



Odisha State Health & Family Welfare Society

Department. of Health & Family Welfare, Government, of Odisha
Annex Building of SIH& FW, Nayapalli Unit-8. Bhubaneswar-751012
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SELECTION OF AUDITORS - REQUEST FOR PROPOSAL

HIRING SERVICES OF A CHARTERED ACCOUNTANT FIRM FOR STATUTORY AUDIT OF STATE HEALTH SOCIETY (SHS) & DISTRICT HEALTH SOCIETIES (DHSs) - (FOR THE FINANCIAL YEAR 2018-19) UNDER NATIONAL HEALTH MISSION (NHM), ODISHA.

The Odisha State Health & Family Welfare Society (State Health Society) invites "Proposal for audit" from firms of Chartered Accountants (CA) empanelled with C&AG of India and eligible for major PSUs audit for the year 2018-19 and having Head Office or Branch Office in Odisha State capital i.e Bhubaneswar for not less than three years as on 01.01.2019.

Minimum payable fees fixed is Rs 8,79,550/-.

Detailed 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.nhmodisha.gov.in or this can be collected from the O/o Mission Director, National Health Mission, Odisha, Health Family Welfare Department, Government of Odisha, Annex Building of SIH&FW, Nayapalli, Unit-8, Bhubaneswar, Odisha, PIN : 751012 between 29 May 2019 and 3 June 2019 (10.30 am to 05.00 pm on all working days).

Important Dates:

- i. Last date for collection of RFP from Office of SHS : 3 June 2019 (10.30 am to 05.00 pm)
- ii. Date for pre-bid conference: : 7 June 2019 (04.00 pm)
- iii. Last date for submission of Proposal to SHS : 20 June 2019 (01.00 pm)
- iv. Date of opening of bid: : 20 June 2019 (03.30 pm)

Venue for all the above activities: Conference hall of the Mission Directorate, NHM, Odisha

Sd/-
Mission Director,
NHM, Odisha

Request for Proposal (RFP)

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

[2018-19]

REQUEST FOR PROPOSAL (RFP)

The Odisha State Health & Family Welfare Society (SHS) seeks to invite Proposal from 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 2018-19* for conducting the statutory audit of State Health Society (SHS) and 30 District Health Societies (DHSs) and State level Disease Control Offices under the National Health Mission, Odisha for the FY 2018-19.

The details about the background of the auditee, the units to be covered in the audit, scope of work, terms of reference, and the eligibility criteria for selection of the CA firms 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. From 2013-14 onwards the NRHM programme has been subsumed under the umbrella programme of National Health Mission. 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 40 to 30 per 1000 live births and the Total Fertility Rate (TFR) from 3.0 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), various National Disease Control Programmes (NDCPs) and Non-Communicable Disease (NCDs) 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 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** 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), National Programme for Fluorosis (NPF).

B. National Urban Health Mission (NUHM) Flexible Pool.

C. Flexible Pool for Communicable Diseases:

- a) National Vector Borne Disease Control Programme (NVBDCP),
- b) Revised National Tuberculosis Control Programme (RNTCP),
- c) National Leprosy Eradication Programme (NLEP),
- d) Integrated Disease Surveillance Programme (IDSP).

D. 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).

In addition, statutory audit of the following non-NHM programmes are to be carried out by the Statutory Auditor for the year 2018-19:

- AYUSH, OHSP, MNGO, 10031 Paraamedics, Swasthya Sanjog, MHU (Arogya Plus), NIPI, Empowered Action Group (EAG), Panchavyadhi, PNDT, EC-SIP, OSDMA, OEMAS, NRHM IEC, Diseases Surveillance; BMW, Yashoda, Public Health Response, NPPCD, NPPC, PVTG, Cancer Chemotherapy, IPD DEID Award Money, NMBS, Corpus Fund, ICU training, Telemedicine, Cancer Screening, LSAS training (Meghalaya), IMNCI, DAMAN, EMAS, IMR and MMR Strategy Swasthya Sahay and NIDAN programme,.

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 (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 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 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 - individual 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 new format of 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 DHS, SHS and Consolidated District and State Health Societies at the end of each fiscal year and of the funds received and expenditure incurred for the accounting period ended March 31, 2019,
- (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 in this regard. The auditor should accordingly consider materiality when planning and performing (except where a certain minimum coverage of implementing units is specified) the audit to reduce the risk to an acceptable level that is consistent with the objective of the audit. In addition, the auditor should specifically consider the risk of material misstatements in the financial statements resulting from fraud.

