

DAMAN AND DIU STATE AIDS CONTROL SOCIETY

CALL FOR EXPRESSION OF INTEREST: FROM CAG EMPANELLED CHARTERED ACCOUNTANT FIRMS FOR THE INTERNAL AUDIT OF DAMAN AND DIU STATE AIDS CONTROL SOCIETY

Expressions of Interest are invited from CAG Empanelled Chartered Accountant Firms to conduct the statutory audit of the Daman & Diu SACS for the financial Year 2017-2018. The engagement is initially for one year and may be extended on annual basis for a maximum of 3 years.

ELIGIBILITY & ASSESSMENT CRITERIA:

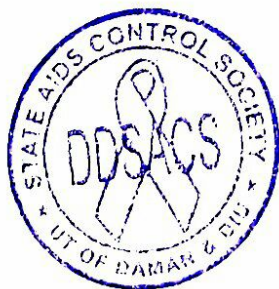
The EoI and capability will be assessed against evidence of skills and experience in providing accountancy services in the UT.

REQUIREMENTS:

The EoI should be sent along with Capability Statement including a profile of the organization relevant technical and geographical Coverage along with the financial turnover for the last 3 financial years. A format for the capability statement is available on the website: <http://daman.nic.in>. Individual CVs are not required at this stage. Any EoI with inadequate information, those which do not meet the above criteria, or those received after the closing the date will not be short listed. EoI should be as concise and focused as possible to give evidence of the above requirements including the capability statement and organization profiles. They should be mailed to the Project Director (AIDS), Daman and Diu SACS, 2nd Floor, Community Health Centre Campus, Fort Area, Moti Daman, Daman – 396 220 to arrive no later than 5.00 pm on 14th March 2017. Only organizations, which pass the pre-selection process, will be contacted and invited to submit detailed proposals.

FOR FURTHER INFORMATION:

For further information on NACP, interested Bidders are requested to contact through the following e mail id: ddsacs@gmail.com or Tel No. 0260-2230192.



Dr. V. K. Das
Project Director (AIDS)/
Director of Medical & Health,
Daman & Diu

No. 2/1-7/Int-Audit/2016-17/DDSACS 1569
Dated : 06/02/2017

PART – A
Format for Submission of Information on the Expression of Interest
for short listing Chartered Accountant Firms for the Internal Audit of NGOs &
Peripheral Units under DAMAN AND DIU STATE AIDS CONTROL SOCIETY.

Sr	Status of the Firm	Partnership	Sole Proprietorship
1	Name of the firm (in Capital Letters)		
2	Address of the Head Office		
3	PAN No. of the firm		
4	ICAI Registration No.		
5	Region Name & Region Code No.		
6	Empanelment number with C&AG		
7	Date of Constitution of the firm		
8	Date since when the firms has a full time FCA		
9	Fees earned by the firm for the last three years	Financial Year	Turnover of the firm from audit and assurance services in Rs.
		2016-17	
		2015-16	
		2014-15	
10	List of full-time Partners/ Sole Proprietor of the firm	10 year or more with firm	
		5 year or more but less than 10 years with firm	
11	List of full time staff of the firm	10 year or more with firm	
		5 year or more but less than 10 years with firm	
		More than 1 year with firm	
12	Experience of the firm during the last 5 years in audit of Financial Statements/ Internal Audit of:	Project financed by bilateral or multilateral agencies	
		Projects in the same sector (other than above)	
		Agencies implementing government projects (other than above)	
13	Presence in the state where project headquarter is located	Head office address and Date of Constitution of Firm	
		List of at least 5 years Experienced Branch in UT of Daman & Diu Headed by Partner of the firms addresses and Date of Constitution of Branch	
		List of less than 5 years but more than 3 years Experienced Branch in UT of Daman & Diu headed by a qualified employee branch office. addresses and Date of Constitution of Branch	

Signature and Seal of Proprietor/Sole Partner

PART – B

UNDERTAKING

I/We the sole proprietor / partners of M/s. _____ Chartered Accountants do hereby jointly and severely verify and declare:

- (i) that the particulars given are complete and correct and that if any of the statements made or the information so furnished in the application form is later found not correct or false or there had been suppression of material information, the firm would not only stand disqualified from the allotment, but would be liable for disciplinary action under the Chartered Accountants Act, 1949 and the regulation framed thereunder;
- (ii) that the firm proprietor or partners have not been debarred or cautioned by ICAI during the last five years (If cautioned give details);
- (iii) that individually we are not engaged in practice otherwise or in any other activity which would be deemed to be practice under Section 2(2) of the Chartered Accountants Act, 1949;
- (iv) that the constitution of the firm as on 1st January of the relevant year shown in the Expression of Interest is the same as that in the Constitution Certificate issued by the ICAI.

