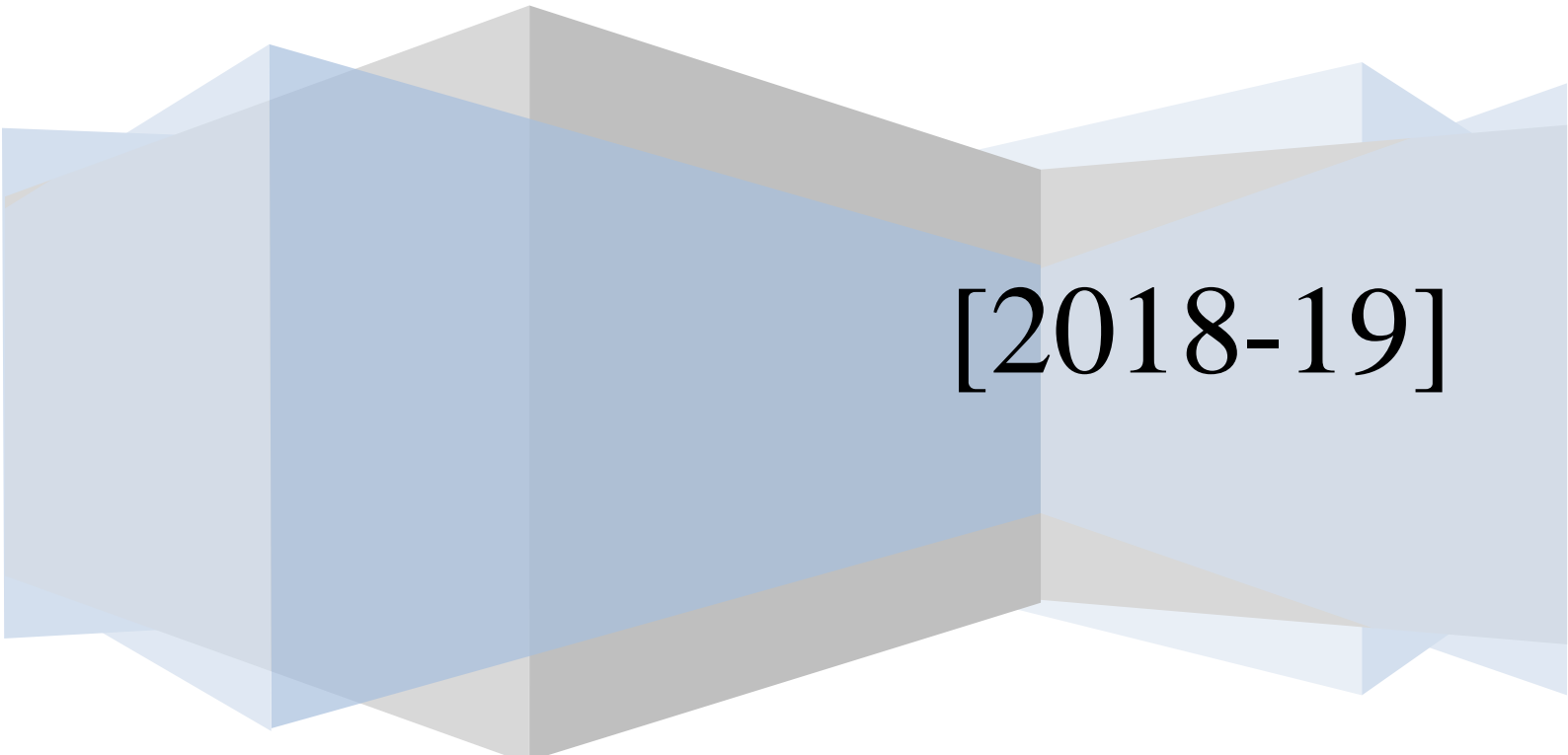


# **Request for Proposal (RFP)**

**Appointment of Concurrent Auditors for State Health Society Maharashtra (SHSM) and its Grantee Institutions for Audit of all programmes under National Health Mission including NDCPs & NCDs for the F.Y.2018-19.**



**[2018-19]**

**HIRING SERVICES OF CHARTERED ACCOUNTANT FIRMS FOR  
CONCURRENT AUDIT OF STATE HEALTH SOCIETY (SHS) AND ITS GRANTEE  
INSTITUTIONS FOR AUDIT OF ALL PROGRAMMES UNDER NHM INCLUDING  
NDCPs & NCDs FOR THE F.Y.2018-19.**

The State Health Society Maharashtra invites proposals from Chartered Accountant firms empanelled with C & AG and which meet all the conditions in the eligibility criteria listed below for carrying out the Concurrent Audit of the following units of State Health Society for the financial year 2018-19 as per the Terms Of Reference provided in the RFP.