8. **Criteria for Selection of Auditors**

A) C&AG empanelled major audit firms: Chartered Accountant (CA)
firms those are empanelled with C&AG for the year 2018-19 and eligible for conducting audit of major 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 (HO)/Local Branch Office in the State capital of Odisha, i.e. Bhubaneswar can only submit their bids. Such office must exist within the State's capital for not less than three years as on 1 January 2019 as per the ICAI Certificate. If the firms have branch office in the State Capital of Odisha, in such case they have to mandatorily furnish a self attested

certificate detailing the date from which the same has been functioning in the State Capital of Odisha and address, name(s) of the local head of the branch office and partner(s) with ICAI membership number(s) / authorized official and their contact telephone numbers etc. 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.

The self attested certificate as indicated above is to be assigned Annexure number.

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. Firms are to assign Annexure number to the said undertaking

E) CA firms eligible for audit: Chartered Accountant firms those are empanelled with the office of C&AG of India and having their H.O/ Branch office(s) in the State capital of Odisha i.e, Bhubaneswar eligible for conducting major PSU audits for the year 2018-19 only will be eligible for participating in the tender. However, the 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.

As per the guideline of ICAI, the minimum audit fee is fixed at Rs 8,79,550/- excluding Tax as applicable but including TA/DA for auditing the accounts of State Health Society, State level nodal Disease Control Offices and 30 District Health Societies and 40 per cent of the Blocks within each district. For this purpose, the State is divided into maximum of six (6) zones each comprising five (5)

districts and it is estimated that the bidding firm has to provide/ deploy at least six (6) audit teams each comprising four members headed by a qualified staff / Partner, one Semi qualified staff and two Audit Assistants and visit districts for a minimum number days to each district specified in the **Annexure -1** and (ii) there would be proportionate reduction in payment of audit fee in the event of failure of the firm to provide /deploy the full audit team comprising the members as stated above, for the specified number of days earmarked against each district / State level office as provided in the **Annexure-1** to the RFP. The proportionate reduction of fees would be to the extent of shortfall in deployment of audit team / desk as indicated under the caption 'penal provision 'below. For this, the visiting audit team has to obtain certificate of attendance of the members of audit team from the head of the office visited in prescribed form and furnish a copy of the same to the Mission Directorate, NHM, Odisha after completion of field visit.

- G)** After assignment of the audit, the firm has to furnish details of composition of each audit team mentioning the name, qualification and designation of the members, contact numbers etc.
- H) Penal provision:** There shall be proportionate reduction of audit fees to the extent of shortfall in deployment of audit team/ desk at the rate of Rs.1000/- for Partner/ Qualified staff, Rs.600/- for semi-qualified staff and Rs.400/- for audit assistants per day and the auditors shall take care that the aggregate reduction on above account remains maximum up to 15 percent of the total audit fee, excluding tax. This is in addition to the 'Penal provision' provided under para 13 (c) below for failure to complete the Audit on time. .
- I) 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 excluding 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 and the **Annexure-1**.
- J) Re-appointment of Auditor:** The auditor once appointed can continue for two more years subject to the satisfaction of the performance by the State and 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 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.

K) 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. The certificate as aforesaid is to be assigned Annexure number.

L) Selection of Statutory Auditor 2018-19 will be done on L1 basis in the financial bid. However, in case of more than one bidding CA firm became L1, the selection of auditor shall be done on the basis of highest number of marks secured from the following factors for which the bidding CA firms are to submit the required information and enclose the same to the bids:

Sl No	Criteria/ factor	Maximum Marks	Supporting documents to be furnished in proof of claim
1.1	Number of Partners of the firm - FCA (@ 3.5 marks for each FCA)	17.5	Constitution certificate of the firm from the Institute of Chartered Accountants of India (ICAI) as on 1 January 2019 or thereafter. (Note: A firm having FCAs in excess of five would be adjusted against if number of ACAs as the case may be as required under serial No.1.2 below are less than five for marking purpose only). (Please assign Annexure number to the certificate).
1.2	Number of Partners of the firm - ACA (@ 1.5 marks for each ACA)	7.5	Constitution certificate of the firm from the Institute of Chartered Accountants of India (ICAI) as on 1 January 2019 or thereafter. (Please assign Annexure number to the certificate).
2	Experience in Statutory Audit of units (other than branch audit of banking / Insurance / Finance/Electricity Distribution companies) in Commercial Sector in last three years (i.e., 2015-16, 2016-17 and 2017-18) the turnover of the audited organisation should not be less than Rs 50 crore.	50	Copies of (i) offer letter, (ii) audited (Signed) financial statements viz., Balance sheet, and Profit & Loss Account of each unit audited. (Please refer Annexure-2 of the RFP for furnishing the details of assignment letter etc. and other information in

