

Request for Proposal (RFP)

**For appointment of Concurrent Auditor for
Karnataka State Health & Family Welfare
Society (KSHFWS) for the
Financial Year 2018-19**

[2018-19]

Request for proposal (RFP)

Karnataka State Health & Family Welfare Society (KSHFWS), a Society registered under the provisions of Karnataka Societies Registration Act, 1960 and state nodal agency for implementing Govt. of India sponsored flagship programme of National Health Mission (NHM) erstwhile NRHM seeks proposals from Chartered Accountant firms for providing concurrent audit services for the state health society for the financial year 2018-19. Details about the background of the auditee, units to be covered under audit, scope of work, terms of reference and process for selection of the Concurrent Auditor are given in the following paragraphs.

Terms of Reference(ToR)

Section I – Background

National Rural Health Mission (NRHM) of the Ministry of Health & Family Welfare was launched on 12th April, 2005 by the Government of India to improve medical facilities in all the area in the country. The NHM seeks to provide accessible, affordable and quality health care to the population, especially the vulnerable sections. It also seeks to reduce the Maternal Mortality Ratio (MMR) in the country from 407 to 100 per 1,00,000 live births, Infant Mortality rate (IMR) from 60 to 30 per 1000 live births and the Total Fertility Rate (TFR) from 3.0 to 2.1 within the 7 year period of the Mission. It has now been termed as National Health Mission (NHM). NHM is overarching NUHM also and includes Non-Communicable Diseases (NCD) as well.

2. One of the visions of the Mission is to increase public spending on health from 0.9% to 2-3% of GDP, with the improved arrangement for community financing and risk pooling. The NHM has provided an umbrella under which the existing Reproductive and Child Health Programme (RCH) and various National Disease Control Programmes (NDCPs) have been repositioned. National Urban Health Mission (NUHM) has also been added as submission of National Health Mission.

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

A. NHM-RCH Flexible Pool:

- RCH Flexible Pool.
- Mission Flexible Pool.
- Routine Immunisation.
- Pulse Polio Immunisation
- National IDD Control Programme.

- B. National Urban health Mission (NUHM).
- C. Flexible Pool for Communicable Disease:
 - National Vector Borne Disease Control Programme (NVBDCP)
 - Revised National Tuberculosis Control Programme (RNTCP)
 - National Leprosy Eradication Programme (NLEP)
 - Integrated Disease Surveillance Project (IDSP)
- D. Flexible Pool for Non-Communicable Disease, Injury & Trauma:
 - National Programme for Control of Blindness (NPCB)
 - National Mental Health Programme (NMHP)
 - National Programme for Health Care of the Elderly (NPHCE)
 - National Tobacco Control Programme (NTCP)
 - National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS)
 - Other New Initiative under Non-Communicable Disease Injuries and Trauma

4. Institutional and Funding Arrangements: For the implementation of the above programmes, MOHFW has required the creation of an Integrated Health Society at State and District levels (registered as a legal entity at the State and District under Societies Registration Act, 1860). Such integrated State Health Society (SHS) works in close coordination with the Directorate of Health & Family Welfare and District Health Societies (DHS) work in coordination with the Deputy Commissioner of District 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), Arogya Raksha Samities and Village Health & Nutrition Sanitation Committees. Certain activities may be managed at the State level such as drug procurement, IEC, civil works, training using specialized entities such as SIHFW, IEC Bureau, PWD, the Directorate of Health and Municipal Corporations for the urban health components. In addition funds are also released from SHS/ DHS to NGOs and private entities under public private participation (PPP) arrangements.