**Eligibility Criteria:** The firm must (a) be empanelled with C & AG and ICAI; (b) have minimum 5 partners of which at least 3 full time partners who are fellow members of the ICAI for a period not less than 5 years (c) have an average turnover of Rs 40 lakhs p. a. in the last 3 years; (d) have carried out at least 5 assignments of Concurrent Audits of Corporate/PSUs entities; and (e) have at least 5 audit assignments in the Social Sector/Externally Aided Projects. (Other than Audit of Charitable Institutions & NGOs)

**Detailed RFP:** Detailed Request for Proposal (RFP) comprising Eligibility criteria, Background, Terms of Reference (ToR) and Guidelines for submitting the proposal can be either downloaded from the website [www.nrhm.maharashtra.gov.in](http://www.nrhm.maharashtra.gov.in) or can be collected from the O/o State Health Society Maharashtra from 16/11/2017 to 13/12/2017 between 11.00 a.m.to 5.00 p.m. on working days

**Important Dates:-**

- i. Last date for collection of RFP from office of SHS: - 13/12/2017 up to 12.00 p.m.
- ii. Date for pre-bid conference: - 27/11/2017 at 3.00 p.m.
- iii. Last date for submission of Proposal to SHS: - 13/12/2017 up to 2.00 p.m.
- iv. Date of opening of Technical bid: - 13/12/2017 at 4.00 p.m.

**Venue for Pre-bid Conference:** Pre-bid Conference would be held at the Office of State Health Society Maharashtra, 3<sup>rd</sup> floor, Arogya Bhawan, St. George Hospital Compound, CST, Mumbai – 01. (Ph. No. 02222717500).

**Sd/-  
Commissioner (FW) &  
Mission Director, NHM**

## **REQUEST FOR PROPOSAL (RFP) –**

State Health Society, Maharashtra, seeks to invite Proposals from **C& AG empanelled Chartered Accountants firms** meeting the minimum eligibility criteria for providing their services for the Concurrent Audit for the financial year 2018-19 of State and District Health Societies of the State including National Disease Control Programmes (NDCPs) and Non-Communicable Diseases (NCDs) & all other allied units like Health & Family Welfare Centres, Circle level Offices, Corporation level RCH Societies, Municipal Councils etc. implementing various programs under the National Health Mission.

The State Health Society Maharashtra (SHSM) seeks to appoint CA firms for the following units:

- A. One CA firm for Concurrent Audit of 1) SHS two Head Quarters i.e. Mumbai & Pune, 2) SHSRC Unit Pune, 3) IEC Buearo office Pune, 4) Transport Division Pune, 5) State level NDCPs Offices i.e. as specified in para 3-E of Section – I.
- B. One CA firm for Concurrent Audit of Thane district including eight Corporation level societies within Thane district namely, 1) Bhiwandi Corporation, 2) Kalyan-Dombiwali Corporation, 3) Mira-Bhiander Corporation, 4) Mumbai Corporation, 5) Navi Mumbai Corporation, 6) Thane Corporation, 7) Ulhasnagar Corporation, 8) Vasai- Virar Corporation and peripheral units there under.
- C. One CA firm each for Concurrent Audit of 33 districts (Including Corporations, Councils, and Cantonments Boards therein, excluding Thane district).
- D. One CA firm for Concurrent Audit of 8 Health & Family Welfare Training Centres & 8 Circle level Offices.

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

## **Terms of Reference (ToR)**

### **Section I - Background**

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

A. Reproductive and Child Health Programme: (RCH Flexipool)

B. Additionalities Under NRHM: (Mission Flexipool)

C. Operating Costs for Routine Immunisation & Pulse Polio Immunisation.

D. National Urban Health Mission (NUHM).

E. National Disease Control Programmes:

- National Vector Borne Disease Control Programme (NVBDCP)
- Revised National Tuberculosis Control Programme (RNTCP)
- National Leprosy Control Programme (NLCP)
- National Iodine Deficiency Disorder Control Programme (NIDDCP)
- Integrated Disease Surveillance Project (IDSP)
- Ayurveda, Unani, Siddha and Homeopathy (AYUSH)

**National Communication Disease (NCD)**

- National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS)
- National Programme for Control of Blindness (NPCB)
- National Mental Health Programme (NMHP)
- National Programme for Health Care of the Elderly (NPHCE)
- National Programme for Prevention and Control of Deafness (NPCCD)
- National Tobacco Control Programme (NTCP)
- National Oral Health Programme (NOHP)
- National Programme for Palliative Care (NPPC)
- National Programme for Prevention & Management of Burn Injuries (NPPMBI)
- National Programme for Prevention & Control of Fluorosis (NPPCF)

F. Others like: IEC Bureau - Pune, NGOs, State Health System Resource Centre (SHSRC), and Transport Division-Pune etc.

## **Institutional and Funding Arrangements:**

For the implementation of the above programmes an 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 the national or State Society Registration Act). This is against the earlier arrangement of having distinct legal units (societies) for each program/scheme. 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 District Collector, Chief Executive Officer- ZP and District Health Officer (DHO). Program implementation is done through its District Chief Medical Officer's office, Blocks, Community Health Centres (CHCs), Primary Health Centres (PHCs), Sub- Centres (SCs), Rugna Kalyan Samitties 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 SHSRC, IEC Bureau, PWD, the Directorate of Health and Municipal Corporations for the urban health components. In addition funds are also released to NGOs and private entities under public private participation arrangements.

