level Auditor. The relevant formats for Audit Report as issued by RNTCP Division are given as Appendix-C)**
- d. All State level report shall have to be issued in three sets (Two sets for MoHFW and one set for State). Consolidated Report is to be sent to NHM-Finance Division and individual

reports of individual programmes along with UCs 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 all the UCs in the prescribed format (Form 12C of GFR, 2017) of GOI for all programmes of NHM. The UCs shall be furnished sanction-wise and should be signed by the Principal Secretary, 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 certify the FMR on the basis of audited expenditures with all the line activities for the last quarter (quarter ending March 2021) 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, SHS.

15.Re-appointment of Auditor: The auditor once appointed can continue for two more years, subject to the satisfaction of the performance by the State. The State which wishes to re-appoint the same auditor shall have to seek the approval of the Executive Committee after obtaining the consent of the auditor and confirming that the said firm is in the panel of C&AG and eligible for conducting audit of major PSUs for the year for which the firm is being re-appointed. Further, any comments/remarks/observation of the Ministry in this regard shall have to be taken into account while re-appointing the same auditor.

It is also clarified that “No auditor can take the assignment of more than three (3) audits under NHM. A certification in this regard may be obtained from the auditor.”

16. General Provision: The State should ensure that the Auditor must be appointed for all the disease control programmes under NHM and Uniform Accounting System is followed. The State should also ensure that the auditor should follow the latest formats given in the RFP.

The auditor shall be given access to any information relevant for the purpose of conducting the audit, in addition to all financial and procurement records, 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.

Guidelines for Submitting the Proposals:

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 ground for declaring the Proposal non-responsive/ invalid.
- ii. Single Proposal (Multiple Firms): In case State decides to appoint more than one CA firm as auditor, the Bidding CA firm may submit proposal for State and also for one Group of districts.
- iii. All agencies must comply with the Technical Specification, General Conditions and Format/Requirements for Technical and Financial proposal.
- iv. 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.
- v. Financial proposals submitted by the firm should be valid for 6 months from the date of submission of the proposal by the firm.
- vi. Each page, Form, Annexure and Appendices of the Technical and Financial Proposal must be signed by the Authorized signatory of the firm.

- vii. All blank spaces in the financial proposal must be filled in completely where indicated, either typed or written in ink.
- viii. **State Health Society (SHS) reserves the right to accept or reject any proposal without giving any explanation and can change the evaluation criteria as per its requirements in the interest of the organization.**
- ix. 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.
- x. A firm cannot undertake the audit assignments of more than three states in a year. The audit assignment must be opted for as awarded by States chronologically i.e. on First come first served basis. If a CA Firm appointed in more than 3 States, then they have to withdraw their name so as to keep it up to 3 States/ UTs only. As a State may opt to appoint multiple auditors, therefore, if a firm appointed for audit of a group of district in any State then for the purpose of ceiling of 3 States, group of Districts shall be taken as a State.
- xi. The firm shall give an undertaking that the team members are proficient in the State's official language (both oral and written). **The auditors must have the H.O/ Branch Office in the allotted State. (Form U).** However, in case if NE States/ UTs where availability of Auditor is scarce, the States/UT may consider the proposals of audit firms from the neighboring States
- xii. Firm shall have to depute appropriate no. of teams for timely submission of Audit Report and to attain quality of audit.
- xiii. Each team shall have to be headed by a qualified chartered accountant.

Technical & Financial Proposal will consist:

- i. Letter of Transmittal (*Form T-1*)
- ii. Technical Proposal format (*Form T-2*)
- iii. Financial Bid format (*Form F-1*)
- iv. Undertaking of presence of HO/Branch offices in State (*Form U*)

Letter of Transmittal

To,

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

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 here by submitting our Proposal, having details about the firm and proposed audit fees.

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

The Fees quoted by us is valid till six months from the date of submission of the proposal. 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,

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Format for Technical Proposal

| 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 establishment 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 GST/TAN Registration No | Attach copy of Registration |
| 6 | Firm's Registration No. with ICAI | Attach a copy of certificate downloaded from ICAI Website showing the name & address of H.O., B.O. and partners etc. |
| 7 | Empanelment No. with C&AG | Attach proof of empanelment with C&AG for the year under Audit (2020-21) confirming that the firm is eligible for major PSU audits. |
| 8 | No. of Years of Firm Existence & Date of establishment of Firm | Attach copy of Partnership Deed |
| 9 | Turnover of the Firm in last three years | Attach a copy of 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. |
| 10 | Audit Experience of the Firm: 1. Number of Assignments in Commercial/Statutory Audit | Copy of the Offer Letter & the Fee Charged for each assignment. (Relevant evidences to be given of the |

| | | |
|----|--|--|
| | 2. Number of Assignments of Externally Aided Projects/Social Sector Project (excluding audit of Charitable Org.) Institutions &NGOs 3. Experience in the NHM audit | turnover and fee) |
| 11 | <p>Details of Partners: Provide following details:</p> <p><input type="checkbox"/> Number of Full Time Fellow Partners associated with the firm</p> <p><input type="checkbox"/> Name of each partner</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Date of becoming ACA and FCA</p> <p><input type="checkbox"/> <input type="checkbox"/> Date of joining the firm</p> <p><input type="checkbox"/> Membership No.</p> <p><input type="checkbox"/> Qualification</p> <p><input type="checkbox"/> <input type="checkbox"/> Experience</p> <p><input type="checkbox"/> Whether the partners is engaged full time or part time with the firm</p> <p><input type="checkbox"/> Their Contact Mobile No., email and full Address (Attested copy of Certificate/letter of ICAI not before 01/01/2021</p> | <p>Attested copy of Certificate of ICAI not before 01.01.2021</p> |

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

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

| Particulars | Total Amount (in Rupees) |
|---|-------------------------------|
| AUDIT FEE | Both in Numeric and in Words. |
| a. Audit fess----- (Including cost of TA/DA) | Rs. _____/- |
| b. Service Tax----- | (Rupees |
| c. Total Fees----- | _____). |
| <u>Note:</u> Percentage of funds involved shall not be a basis of quoting the Audit Fee. | |

Note: In case of change in the rate of Service Tax the revised Service Tax shall be paid.

(Letter of undertaking for having the local office in the State)

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

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 hereby submit our Proposal, having details about the firm and proposed audit fees.

We hereby declare that our firm is having Head/ Branch offices in the State ofand is situated at address proof (photocopy of letter for incorporation of firm, lease agreement, phone connection, Electric Connection etc.) of this office in the State is enclosed herewith.

We hereby also give an undertaking that the firm's staff deputed for the audit are proficient in State's/UTs local language, both in oral and written form.

We, hereby understand that any information given here if found to be false or misleading will be treated as fraud and appropriate action can be taken in this regard.

Yours faithfully

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Encl:

- 1.....
- 2.....