5. Funding & Accounting Arrangements: Funds for the various programs are transferred from 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 SHS on the basis of respective State Programme Implementation Plan (SPIPs) and approved Annual Work Plans which are prepared on the basis of District Health Action Plans

(DHAP) of each of the districts in the State. Under the umbrella of the integrated SHS/DHS each program has separate bank accounts, maintains separate books of accounts and other financial records as per the requirements of each program and also submit separate financial activity reports at varying frequencies to the respective monitoring unit in MOHFW (GOI). Bulk of the programme related expenditure happens through the DHS and field establishments/units like PHC, CHC, VHSC, ARS (Arogya Raksha Samithies). SHS transfers funds to DHS for programme implementation and in turn, DHS release funds to field establishments/units like PHC, CHC, VHSC, ARS etc., Monthly SoEs from the various implementation units are consolidated at the taluk level for onward submission to DHS. At DHS, SoEs received from the taluks are consolidated along with expenditure incurred by the DHS for onward transmission to SHS. At SHS, SoEs received from the DHSs are consolidated along with expenditure incurred by the SHS for onward transmission to GoI.

6. Financing by Development Partners/Donors: Some of the programs of NHM are also supported by development partners such as the World Bank, DFID, UNFPA, European Union, and GFATM etc. for which credit agreements have been entered into by GoI with the respective development partners.

7. Criteria for selection of auditors:

- i C&AG empanelled major audit firms:** Chartered Accountant firms those are empanelled with C&AG for the year 2018-19 and eligible for doing major PSU audits only will be eligible for the audit of the NHM programme. The letter issued by the C&AG regarding the empanelment and status of firm is eligible for major PSU audit generated from C&AG portal certified by the Authorised partner is required to submitted. In this regards firm have to submit the details about the firm as per **Form T-2**.
- ii Registered H.O./Local Branch office should be in the State Capital:** The firms should have H.O./Local Branch Office in the Bangalore. Such office must exist within the State for not less than three years as per the ICAI Certificate. (Letter of undertaking should be issued by the authorised partner of the firm in the **Form T-7**).
- iii** Firms have to be given 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.
- iv** Firm Constitution Certificate as at 01.01.2018 issued by the Institute of Chartered Accountants of India to be submitted.

- v Audited financial statement for the last three years (FY 2015-16, FY 2016-17 and FY 2017-18) in support of the firm fees earnings or turnover certificate issued by the other chartered accountant mandatorily to be submitted.
- vi The CA firm engaged for the concurrent audit and Statutory Audit of State Health Society for the FY 2017-18 not eligible to participate in the tender.
- vii The firm should have carried out at least Two Statutory Audit of public sector undertaking (other than Branch of Banks) and two audit assignments in the state/central social sector (excluding Audit of Charitable Institutions & NGOs) or externally aided projects. Copies of appointment letters as a proof of experience mandatorily to be submitted.
- viii The firm or any partners of the firm should not be black listed by any PSUs or Govt. Co. or any other organisation in respect of any assignment or behaviour. [Self-attested affidavit on Rs.100/- stamp paper is to be given in this regard by the authorised person of the firm].
- ix Any firm not qualifying on these minimum criteria need not apply as its proposal shall be summarily rejected.

8. Penalty for non-performance/non satisfactory:

If the services were not performed as per the ToR prescribed in the RFP, the fees to such portion of non-carrying/non-performance of work may be deducted from the contract value. If there is any professional negligence is observed by the state health society in carrying out the work by the chartered accountant firms, the name of such firms will be referred to Central Government, State Government and Institute of Chartered Accountants of India for taking suitable Disiplinary actions against those firms.

Section II

CONCURRENT AUDIT

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

Independent Chartered Accountant firm is needed to be appointed at State Level 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 should include reporting on the adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with financial norms and procedures of the operational guidelines.

The scope of work of “State Concurrent Auditor” is as follows:

- Audit of the State Health Society(SHS) accounts and expenditure incurred by SHS
- Verification of Quarterly Financial Management Reports 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 Action Taken Reports(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 Mission Director or Chief Finance Officer

Frequency

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

Coverage

- The State Concurrent Auditor should ensure coverage of all State Health Society units including Non NHM Schemes situated at state level if any implemented by the State Health Society.
- The major institutions to which State Health Society is funding at the State Level i.e State Institute of Health and Family Welfare (Training Institutions), Chief Engineer (HFW) (Civil Works including four divisions located at Bengaluru, Mysuru, Dharwad and Gulbarga), Karnataka State Drugs, logistics and warehousing society (Procurement of drugs and equipments) and any other state level agencies.