## **Funding & Accounting Arrangements:**

Funds for the various programs are transferred to the Districts from the State Health Society, Maharashtra (SHSM) in the form of Grants-in-Aid to DIHFWS on the basis of respective District Programme Implementation Plan (DPIPs) and approved Annual Work Plans (AWP) 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 Society, each program has separate bank accounts, maintains separate books of accounts and other financial records as required under each program and also submit separate financial activity reports at varying frequencies to the respective monitoring unit SHSM.

## **Section II**

### **1. Objective of audit services:**

The objective of the audit is to ensure that SHSM, receives adequate, independent, professional audit assurance that the grant proceeds provided by SHSM to Districts, Corporations/ Councils/ Cantonments Boards, HFTWCs, Deputy Director Circle Offices, SHSRC and the NDCPs and other peripheral units are used for purposes intended in line with approved PIPs and AWP of individual programs and that the annual financial statements are free from material mis-statements.

The objective of the audit of the financial statements - State Health Societies financial Statements as well as the Financial Statements of the Districts, Corporations, HFTWCs, Deputy Director Circle Offices, SHSRC and NDCPs and the Financial Statements of all other peripheral units 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, FMR, Reconciliation of Expenditures as per Audited financial statements with the expenditure reported as per the Financial Monitoring Report (FMR)/ Statement of Expenditures (SOEs) is to enable the auditor to express a professional opinion as to whether the (1) the financial statements give a true and fair view of the received funds, Financial Position & the expenditure incurred by the individual SHSM, Districts, Corporations, Councils HFTWCs, Deputy Director Circle Offices, SHSRC and the NDCPs at the end of each quarter of the financial year. The funds were utilized for the purposes

for which they were provided and where the 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 SHSM and other implementing units shall form the basis for preparation of the individual DHS FMR, SOEs & financial statements as a whole.

2. **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.
3. **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; a specific report on this aspect would be provided by the auditor annually as part of the management letter;
  - b) Funds have been spent in accordance with the condition laid down by the Department of Health & Family Welfare, Government of India from time to time with due attention to economy and efficiency, and only for the purpose for which the financing was provided. Counterpart contribution from State Government, where required has been provided.
  - c) Goods and services financed have been procured in accordance with the relevant procurement guidelines issued by the GoI/ State Government. However, for various programmes, special attention must be paid to the requirements of the agreement between GoI and development partners (such as for RCH-II, 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) **Coverage of Implementing units : -**  
**The audit of below mentioned units with 100% coverage should be done.**
    - 1) State Health Societies two Head Offices i.e. Mumbai & Pune.
    - 2) All 34 District Integrated Health & Family Welfare Societies & allied peripheral units like Blocks, Civil Hospital, Rural Hospitals, Sub District Hospitals, Women Hospitals, Mental Hospitals, Primary Health Centres, Sub-Centres including NDCPs & NCDs (as specified in para 3-E of Section – I) at the district level as well as at State levels etc.
    - 3) All Corporation level Integrated Health & Family Welfare Societies & allied peripheral units like Health Posts, Cantonments Boards & Municipal Councils etc.

- 4) All 8 Health & Family Welfare Training Centres (HFWTCs) situated at Thane, Pune, Kolhapur, Nashik, Aurangabad, Amravati, Nagpur and PHI Nagpur & its peripheral units like District Training Centres, Block Training Centres, and Hospital Training Centres etc.
- 5) All 8 Deputy Directors Circle Offices situated at Thane, Pune, Nashik, Latur, Aurangabad, Nagpur, Kolhapur and Akola.
- 6) All National Disease Control Programmes & Non-Communicable Diseases as mentioned in para 3-E of Section – I at state as well as district levels.
- 7) State Health System Resource Centre (SHSRC) one unit at Pune.
- 8) IEC Bureau office, Pune
- 9) Transport Divisional office, Pune.
- 10) The auditor will also guide about all the tax returns & other respective taxes (PT/ TDS/GST etc.) and will ensure about timely payments to be made to concerned authorities.