	Upto 10 units - 20 marks 11 to 20 units - 35 marks > 20 units - 50 marks		respect of each unit audited under Commercial sector.) (Please assign Annexure number to each of the financial statement enclosed to the bid documents).
3	Average Turnover of the firm during the years 2015-16, 2016-17 and 2017-18 Up to Rs One crore - 10 marks > Rs one crore and upto 3 crore - 15 marks > Rs 3 crore and upto Rs 5 crore - 20 marks > Rs 5 crore - 25 marks	25	Copy of firms audited (Signed) Profit & Loss Accounts of the years 2015-16, 2016-17 and 2017-18. (Please assign Annexure number to each of the P&L account enclosed).
	Total	100	

M) 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 30 June 2019 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 10th July 2019.
- g) The State should get the audit of all the District Health Societies completed by **31st July 2019** and the Audit Report issued before **31st August 2019**.
- (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 **30 September 2019**.
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 dolly.sehgal38@nic.in and in a C.D also 30 September 2019.

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 (GoI) 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% of **30** 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 2019.
- iv. Receipt and Payment Account for the year ending on 31st March 2019.
- 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 and 2018-19 as per prescribed format at **Appendix E-1, 2 and 3** 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 2018-19 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(s) 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 31st March 2019 with expenditure as per the Annual Audited Financial Statements in the FMR format only for the financial year covered by audit period identifying the variance and the reasons for the same. This has to be certified by the auditor.
- 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 summaries 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 **30 September 2019**, (i.e. within four 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 Utilisation 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 **31 July 2019** so that consolidated report of the State is not delayed and issued by **31st August 2019**.

Submission of the Statutory Audit Report by the prescribed date is 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 first week of July 2019 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 10th July, 2019. 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, Mission (HSS), RI, PPIP, NUHM, 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 the UCs should be signed by the Principal Secretary, Mission Director, 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 2019..... 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 Authorised 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 Head Office (H.O)/ Branch Office at Bhubaneswar in Odisha (Form U).** However, in case if NE States/ UTs where availability of Auditor is scare, 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,
Odisha State Health & Family Welfare Society,
Unit-8, SIHFW Annex Building Nayapalli,
Bhubaneswar - 751012

Sir,

We, the undersigned, offer to provide the audit services for [*Name of State Health Society*] in accordance with your Request for Proposal dated [*Insert Date*]. We are hereby submitting our Proposal, 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 misinterpretation 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,

()

Partner
ICAI Membership No

Form T-2**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 CGST and SGST Registration No.	Attach copy of Registration
5	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 as On 1 January 2019 or thereafter.
6	Empanelment No. with C&AG	Attach proof of empanelment with C&AG for the year under Audit (2018-19) confirming that the firm is eligible for major PSU audits.
7	No. of Years of Firm Existence & Date of establishment of Firm	Attach copy of Partnership Deed
8	Turnover of the Firm in last three years	Attach a copy of Balance Sheet and P & L Account of the last three years or a C.A. Certificate give Break-up of (2015-16, 2016-17 and 2017-18) Audit Fee and Other Fees Received.
9	Audit Experience of the Firm: 1. Number of Assignments in Commercial/Statutory Audit 2. Number of Assignments of Externally Aided Projects/Social	Copy of the Offer Letter & the Fee Charged for each assignment. (Relevant evidences to be given of the turnover and fee)

	Sector Project (excluding audit of Charitable Org.) Institutions &NGOs 3. Experience in the NHM audit	
10	<p>Details of Partners: Provide following details:</p> <ul style="list-style-type: none"> • Number of Full Time Fellow Partners associated with the firm <ul style="list-style-type: none"> • Name of each partner • Date of becoming ACA and FCA <ul style="list-style-type: none"> • Date of joining the firm <ul style="list-style-type: none"> • Membership No. • Qualification • Experience • Whether the partners is engaged full time or part time with the firm • Their Contact Mobile No., email and full Address (Attested copy of Certificate/letter of ICAI not before 01/01/2019) 	<p>Attested copy of Certificate of ICAI not before 01.01.2019</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 a. Audit fees----- (Including cost of TA/DA) b. Goods and Service Tax----- c. Total Fees----- Note: Percentage of funds involved shall not be a basis of quoting the Audit Fee.	Both in Numeric and in Words. Rs. _____/- (Rupees _____). _____.