Appointment & Selection of Auditors

- Appointment and selection of the state level concurrent auditors will be done by the respective State Audit Committee through Open Tender System. The tender document should be advertised through a central advertisement at the state level. Terms of Reference should be provided to all firms in order to receive their Technical Bids.
- Interested firms should submit their bids in two parts- Technical and Financial bids. Both the bids should be submitted in two separate sealed envelopes, which should be opened in meeting of the audit committee.
- The audit committee would first open the technical bids and evaluate them on the basis of the criteria as prescribed in the advertisement.
- Financial bids of only technically qualified firms should be opened by the committee and audit should be awarded to the lowest bidder.
- If the lowest financial bidder does not agree to undertake the audit work within the prescribed audit fee or the audit committee 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.
- Once selection is finalised by SAC, the same may be intimated to Principal Secretary Health for his concurrence.

Remuneration

- The fee structure for the concurrent auditor should be decided keeping in mind overall scope and coverage of audit. However actual fees for state level audits should be decided through competitive bidding process.
- The state audit committee can take a view on the rationalization of fees before approving the same and can also make suitable modifications to limits for the audit fee taking into account factors such as, inflation.
- The decision on remuneration should be judicious and balanced.
- If the services were not performed as per the ToR prescribed, the fees to such portion of non-carrying/non-performance of work may be deducted from the contract value.

Term of appointment of the Auditor

- At the state level, the concurrent auditor appointed once can be retained/ reappointed for a maximum of three years i.e. current year and two years (1+2).
- However, the contract awarded should be for one year at a time and should be renewed next year on the basis of review of auditor's performance.

Contents of Audit Report

Concurrent Audit Report of a “State Health Society” should contain the following financial statements and documents:

- Duly filled in Checklist provided in the guidelines
- Financial statements as prescribed
 - Audited Trial Balance
 - Audited Receipts & Payments A/c
 - Income & Expenditure A/c
 - Balance Sheet
 - Audited Statement of Expenditure
 - Bank Reconciliation Statement
 - List of outstanding advances
- Observations and Recommendations of Auditor – particularly covering the following aspects:
 - Deficiencies noticed in internal control
 - Suggestions to improve the internal control
 - Extent of non-compliance with Guidelines issued by GOI
- Action Taken by State Health Society on the previous audit observations, along with his observations on the same

Notes:

The reports at the state level will include consolidated report of NHM-RCH Flexible Pool, National Urban health Mission, Flexible Pool for Communicable Disease and Flexible Pool for Non-Communicable Disease, Injury & Trauma. In addition, it should also include instances of misappropriation/ unauthorised diversion of funds as noticed during the audit.

Quarterly Executive Summary

- The state is required to send a **Quarterly Executive Summary** to the Centre by compiling the observations from the State as well as District Concurrent Audits (**Format** attached as *Annexure*).
- The executive summary should provide information on aspects like quality of FMRs, maintenance of books of accounts, advances, compliance with audit observations etc.
- It shall be signed by both the concurrent auditor and the Mission Director at state level and sent to the Mission Director, MOHFW.

Key Timelines

The key timelines which need to be adhered to are summarized below:

Activity	Timeline
Carrying out concurrent audit	Monthly
Submission of Audit Report by Auditor to SHS	10 th of the next month
Submission of soft copy of the consolidated executive summary & Action Taken Report to the Mission Director, MOHFW	Quarterly- by 20 th of the first month of the next quarter
Submission of the executive summary report by the SHS to Centre	Quarterly – by 25 th of the first month of the next quarter

Monitoring and evaluation

- FMG should compile the ATRs of the state and submit it to the Chief Finance Officer and Mission Director of the State at the end of every quarter.
- These reports will indicate the actions to be taken emerging from the latest audit reports including responsibility of implementation and timelines as well as provide the current status on action taken on the past observations.
- Soft copy of the consolidated ATR shall be mailed to the Mission Director, MOHFW or Director finance (NHM), MOHFW along with the soft copy of the quarterly executive summary.
- The auditor's fees shall be released after acceptance of the report by the Chief Finance Officer of the state.