While conducting the audit special attention should be given to the following units:-

<b>Sr. No.</b>	<b>Units</b>	<b>Numbers</b>
1.	SHS H.Q.	2
2.	Districts (Including NDCPs & NCDs)	34
3.	Municipal Corporations	26
4.	Municipal Councils	65
5.	Cantonment Boards	4
6.	UPHCs	746
7.	UCHCs	62
8.	1.HFWTCs	8
	2. DTTs	33
	3. HTT	23
	4.BTTs	7
71		
9.	Circle level offices	8
10.	SHSRC, Pune	1
11.	IEC Bureau office, Pune	1
12.	Transport Division Office, Pune	1
13.	Civil Hospitals	23
14.	General Hospitals	4
15.	Mental Hospitals	4
16.	Rural Hospitals	365
17.	Sub-District Hospitals	80
18.	Women Hospitals	11
19.	Blocks	355
21.	Primary Health Centres	1811
22.	Sub Centres	10580
	<b>Total units</b>	<b>14254</b>

**4. The focus of the initiative will be see that:**

- a. Accuracy is ensured in maintenance of books of account and these are maintaining on a timely basis.
- b. Advances are tracked, followed up and settle on a priority basis.
- c. Advances given to PWD, its track, completion of work and its Memorandum of Accounts.
- d. Exclude advances being shown as expenditure in the FMRs.
- e. Bring accuracy to the monthly/quarterly Financial Monitoring Reports based on books of accounts.
- f. Ensure voucher/evidence based payments to improve transparency.
- g. Enable timely and accurate submission of financial MIS to the management.
- h. Improve the accuracy and timeliness of financial reporting from peripheral units.
- i. Improve the internal control systems at the unit.
- j. Filing of Tax Returns in time.

**5. Audit report should consist of:-**

The quarterly Audit Report of the auditors should consist of the following statements & reports:

- i. Audited Trial Balance
- ii. Audited Receipt & Payment A/c
- iii. Income & Expenditure account.
- iv. Audited Balance Sheet
- v. Schedules there to
- vi. Age-wise report of Advances
- vii. Checklist duly filled in.
- viii. Observations & recommendations of auditors
- ix. Statement of physical verification of fixed Assets/ Stocks duly certified.
- x. Bank Reconciliation Statement & FMR of the quarter ended.
- xi. Other Schedules to the Balance sheet as appropriate, but which shall include
  1. Statement of Fixed Assets in the form of a Schedule,
  2. Schedule of Loans and Advances (Age-wise analysis)
  3. Schedule of all cash & Bank Balances (also attach bank reconciliation statements)
  4. Program wise Statement of Expenditure
  5. The Audit reports with the financial statements of NDCP's.
- xii. Notes on Accounts showing the accounting policies followed in the preparation of accounts in each unit and any other significant observation of the auditor.
- xiii. Scheme wise Statement of Expenditure (SoE) & Utilization Certificates (UCs) as per Form 19-A of GFR 2005; duly tallied with the Income & Expenditure and expenditure during the



financial year (Fixed Assets which have been shown as capitalized) to be certified by the auditor.

- xiv. Reconciliation of the expenditure as per the audited financial statements with the expenditure reported as per FMR & SOE for the quarter/ financial year covered by audit period identifying the variance and the reasons for the same. This should be certified by the auditor.
- xv. Risk perceptions. (High, Medium & Low)
- xvi. Complied paras of the last report.
- xvii. Persisted paras which are not complied from the last audit report.

## **6. Financial Monitoring Reports (FMR)**

In addition to the primary opinion on the financial statements, the auditor is required to audit last quarter FMR submitted by SHS to GoI as well as all FMR, SOEs of all Districts, Corporations, HFWTCS, Dy. Directors Offices & all NDCPs. 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, SOEs and FMRs including whether procurement procedures have been followed, and the extent to which the SHSM/GoI can rely on Quarterly reporting.

## **7. Management Letter:**

In addition to the audit reports, the auditor will prepare a “Management Letter”, in which the auditor should summarise the observation on the internal control issues (other than those which materially affect his opinion on the financial statements) as under:

- Give comments and observations on the accounting records, systems and internal controls that were examined during the course of the audit;
- Identify specific deficiencies and area of weaknesses in the system and internal controls and make recommendations for their improvement;
- Report on the level of compliance with the financial internal control, procedures as documented in the financial manual of the project;
- Report any procurement which has not been carried out as per the procurement manual of the individual programmes such as; RCH-II, Additionalities (NRHM-Flexipool), Immunisation and under NDCPs as specified in para 3-E of Section – I.
- Communicate matters that have come to the attention during the audit which might have significant impact on the implementation of the project; and
- Bring to Society’s attention/notice 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 on the Observations/recommendations have to be obtained and reported.

## 8. Reporting and Timing

All the Audit Reports should be submitted to SHS as well as to the concerned unit in the form of hard copy along with soft copy of the report before end of the subsequent month of each quarter, with their comments, if any so that, it could be forwarded to respective units for its compliance.