Sl. No.	Name of the Partner / Sole proprietor	Membership registration number	PAN No.	Dates of Payment of fees for the year A/B.	Signature Partner / Sole Proprietor

*A for membership

B for issue of Certificate of practice

(Seal of the firm)

Place : _____

Date : _____

Encl _____ Pages

Signature of proprietor/Sole Partner

Annexure A

Indicative norms/ criteria to be followed at EOI & RFP

Criteria for Short listing at the EOI stage

Sr. No.	Criteria	Weight age %
1	Long standing of the firm	10
2	Turnover of the firm for the last three financial years (FY) from audit and assurances services	15
3	Experience and Association of Partners	15
4	Experience and Association of qualified full time staff (being CAs or Cost Accountants or technically qualified staff relevant to the project)	10
5	Experience of the firm during the last 5 years in audit of Financial Statements/ Internal Audit relevant to the assignment	45
6	Presence in the state where project headquarter are located (more than 3 years)	5
	Total	100

Criteria (Detailed) and Scoring Scheme for short listing at the EOI stage

Sr. No	Criteria	Scoring	Max Points	Documentation & certification to be attached separately for for 'A', 'B', 'C' & 'D'
1	Long standing of the firm	Point for each year of existence over 10 years	10	Date of Constitution of the firm as evidenced from the firm constitution certificate issued by ICAI
2	Turnover of the firm for the last three financial years(FY) from audit and assurance services "Specified Turnover"	<ul style="list-style-type: none"> • 15 points for Specified Turnover of Rs.50 lacs or above in each of the last three FYs; • 8 points for Specified Turnover of Rs. 50 lacs and above in at least two of the last three FYs; • 4 points for Specified Turnover of Rs. 25 lacs and less than Rs.50 lacs 	15	<p>Self certified; the PAF will provide the total turnover and the specified Turnover.</p> <p>(Turnover) would mean the professional fee earned excluding service tax and travelling, if billed separately.</p>
3	Experience and Association of Partners	<ul style="list-style-type: none"> • 3 points for each partner with PQE of 10 years or more with the firm • 2 points for each Partner with PQE of 5 years or more with the firm 	15	List of partners with date of qualification and number of years of PQR with the firm supported by the latest firm constitution certificate issued by ICAI
4	Experience and Association of qualified full time staff	<ul style="list-style-type: none"> • 3 points for each full time staff with PQE of 10 years or more with the firm • 2 pints for each full time staff with PQE of 5 years or more with the firm 	10	List of full time staff with date of qualification and number of years of PQE with the firm supported by the latest firm constitution certificate issued by ICAI.

		<ul style="list-style-type: none"> 1 point for each full time staff with PQE of more than 1 year with the firm 		Documentation showing the qualifications and experience of staff other than CAs.
5	Experience of the firm during the last 5 years in audit of Financial Statements/ Internal Audit of:			
	Project financed by bilateral or multilateral agencies	3 points for each project	15	List of the clients audited by the firm and signed under the firm name only, giving the date of issue of the audit report and self attested copies of the appointment letters (only assignment in respect of which audit report has been issued during the last 5 years from date of EOI and pertaining to project as a whole should be included)
	Projects in the same sector (other than above)	3 pints for each project	15	
	Agencies implementing government projects (other than above)	3 points for each agency	15	
6	Presence in the state where project headquarter is located	<ul style="list-style-type: none"> 5 points if the head office of the applicant firm is located in the same state as the project headquarters 3 points if a branch office of the applicant firm is located in the same state as the least 5 years and headed by a partner of the firm 1 point if either the branch is in existence for less than 5 years but more than 3 years or is headed by a qualified employee 	5	<p>Latest firm constitution certificate issued by ICAI.</p> <p>Date of establishment of the branch and name of Partners/ CA qualified employee in charge of the firm.</p>
		Total	100	

Terms of Reference for an Internal Auditor for Internal Audit of State AIDS Control Society, UT of Daman & Diu, under the National AIDS Control Programme Phase-IV

Background

The State AIDS Control Society, UT of Daman & Diu, is a registered Society which is implementing the centrally sponsored National AIDS Control Programme being implemented by National AIDS Control Organisation (NACO) as per the memorandum between the Government of India and State Government.