Indicative format of ATR is as follows:

S. No	Observation	Action to be taken	Responsibility to Implement	Timeline agreed	Current Status

- In order to effectively handle the audit observations, they should be classified as 'material' and 'non-material' based on their impact. Observations related to system deficiency should also be separately noted for system improvements.

Responsibilities of SHS

- **Submission & Compilation of Monthly Audit Reports**

Overall responsibility of monitoring the progress, timely submission and compilation of monthly audits should be of the Chief Finance Officer of state who may be supported by the FMG staff.

- **Compliance of Audit Observations**

Chief Finance officer is responsible for compliance of audit observations made in the audit report within the time limit prescribed.

- **Timely Closure of Books of Accounts**

SHS finance personnel need to ensure timely closure of books of accounts. Draft trial balance, income and expenditure a/c and balance sheet should be prepared and kept ready. This will facilitate in commencing audit quickly.

- **Production of relevant documents for Audit**

The State Health Society and its district programme units, along with CHCs/ PHCs and other Programme implementing agencies shall be under obligation to provide the following:

- Books of Accounts
- Prescribed Registers

- Files regarding purchases of all types of goods/ items
- Files of Construction works
- Any other document requested by auditor in support/ reference of the above

The responsibility for the same shall lie with the Chief Finance Officer & Mission Director at the State Level.

The documents shall be handed over to the auditors and receipt should be obtained of any such record which shall be returned to the in- charge of the audit party once the records are given back.

- **Facilitation of the Audit**

The following arrangements need to be made for the auditors:

- To provide proper space for sitting during conduct of Audit
- To provide requisite explanations & documents on the queries raised by the auditor during audit
- To provide auditors with ATRs on previous audit observations without any delay
- To arrange payments to the Auditor at the agreed times

- **Provide Relevant Guidelines issued by GoI to Auditors**

All relevant guidelines issued by GoI should be provided to the auditors before the audit work starts.

Few Important points – things to remember

- Audit Reports should be submitted on a monthly basis or quarterly as per GoI guidelines.
- In case of programme implementing units visited during the audit, the audit report should contain a separate checklist for each unit covered and respective observations should also be included.
- The audit report should also cover qualitative issues emerging from the audit other than the financial statements.
- Checklists should be thoroughly filled and each aspect should be adequately elaborated. Observations reported on accounting and internal control issues should be properly detailed and substantiated
- Financial statement of NDCPs should be included in the consolidated audit report and audited
- Soft copy of the consolidated executive summary & ATR (district and state) should be mailed by the Chief Finance Officer at the state level to Mission Director in the Ministry of Health & Family Welfare on quarterly basis.

Section III - Guidelines for submission of proposals

A. General Guidelines

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

Technical proposal should be submitted in original and a copy. The original and the copy 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.**” Envelopes containing 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. These circumstances may be a case for Proposal rejection. If the Financial Proposal is not submitted in a separate sealed envelope duly marked as indicated above, this will constitute ground for declaring the Proposal as non-responsive.

Team Composition for the assignment

The key personnel in the audit team, their minimum qualifications, and their anticipated inputs are indicated below:

- The audit team should be led by a Partner who is a CA with a minimum of 15 years of post-qualification experience and adequate experience (not less than 8 years) in the audit of Social Sector/Govt. Sponsored schemes and with good exposure to Govt. system of budgeting, accounting etc.,
- Day to day management of the review should be the responsibility of one Manager/Partner having more than 10 years of post-qualification experience as a practicing Chartered Accountant and adequate experience in the audit of Social Sector/Govt. Sponsored schemes and with exposure to Govt. system of budgeting, accounting etc.,
- In addition, the audit team should include sufficient number of trained staff (review, senior, junior staff etc.), commensurate with the size and scope of the assignment.