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,
National Health Mission,
Odisha State Health & Family Welfare Society,
Unit-8, SIHFW Annex Building Nayapalli,
Bhubaneswar - 751012

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 of and 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

()

Partner
ICAI Membership No

Encl:
1.....
2.....

Selection Process of the Auditor:

For the purpose of the appointment of the statutory auditor for 2018-19, following points should be taken into account-

1. Open advertisement (as per Format for Advertisement as at Form-A) in leading newspapers at State level and National level for inviting proposals from CAG empanelled Chartered Accountant firms for statutory audit of State and District Health Societies should be issued first. A copy of the advertisement shall also be e-mailed to the Institute of Chartered Accountants of India (ICAI) for webhosting on ICAI website at secretary@icai.in & secretary@icai.org. (Format of the advertisement is enclosed) – A copy of the advertisement shall have to be sent to Financial Management Group (FMG) in MoHFW. Advertisement along with the detailed RFP shall also to be uploaded on the State's NHM website.
2. A pre-bid conference shall be held (date to be indicated in the advertisement) wherein queries/doubts of the potential bidders shall be clarified.
3. The Executive Committee of the SHS will form a Standing Committee on Audit (SCA) with suitable representation from programme and finance wings. The SCA should invariably be headed by the Director-Finance or other person nominated by the Mission Director. This SCA will also act as the Selection Committee for the selection of auditors. The SCA will subsequently monitor the audit process and the follow-up on audit paras and Action Taken Reports on those audit paras. After the selection of auditor by SCA, the same will have to be approved in the meeting of Executive Committee of the SHS.

The detailed schedule with regard to the tendering process shall be as under-

Advertisement: Advertisement should be made latest by the 28 May 2019 so the process of appointment of auditor is completed before 6th July 2019.

Last date for collection of RFP: 3 June 2019.

Date of pre-bid conference: 7 June 2019 (4.00PM).

Last date and time for submission of Proposal: 20 June 2019. (1.00PM)

Date and time of opening of Tender: On the day of closing of submission of proposal and after 2 hours of the closing time i.e. 20 June 2019. (3.30PM)

The selection process of auditor shall be subject to review by FMG, MoHFW, GOI / Office of Chief Controller of Accounts, MoHFW, GOI / Audit parties of the AG or any authorized person of the MoHFW, GOI.

The State at the time of selection of the Statutory Auditor must ensure that the firm was not engaged as Concurrent Auditor of the State during the year for which the auditor was engaged or if he has been appointed for the year 2018-19.

The selection will be done by selecting the firm having lowest quotation in Financial Bid (L-1) after finalizing the Technical proposal. While finalizing audit firms, the firms having H.O./Local Branch Office in the State capital of the same State for which the proposal is given may be given preference at the time of finalizing the financial bid. (Such office should be existed within the State for not less than three years as per the ICAI Certificate as of 1 January 2019). That is any firm with 2nd lowest financial bid may be considered for appointment for Statutory Auditor if that firm is having a head office or local branch office in that State.

On completion of selection process, the firm selected shall be awarded the contract of audit of SHS & DHS by issuing the Letter of Award (LOA). The firm should execute a Contract with the SHS within 02 weeks of the award of the issuance of LOA.

In case the bidding firm is found not suitable for audit on any reasonable ground like information by the Ministry/ ICAI/ any State etc., State may reject such proposal without giving any reason.

Form – A

Odisha State Health & Family Welfare Society

Department of Health & Family Welfare, Government of Odisha
Annexe Building of SIH&FW, Nayapalli, Unit-8, Bhubaneswar - 751012
e-mail : fmionrhmorissa @gmail.com, Phone/ FAX : 0674 2392479/ 80/ 88

SELECTION OF AUDITORS - REQUEST FOR PROPOSAL

HIRING SERVICES OF CHARTERED ACCOUNTANT FIRM FOR STATUTORY AUDIT OF STATE HEALTH SOCIETY (SHS) & DISTRICT HEALTH SOCIETIES (DHSs) - (FOR THE FINANCIAL YEAR 2018-19) under National Health Mission (NHM), ODISHA.