## Section – III

### 1. Eligibility Criteria:

- I. The firm must be empanelled with C & AG for the year 2017-18 (**certificate of empanelment/ acknowledgement copy issued by C & AG must be enclosed**) and the particulars of the Firms Head Office, Branch Office, Partners and paid Chartered Accountants should match with the certificate issued by ICAI as of date of advertisement, without which the application of the firm would not be considered.
- II. The CA firms should have their Head Office within Maharashtra State.
- III. Those CA firms do not have their head office within Maharashtra State; at least they should have their minimum two branches in Maharashtra State. (These two branches should reflect in the certificate issued by ICAI as of date of advertisement).  
The Criteria in case of HQ or Branch may be relaxed to CA firms, those who have completed their assignments under NHM Maharashtra during last 5 years satisfactorily, which is at the discretion of SHS.
- IV. For the firms applying for Concurrent Audit of Districts, other things being equal, preference may be given to the CA firms having their head quarters at the applying unit places.
- V. Firms must qualify following minimum criteria:

Sr. No.	Particulars	Minimum Criteria
1.	The CA firm must have minimum 5 partners of which at least 3 full time partners who are fellow members of the ICAI for a period not less than 5 years (As per Certificate of ICAI as on date of advertisement) i.e. such partners should continue to be a full time fellow member during their partnership for all the last five years continuously.	Out of 5 members at least 3 should be FCAs (Associated at least for 5 years with CA firms)
2.	No. of Years of Firm's Existence as per ICAI Certificate	5 Yrs.
3.	Turnover of the firm (Average annual in last three financial yrs. ( i.e. 2014-15, 2015-16, 2016-17)	Minimum Rs.40 Lakhs
4.	<u>No. of audit assignments of Corporate /PSUs entities:</u> Experience of Concurrent Audit of Corporate /PSUs entities (except NGOs & Bank Branch Audit) which are within the jurisdiction of Maharashtra State during last 3 years.	5
5.	<u>No. of assignments of Externally Aided Projects/Social Sector Projects:</u> Experience of audit of Externally Aided Projects/Social Sector Projects of the Maharashtra State (other than Audit of Charitable Institutions & NGOs) during last 3 years. Firms having specific experience of the relevant assignment will be given priority.	5

- VI. Any firm not qualifying on these minimum criteria need not apply as its proposal shall be summarily rejected.
- VII. **Supporting Documents for Eligibility Criteria:**  
Following supporting documents must be submitted by the firm along with the technical proposal:
- i. For S. No. 1 & 2 above, the firm must submit an attested copy of Certificate of ICAI as on date of advertisement.
  - ii. For S. No. 3 the firm must submit, a copy of the Audited Balance Sheet & Profit & Loss Account for the last three years duly signed and sealed by external CA firm/ Statutory Auditors.
  - iii. For S. No. 4 & 5 the firm must submit a copy of the appointment letters from the auditee organizations. Bank Branch Audit of any Bank shall not be considered while taking into account the total number of assignments.
- 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*]

## 2. Additional Instructions to Auditors:

- a) The Demand Draft drawn in favour of “State Health Society Maharashtra” for an amount of Rs.2000/- (Rupees Two Thousand Only) payable at Mumbai should be enclosed with the technical proposal along with form T-1. The proposals without tender fees of Rs.2000/- in the form of Demand Draft will be summarily rejected. The details of Demand Draft should be mentioned in form T-1. The said Tender Fee is not refundable. In any case the demand draft for tender fee should not be attached with financial bid. If any bidder submits their demand draft, then such proposals will be summarily rejected, considering that the demand draft with Technical bid not found attached and for which the State Health Society will not be responsible.
- b) The CA firm should not apply in Joint Venture or in association with any other CA firm.
- c) The separate CA firms will be selected for each District Integrated Health & Family Welfare Societies, its peripheries along with NDCPs/NCDs of the districts. However, one CA firm may be allotted subject to maximum 3 districts/ at the discretion of State Health Society Maharashtra in case of selection.
- d) Audit Reports of the Districts, Corporations, Councils HFWTCs, Dy. Director Offices, SHSRC & NDCPs shall include audit of all the transactions in the respective units & Peripheral units.
- e) Audit for the financial year will include all the components under NHM as mentioned in the Para 3 of Section I (Background) above and or as per PIP.
- f) The auditor will specifically mention in the audit report about the coverage of audit on these components and also will ensure that, the releases and expenditures are duly separately reflected in each program financial statements.
- g) Financial Statements and relevant schedules thereto shall be prepared in accordance with the format. 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.
- h) The Auditor shall submit the bill along with consolidated Audit Report as specified in para 5 of section II and comments thereon to the SHS. The payments will be made by SHS, subject to satisfactory performance after evaluation of the Audit Report & Compliance thereto by State Health Society Maharashtra.
- i) The auditor shall also append the Checklist wherever necessary.