Association with Other firms: Firms submitting proposals cannot associate with other firms.

Single Proposal: A firm should submit only one proposal. If a firm submits or participates in more than one proposal, all such proposals shall be disqualified.

All agencies must comply with the Technical Specification, General Conditions and Format/Requirements for Technical and Financial proposal.

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.

Financial proposals submitted by the firm should be valid for 6 months from the date of submission of the proposal by the firm.

Each page, Form, Annexure and Appendices of the Technical and Financial Proposal must be signed by the Authorised signatory of the firm.

All blank spaces in the financial proposal must be filled in completely where indicated, either typed or written in ink.

State Health Society (SHS) reserves the right to accept or reject any application without giving any explanation and change the evaluation criteria as per its requirements in the interest of the organisation.

B. Technical Proposal

Letter of Transmittal (*Form T-1*)

Details of the Firm along with Details of Partners (*Form T-2*),

Details of Qualified Staff & Semi-qualified Staff (*Form T-3*),

Details of the Team Composition (*Form T-4*): Firm must provide the structure and composition of the team which shall be deputed for conducting the audit in the SHS and other spending centres. Firm should provide the Curriculum Vitae of the key personnel (Review Partner and Manager/Partner in charge of day to day management of the audit responsibility) who would be leading the audit teams and the overall audit assignment.

Description of Approach, Methodology & Work Plan for performing the Audit of SHS (*Form T-5*)

Brief details of the relevant experience (*Form T-6*)

Letter of undertaking for having the local office in the state (*Form T-7*)

C. Financial Proposal

The financial bid shall be submitted for the professional (audit) fee to be charged by the firm. This audit fee shall be inclusive of the TA/DA and taxes (Goods and Service tax) as applicable. The financial bid shall be submitted as per *Form F-1*.

Percentage (or proportion) of funds involved/turnover shall not be basis for quoting the audit fee.

Letter of Transmittal

To,
Mission Director,
Karnataka State Health & Family Welfare Society,
National Health Mission
#101, IPP Building, Ist Floor, NHM Mission Directorate,
Anand Rao Circle, Bangalore – 560 009

Dear Sir,

We, the undersigned, offer to provide the audit services for Karnataka State Health & Family Welfare 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 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, Karnataka is not bound to accept the lowest or any proposal or to give any reason for award, or for the rejection of any proposal.

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

Yours faithfully,

()

Form T-2**Particulars/Details of the Firm**

Sl. No.	PARTICULARS	Supporting Documents required to be submitted along with this Form
1	Name of the Firm	
2	Addresses of the Firm:	
	Head Office	Phone No: Fax No: Mobile of Head Office In-charge:
	Branch Office/s (Particulars of each branch to be given)	Phone No: Fax No: Mobile of Branch Office In-charge:
3	Firm PAN No.	Attach copy of PAN card
4	Firm GST Registration No.	Attach copy of Registration
5	Firm Registration No. with ICAI	Attach copy of certificate issued by ICAI regarding firm status as at 01.01.2018
6	Empanelment No. with C & A G and eligible for major PSU Audit for FY 2018-19	Document supporting empanelment with C & AG and status of eligibility for major PSU audit.
7	No. of Years of Firm Existence & Date of establishment of Firm	Attach copy of certificate issued by ICAI regarding firm status as at 01.01.2018
8	Turnover of the firm in last three years	Audited financial statement for the last three years (FY 2015-16, FY 2016-17 and FY 2017-18) in support of the firm fees earnings or Turnover certificate issued by the other chartered accountant.
9	Annual Turnover for last 3 years with breakup of fee towards Audit, Income Tax matters and others	Provide a Chart
10	Audit Experience of the Firm in the last three years: 1. Number of Assignments in Statutory Audit – Public Sector Units 2. Number of Assignments in Social Sector Audit (Other than audit of Charitable Institutions)	Copy of the Offer Letter & the Fee Charged. Copy of the Offer Letter & the Fee Charged.
11	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.,	Attested copy of Certificate of ICAI as on 01.01.2018.