The Odisha State Health & Family Welfare Society (State Health Society), invites “Proposal for audit” from **firms of Chartered Accountants (CA) empanelled with C& AG of India and eligible for conducting audit of major PSUs for the year 2018-19 having Head Office or Branch office in Odisha State Capital i.e, Bhubaneswar for not less than three years as on 1 January 2019.**

Minimum payable fees fixed is Rs 8,79,550/-

Detailed 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.nhmodisha.gov.in or this can be collected from the O/o the Mission Director, National Health Mission, Odisha, Health & Family Welfare Department, Government of Odisha, Annexe Building of SIH&FW, Nayapalli, Unit-8, Bhubaneswar, Odisha, PIN : 751012 between 29 May 2019 and 03 June 2019 (10.30 am to 05.00 pm on all working days)

Important Dates:

- | | | |
|-----|---|--------------------------------------|
| i | Last date for collection of RFP from Office of SHS: | : 3 June 2019 (10.30 am to 05.00 pm) |
| ii | Date for pre-bid conference | : 7 June 2019 (04.00 pm) |
| iii | Last date for submission of Proposal to SHS | : 20 June 2019 (01.00 pm) |
| iv | Date of opening of bid | : 20 June 2019 (03.30 pm) |

Venue for all the activities: Conference hall of the Mission Directorate, NHM, Odisha,

Sd/-
**Mission Director,
NHM, Odisha**

Annexure-1

Sl.No	Team	Districts	Minimum no of working days to be visited	No of blocks in the districts	No of blocks to be covered in audit.	DHHs to be covered in audit.
1	Team-1	Jagatsinghpur	5	8	3	1
2		Kendrapada	6	9	4	1
3		Dhenkanal	5	8	3	1
4		Angul	5	8	3	1
5		Cuttack	7	14	6	1
6	Team -2	Balasore	7	12	5	1
7		Bhadrak	5	7	3	1
8		Jajpur	6	10	4	1
9		Keonjhar	7	13	5	1
10		Mayurbhanj	9	26	10	1
11	Team-3	Ganjam	9	22	9	1
12		Gajapati	5	7	3	1
13		Nayagarh	5	8	3	1
14		Khurda	6	10	4	2
15		Puri	6	11	5	1
16	Team-4	Koraput	7	14	6	1
17		Kalahandi	7	13	5	1
18		Malkangiri	5	7	3	1
19		Nawarangpur	6	10	4	1
20		Rayagada	6	11	5	1
21	Team-5	Nuapada	4	5	2	1
22		Balangir	7	14	6	1
23		Sonepur	5	6	3	1
24		Boudh	4	3	2	1
25		Kandhamal	7	12	5	1
26	Team-6	Jharsuguda	4	5	2	1
27		Deogarh	4	3	2	1
28		Sundargarh	8	17	7	2
29		Baragarh	7	12	5	1
30		Sambalpur	6	9	4	1
	Total		180	314	131	32

Annexure-2

(Ref: Para – 8L of the RFP in respect of past experience of the firm under commercial sector in last three years)

Name of the Chartered Accountants firm:

Statement showing details of the units audited by the firm in the commercial sector (other than audit of branch/ division accounts of banking, insurance and Financial companies etc.), types of audit, year of accounts audited during last three years (2015-16, 2016-17 and 2017-18).

Sl No.	Name and address including telephone Number(s) and e-mail id of the accounts of the unit audited	Whether copy of audit assignment letter enclosed* indicating letter No and date of the management (Yes/No)	Year of statutory audit conducted	Whether signed Financial Statements enclosed*
(1)	(2)	(3)	(6)	(7)
1.				1. Balance sheet: Annexure No * 2. Profit & Loss A/c : Annexure No*
2.				3. Balance sheet: Annexure No * 4. Profit & Loss A/c : Annexure No*
3.				5. Balance sheet: Annexure No * 6. Profit & Loss A/c : Annexure No*

*Please indicate the Annexure number

Certified that the information on the details of statutory audit carried out by the firm in respect of the audit of accounts of the commercial sector furnished above is true and at any time if any of the above information found incorrect/false, that I shall be held responsible for the same for taking any legal action that may deem fit including disqualification.

Name and Signature of Partner

Seal of the firm