- j) The auditor shall also furnish an audited FMR/SoE for the last quarter showing cumulative/ Progressive and head wise expenditure along with the Audited Statement of Accounts. Auditor shall certify a comparative statement showing expenditure as per FMR and as per Audit Report in format prescribed by GoI.
- k) Management Letter should be accompanied along with the comments.
- l) The auditor will also ensure about tax returns to be filed & respective taxes payments made to concerned authorities. However, the auditors will file the tax returns in co-ordination with concerned districts / units which is mandatory.
- m) The Auditors should provide the Memorandum of Accounts regarding the amounts deposited with PWD by respective districts with progressive/cumulative data till each quarter end audit.
- n) Being the Concurrent Auditor, the auditor will also help the units by training the Accounts officials and other functionaries for reporting & preparation of Financial Statements on the requirements of audit without any Additional / Incidental charges.
- o) The quoted fees in a lump sum manner duly filled in the form F-1 should be inclusive of tax consultancy charges & out of Pocket expenses like TA/ DA Boarding lodging etc.
- p) The firm shouldn't apply in joint venture or in association with any other firm. Such proposals will be summarily rejected.
- q) **General:** The auditor should be given access to any information relevant for the purpose of conducting the audit. This will normally include the State/ SHS/ MOHFW instructions issued from time to time.
- r) The report not consisted the documents as specified before will be treated as incomplete report & against which the SHS will not be liable to make the payment of fees.
- s) The firm shall give an undertaking that the team members are proficient in the State's official language (both oral and written).

## **Section IV - Guidelines for Submitting the Proposals:**

### **A. General Guidelines:**

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 grounds for declaring the Proposal non-responsive/ invalid.
- ii. **Team Composition & Number of Teams for the assignment:** As there are a large number of districts and implementing entities below a district, a minimum sample coverage and time bound completion schedule, more than one team will need to be constituted for the assignment. The team(s) for the assignment (including those for audit of district & sub district level implementing units) must be headed by a qualified Chartered Accountant with

one semi-qualified C.A. (C.A. Inter) and two support staff (Junior Auditor). The number of teams may be constituted in a manner that, each team does not have responsibility for audit of more than (6) to (8) units in a district. The technical proposal must clearly elaborate on the team composition as given in **T-3 & T-4**.

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

It may be noted that a record of the team shall be maintained at the facility visited and team has to collect a certificate of their attendance giving their name, designation and date of visit etc. from the head of that facility.

- iii. The CA firms have to apply with only one proposal for each A, B & D group & for C group CA firms have to apply each district separately as specified in first para of this RFP.
- iv. As the separate CA firms will be selected under C group for each District, the CA firms have to apply through only one proposal for each district separately. If a firm submits or participates for more than one district through single proposal, all such proposals shall be disqualified.
- v. In case of inadequacy, the allotment of units for the purpose of Concurrent Audit to CA firms will be at the discretion of State Health Society Maharashtra.
- vi. All agencies must comply with the Technical Specification, General Conditions and Format/Requirements for Technical and Financial proposal.
- vii. Financial proposals submitted by the firm should be valid for 6 months from the date of submission of the proposal by the firm.
- viii. Each page, Form, Annexure and Appendices of the Technical and Financial Proposal must be signed by the Authorised signatory of the firm.
- ix. State Health Society (SHS) reserves the right to accept or reject any application without giving any explanation and can change the evaluation criteria as per its requirements in the interest of the organisation.
- x. On the basis of satisfactory performance the contract for next assignment may be renewed. However the decision of renewal and fixation of fees are discretionary rights of SHS Maharashtra.
- xi. State Health Society (SHS) may take its own decision while evaluating the proposal with regard to awarding weight ages for social sector audit experience.
- xii. 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.

#### **B. Technical Proposal:**

- i. Letter of Transmittal ( **Form T-1**)
- ii. Details of the Firm along with Details of Partners (**Form T-2**),
- iii. Details of Qualified Staff & Semi-qualified Staff (**Form T-3**),

- iv. Details of the Team Composition (**Form T-4**): Firm must provide the structure and composition of the teams which shall be deputed (see point ii of the general guidelines above) for conducting the audit in the SHS and DHS. Firm should provide the Curriculum Vitae of the key personnel (experts) who would be leading the individual audit teams and the overall audit assignment.
- v. Description of Approach, Methodology & Work Plan for performing the Audit of SHS & DHS (**Form T-5**)
- vi. Brief of the relevant experience (**Form T-6**)

**C. Financial Proposal:**

- i) The financial bid shall be submitted only for the professional (audit) fee including tax consulting charges to be charged by the firm on per quarter basis.
- ii) This audit fee shall be excluding all the taxes and including consulting charges, TA/DA, Boarding/ loading etc.
- iii) The taxes (TDS) as applicable shall be deducted by State Health Society (SHS) separately at the time of payment on submission of final bill by the audit firm.
- iv) The financial bid shall be submitted as per **Form F-1** the Concurrent Audit fees per quarter should be mentioned clearly in numeric as well as in words on per quarter basis.
- v) Percentage (or proportion) of funds involved/turnover shall not be basis for quoting the audit fee, and in such case the proposal shall be rejected.
- vi) Auditor should plan the audit in such a way that all the units are covered during the visit in 100% coverage manner.