Objectives

Internal Audit is a control that functions by examining and evaluating the adequacy and effectiveness of other controls throughout the organization. The objective of the current internal audit is to seek a professional opinion on the adequacy of internal control framework and adherence to the internal control procedures provided in various guidelines, manuals etc., identifying areas for improvement and critical weaknesses, if any and that funds received and expenditure incurred for the accounting period are in accordance with the laid down financial regulations, procurement procedures and other orders issued from time to time and that proper accounts are maintained at all levels.

Scope

The scope of work will include a quarterly audit of SACS, all NGOs¹ and a sample of the peripheral units other than NGOs i.e. district agencies, ICTCs, blood banks, medical colleges, schools etc.) which receive funds from SACS for implementing project activities. The responsibilities of the internal auditor includes reporting on the adequacy of internal controls, accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with NACP-IV financial norms and State Government procedures. While conducting the audit, specific attention should be given to the following:

- (a) The internal audit activities should include payment audit as well as independent appraisals of the financial, operational and control activities of the programme.
- (b) Funds have been used in accordance with the relevant financial norms and financial regulations with due attention to economy and efficiency, and only for the purpose for which the financing was provided.
- (c) There is a proper financial and administrative delegation of power and expenditures incurred/advances provided are properly authorized as per the financial and administrative delegation approved by the Executive Committee. Comment on the adequacy of the delegation.
- (d) Whether there is adequate segregation of duties and controls?
- (e) Generally accepted accounting principles are followed by all entities who are authorized to incur expenditure under National AIDS Control Programme.
- (f) Goods, works and services financed have been procured in accordance with relevant provisions of the Procurement Manual. The procurement checklist attached to TOR will need to be completed for the contracts verified in the audit.
- (g) Adequate and proper supporting documents, namely, purchase orders, tender documents, invoices, vouchers, receipts, pay bills, TA bills etc. are maintained and linked to the transactions.
- (h) Whether clear linkages exists between the books of accounts and reports presented to the Government of India (by SACS) and to SACS (by the peripheral units)?

- (i) Expenditure incurred under NACP-IV is in accordance with the financial norms prescribed in the NACP-IV framework or any other clarifications issued from time to time.
- (j) Expenditure is incurred with reference to the budget allocation approved by NACO. In case the budget allocation is exceeded, proper re-appropriation duly approved by the competent authority has been obtained.
- (k) Reconciliation of bank statements and accounts is regularly carried out on a monthly basis.
- (l) System of settlement of advances and whether the peripheral units are timely in the settlement of advances; whether there is a system of adequate review and approval before the settlement and there is evidence of the review.
- (m) Constraints if any in the timely updating of CFMS and in adhering to the internal control procedures.
- (n) Procurement, contracting, disbursement and monitoring of NGOs/CBOs is carried out in line with the NGO/CBO guidelines. Where the internal auditor is also responsible for the on-site audit of NGOs/CBOs, such audit will be carried out as per the TOR provided in the NGO/CBO guidelines.
- (o) The audit comment should be backed by specific instances found in the accounts of the society and deviation from prescribed procedure must be identified.
- (p) The statutory Auditor is also required to audit the accounts of STRC for the funds released by SACS as well as by NACO.

A checklist (covering FM and procurement issues) is provided along with the TOR as a guidance to the internal auditors. This should be attached and submitted along with the audit report.

Sample & Frequency

The peripheral units (other than NGOs) will be selected in a manner such that each unit is covered at least once in three years. The frequency and prioritization will be carried out by SACS based on the number of such units, quantum of funds flowing to these units, whether it is a one time or a recurring activity. NGO/ CBO on site audit will be done once in six months.

Timing for audit and submission of the audit report

Quarter of Audit	Audit of SACS *	Audit of Peripheral Units	Submission of Report
June		July 16-30	Aug 15
September	Oct 10-15	Oct 16-30	Nov 15
December		Jan 16-30	Feb 15
March	April 20-25	Apr 16-30	May 15

* activities in SACS are to be audited on a six monthly basis and peripheral units on a quarterly basis.

Outputs required of the Internal Auditor

The internal auditors should furnish a quarterly audit report (along with checklists) to the State Project Director with an executive summary of the critical issues/ finding that require attention of the senior management. A copy of the executive summary must be sent to NACO and a copy of the report must also be placed before the Executive Committee of SACS. The report should be structured in a manner giving observations/ weaknesses, implications, suggestions for improvement and the management comments. Status of actions taken by the management on the recommendations of the previous report should also be provided.

General

Period of appointment:

The auditor would be appointed for a period of one year beginning April 1st 2017 and cover the Financial year ending on March 31st 2018.

The auditor should be given access to all legal documents entered into with the World Bank and DFID, Project Implementation Plan, books of accounts, NGO/CBO guidelines, procurement manual, financial management manual, scheme books and any other information associated with the programme and deemed necessary by the auditor.