	<ul style="list-style-type: none"> • Qualification • Experience • Whether the partners is engaged full time or part time with the firm. 	
--	--	--

Form T-3

A. Details of Partners/Paid Qualified Staff(Chartered Accountants)

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

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

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

Form T-4

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

Name	Position in the Team	Educational Qualification	Key Responsibilities or Task Assigned	Relevant Experience	Number of Man days estimated for task completion	Proficiency in local language (Read & Write)

Form T-5

Description of Approach & Work Plan for performing Concurrent Audit of SHS

- A. **Technical Approach** : the firm should explain the understanding, the objectives of the assignments, approach to the services, methodology for the carrying out the activities and obtaining the expected output, and the degree of the detail of such output.
- B. **Work Plan**: The firm should propose the main activities of the assignment, their content and duration, phasing and inter relations and deliverables under the assignment. Proposed work plan should be consistent with the technical approach showing understanding of the ToR and ability to translate them in to a feasible working plan.

Form T-6

Brief of Relevant Experience:

A. Experience of audit in relation to Externally Aided Projects/ Social Sector Projects (Excluding the audit of Charitable Institutions and NGOs) for the last three years						
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	Attach Work or Assignment award contract/letter by the Auditee Organization

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

To,
Mission Director,
Karnataka State Health & Family Welfare Society,
National Health Mission
#101, IPP Building, Ist Floor, NHM Mission Directorate,
Anand Rao Circle, Bangalore – 560 009

Sir,

We, the undersigned offer to provide the audit services for Karnataka State Health & Family Welfare 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 of Karnataka from.....(date, month and year) and is currently situated at address proof (photocopy of letter for incorporation of firm, lease agreement, phone connection, Electric Connection etc..) in regard of this office in the state is enclosed herewith for needful.

We hereby also give an undertaking that the firm's staffs deputed for the audit are proficient in State official language of kannada, 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

()

Encl:

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

FORMAT FOR FINANCIAL BID

Item or Activity	Total Amount (in Rupees)
Audit fee inclusive of TA/DA and Goods and Service tax. Note: Percentage of funds involved shall not be a basis of quoting the Audit Fee.	Both in Numeric and in Words. A. Audit fees and TA/DA per annum Rs. _____ B. Goods and Service tax Rs. _____ C. Total fees per annum (A+B) Rs _____ (Rupees _____).

Section IV – Selection Process of the Auditor

Selection Methodology

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

First Stage

Only Technical Proposals shall be opened first for all the firms.

Thereafter, a technical evaluation shall be carried out.

Second Stage

Financial proposals shall be opened only for those firms who have qualified on Technical Parameters. Financial Proposals of the firms which have not qualified on technical parameters shall not be opened.

The Firm with the least quote shall be the L1 firm, for whom the contract shall be awarded.

Award of Contract

On completion of the selection process, the firm selected shall be awarded the contract of audit of SHS by issuing the Letter of Award (LoA). The firm should execute a Contract as per Form C-1 with the State Health Society (SHS) within one week of the award of the issuance of LoA.

SAMPLE CONTRACT FOR AUDIT FIRMS

CONTRACT

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

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

WHEREAS, the Auditor is willing to perform these services,

NOW THEREFORE THE PARTIES hereby agree as follows:

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

2. Term The Consultant shall perform the Services during the period commencing *[insert starting date]* and continuing through *[insert completion date]*, or any other period as may be subsequently agreed by the parties in writing.

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 Goods and Service tax obligations that may be imposed on the Auditor. The Goods and Service tax obligations shall be paid by the Client separately as applicable.

B. Schedule of Payments

The schedule of payments is specified below:

The Auditor’s fee shall be paid upon the Client's receipt of the final report, for each month, acceptable to the Client.

C. Payment Conditions

Payment shall be made in *Rupees*, not later than 30 days following submission by the Consultant of invoices in duplicate to the Coordinator designated in paragraph 4.

4. Project Administration

A. Coordinator.

The Client designates Chief Financial Officer 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: _____