Letter of Transmittal

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

Dear Sir,

We, the undersigned, offer to provide the audit services for [Name of Applied region/regions] in accordance with your Request for Proposal. We are hereby submitting our Proposal, which includes this Technical Proposal sealed under a separate envelope along with a Demand Draft for an amount of Rs.2000/- (Rupees Two Thousand Only) in favour of State Health Society Maharashtra vide DD No..... dt..... Drawn on (Bank Name) ..... towards tender fees (Non-refundable).

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.

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 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,

(Stamp & Sign)

**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 No. of Head Office In-charge:
	Date since when is H.O. at the existing Station	
	Branch Office 1,2,3..... (Particulars of each branch to be given)	Phone No: Fax No: Mobile of each Branch Office In-charge:
3	Firm Income Tax PAN No.	Attach copy of PAN card
4	Firm Service Tax Registration No.	Attach copy of Registration
5	Firm's Registration No. with ICAI	
6	Whether the firm is empaneled as Major Audit Firm by C& AG	Yes/No ( if yes serial number to be mentioned)
7	Empanelment No. with C & A G	Attach proof of latest empanelment with C&AG for the year under Audit.
8	No. of Years of Firm Existence & Date of establishment of Firm	Attach copy of Partnership Deed ICAI Certification.
9	Turnover of the Firm in last three years with Break-up of Fee towards Audit, Income Tax matters and others (Specify) ( i.e. 2014-15, 2015-16, 2016-17)	Attach balance sheet and P&L Account of the last three years or a C.A. Certificate give Break-up of Audit Fee and Other Fees Received.
10	Annual Average Turnover	Provide a Chart
11	Audit Experience of the Firm: 1. Number of Concurrent Audit Assignments in Corporate /PSUs within the jurisdiction of Maharashtra. 2. <u>No. of assignments of Externally Aided Projects/Social Sector Projects:</u> Experience of audit of Externally Aided Projects/Social Sector Projects of the Maharashtra State	Copy of the Offer Letter & the Fee Charged.  Copy of the Offer Letter & the Fee Charged (Relevant evidences to be given of the turnover and fee)
11	<b>Details of Partners:</b> Provide following details: <ul style="list-style-type: none"> <li>• Number of Full Time Fellow Partners associated with the firm.</li> <li>• Name of each partner,</li> <li>• Date of becoming ACA and FCA</li> <li>• Date of joining the firm,</li> <li>• Membership No.,</li> <li>• Qualification</li> <li>• Experience</li> <li>• Whether the partners is engaged full time or part time with the firm.</li> <li>• Their Contact Mobile No., email and full Address</li> </ul>	Attested copy of Certificate of ICAI as on date of advertisement.



**A. Details of Qualified Staff (Chartered Accountants)**

(Please provide a self attested copy of Certificate of ICAI as on date of advertisement for each qualified staff)

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

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

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

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

Each team will constitute of minimum 4 members with qualifications as below:

1. **Firms must clearly bring out the number of teams it plans to deploy for the audit keeping in view the scope of work, coverage and Guidelines for submitting the proposal. Structure of each team should be indicated as per format below:**

**Structure of Team 1:**

Name of CA	Names of Support Staff	Qualifications	Number of units proposed to be covered.	Time Required for Each assignment

**Description of Approach & Work Plan for performing the Audit of SHS / DHS**

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 alongwith the time required for each work/ assignment in the State/ District/ Blocks etc:**

The firm should propose the main activities of the assignment, their content and duration, phasing and inter-relations, milestones (including interim approval by the SHS), and delivery dates of the reports.

The 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.

**Brief of Relevant Experience:**

<b>A. Experience of audit in Commercial Sector/PSUs etc. ( Excluding Bank &amp; Branch audits)</b>						
S. No.	Name of the Auditee Organization	Turnover of the Auditee organization	Type/Nature of Assignment	Scope & Coverage of the assignment	Duration of Completion of Assignment	Proof of the letter of Work or Assignment awarded by the Auditee Organization (Pl attach a copy of the letter) And Mention the Fee Received

<b>B. Experience of audit in relation to externally/ internally Aided projects/ Social Sector Projects (Excluding the audit of Charitable Institutions and NGOs).</b>						
S. No.	Name of the Auditee Organization	Grant-in-aids handled of the auditee organization	Type/Nature of Assignment	Scope & Coverage of the assignment	Duration of Completion of Assignment	Proof of the letter of Work or Assignment awarded by the Auditee Organization (Pl attach a copy of the letter)

## **Form F-1**

Proposal for selection as Concurrent Auditor under NHM for the F.Y. 2018-19

**Applied unit :** { Mention the Name of unit/group applied like State/ District/ Corporation group/ Circle & Training Centres with Specific name of unit. }

### **FORMAT FOR FINANCIAL BID**

<b>Item or Activity</b>	<b>Total Amount (in Rupees) per quarter</b>
<b>AUDIT FEE for Concurrent Audit per quarter</b> (Excluding all taxes and including consultation charges, TA/DA, Boarding, Loading).	Both in Numeric and in Words. Rs. _____/-  (Rupees _____ _____ _____).  _____).