Review

A review committee consisting of Project Director, Head of the financial management group at the State AIDS Control Society will review the internal audit report submitted by the internal auditor and take further remedial measures on the discrepancies pointed out in internal audit.

Checklist Format

Sr No.	Activity	Particulars	Y	N	Remarks
1.	Payment & Receipts	<ul style="list-style-type: none">Are the payments for expenditures in line with the approved annual work plan?Are the payments properly approved in line with the financial delegation?Are the supporting documents filed properly and easily accessible?Is there a serial control over payment, receipt and journal vouchers?Are the expenditures/ payments charged to the correct account code and head of expenditure?Is the system generated voucher used as the basis for approval of paymentsComment on a process flow improvements that can be made.			
2.	NGOs	<ul style="list-style-type: none">Is there a TSU to support NGO/CBO activities and does it have a finance staff?Has the financial management capacity of the NGO been assessed by the TSU and the process documented during the selection process?Are there any critical FM capacity issues identified during selection process and how are these planned to be addressed?Does the contract with the NGO contain the Financial Management aspects?Are the tranche release to NGOs in			

		<p>compliance with the contractual obligations and in adherence to the NGO/CBO guidelines?</p> <ul style="list-style-type: none"> • Are funds released without settlement of previous advance or without receipt of quarterly financial report? • Are the NGOs/CBOs timely in submitting financial reports to the SACS/PSU? If not what actions are being taken to address this issue? • Is the financial review of NGOs by the TSU adequate in terms of quality and frequency? • Are on-site visits to the NGOs made by the finance staff of the TSU? • Have annual audited financial statements been received from the NGOs. • Carry out on site (where covered under the scope of the audit) audit of NGOs/CBOs as per the TOR provided in the NGO/CBO guidelines and attach a separate report of the NGO/CBO covered • Where this is carried out by independent auditors, comment on the adequacy of the actions taken by SACS to address the observations of the auditors. 			
3.	Peripheral Units	<ul style="list-style-type: none"> • Has a sanction letter been issued for the proposed activity by the peripheral unit? • Are the financial management, financial reporting and date of settlement of advance indicated in the sanction letter? • Is the settlement done on time and supported by a proper utilization certificate? • Are subsequent tranches released without settlement of the first advance? • Comment on the quality and adequacy of the financial records maintained by the peripheral units (for the sample covered during the course of quarterly internal audit) - attach a separate sheet where necessary. 			
4.	Overall Monitoring of Advances	<ul style="list-style-type: none"> • Is the system for monitoring and control of advances adequate? • Advances Are there a large number of advances overdue 			

		<ul style="list-style-type: none"> Is a ageing report generated for review by the project director on a periodic basis 			
5.	Operation of Bank Account	<ul style="list-style-type: none"> Is the bank reconciliation carried out on a monthly basis? Are there any un-reconciled or un-accounted for balances? Are payments made by crossed cheque/draft? Is there adequate physical controls over cash, receipt book 			
6.	Fixed Assets	<ul style="list-style-type: none"> Have the procurement procedures prescribed in the Procurement Manual been followed by the SACS for procurement of assets purchased by the SACS? Are these supported by adequate and valid supporting documents? Are the assets procured documented in the fixed assets register giving its location etc.? Carry out a sample verification of fixed assets both in SACS and the peripheral units/ NGOs. Are assets received in kind also recorded in the fixed asset register giving the date of receipt, location etc.? Has a material been purchased for the project activity? Has the purchased material been entered in the stock register? Is it upto date and physical stock in agreement with book balances? 			
7.	Purchase of Goods & Services by SACS	<ul style="list-style-type: none"> Have the procurement procedures prescribed in the Procurement Manual been followed by the SACS for procurement of goods & services purchased by the SACS. Are these supported by adequate and valid supporting documents? Are goods (including drugs) being procured correctly recorded in the inventory register? Carry out a sample verification of inventory of consumables, drugs supplied to the NGOs and peripheral units. Are goods (ART drugs, test kits etc.) received in kind also recorded in the inventory register? Does the physical balance tally with the book balance? Comment on the variance 			

		if any.			
8.	Accounting	<ul style="list-style-type: none"> • Is the CFMS operational and upto date? • Are there any constraints in using the system? • Are back up processes adequate? • Have the financial reports for the previous quarter generated from the CFMS been sent to NACO in a timely manner? 			
9.	Other Issues	<ul style="list-style-type: none"> • Any other issues that the firm may like to address 			

Signature of the C.A. Firm.