Date :

Signature & seal

Place :

## **Section V – Selection Process of the Auditor:**

### **Selection Methodology:**

A two-stage procedure shall be adopted in evaluating the proposals. The selection will be done using **Least Cost Method**.

#### **First Stage:**

- i. Only Technical Proposals shall be opened first for all the firms.
- ii. Thereafter, a technical evaluation shall be carried as per the evaluation parameters provided in the “Eligibility Criteria”.
- iii. The proposals which are fulfilling eligibility criteria only will be considered for technical evaluation for which technical score/ marks will be given. A Proposal shall be rejected at this stage if it does not respond to important aspects of the RFP, and particularly the Terms of Reference
- iv. The technical proposal scoring at least 65 marks shall be considered as “Qualified on Technical Parameters”. or if it fails to achieve the minimum technical score (i.e. at least 65 marks) the proposal will be rejected at this stage.

#### **Second Stage:**

- i. Financial proposals shall be opened only for those firms who have qualified on Technical Parameters (i.e. secured at least 65 or maximum marks on evaluation criteria).
- ii. **Least cost method** shall be followed.

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

Sl. No.	Particulars	Minimum Criteria	Max Marks	Evaluation Criterion
1.	minimum 5 partners of which at least 3 full time partners who are fellow members of the ICAI for a period not less than 5 years (As per Certificate of ICAI as on date of advertisement)	5	10	Firms with minimum 3 FCAs partners = 5 marks FCAs more than 4 up to 7 = 7 marks, FCAs 8 and above = 10
2.	Turnover of the firm (Average annual in last three financial yrs.)	Minimum Rs.40 Lakhs	10	Rs 40 to 45 Lakhs= 5 marks, Rs. 46 to 50 Lakhs = 8 marks & Above 51 Lakhs = 10 marks
3.	<u>No. of audit assignments of Corporate /PSUs entities:</u> Experience of Concurrent Audit of Corporate /PSUs entities (except NGOs & Bank Branch Audit) which are within the jurisdiction of Maharashtra State during last 3 years.	5	10	Minimum 5 assignments = 5 marks, 6 to 8 assignments = 8 marks, 9 & Above = 10 marks
4.	<u>No. of assignments of Externally Aided Projects/Social Sector Projects:</u> Experience of audit of Externally Aided Projects/Social Sector Projects of the Maharashtra State (other than Audit of Charitable Institutions & NGOs) during last 3 years. Firms having specific experience of the relevant assignment will be given priority.	5	10	Minimum 5 assignments = 5 marks, 6 to 8 assignments = 8 marks, 9 & Above = 10 marks
5.	Adequacy of the proposed methodology and work plan	-	8	As per the evaluation of the Proposal
6.	Technical Approach to Methodology work plan	-	8	As per the evaluation of the Proposal
7.	The CA firm listed by C & AG as major audit of PSUs for 2017-18	-	4	The CA firm has to attach documentary evidence in support of the same.
8.	Key Professional Staff Qualifications & Competence for the assignment	-	40	See note (iii) below for evaluation criteria

- i. Supporting documents must be submitted by the firm along with the technical proposal.
- ii. The criteria “ key professional qualifications and competence’ is further sub divided into the following three sub-criteria as per details given in the Form T-1 to T-6 and marks have to be allotted as under:.

Sr. No	Criteria	Maximum Marks
1.	No. of Teams (with min 4 members as specified in Form T-1 to T-6 & Team composition, Work Plan, technical approach and methodology.)	30
2	Lead Firm having Head Quarters in the STATE	5
3	Firm having audit experience under NRHM	5
<b>Total Maximum Marks</b>		<b>40</b>

- iii. The firm must achieve at least 65% of the marks to qualify on technical parameters.
- iv. In case after the technical evaluation, if no bidding firm gets the minimum 65% marks than top three firms are to be taken into consideration for financial bid. If there are only one or two firms than they may also be considered at the discretion of SHS.
- vii. The SHS reserves the right to change / cancelled the evaluation / marking criteria without assigning any reason and to change in evaluation criteria as per requirement and in the interest of the organisation

### **Award of Contract:**

On completion of selection process, the firm selected shall be awarded the contract of audit of allotted unit under NRHM by issuing the Letter of Award (LOA). The firm should execute a Contract with the State Health Society Maharashtra within 1 week from the issuance of LOA. The firm shall enter in to an agreement on a Stamp paper of Rs.100/- with the SHSM as per Form C-1.

### **Form C-1**

ON RS.500/- STAMP PAPER

### **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 MAHARASHTRA,]* (“the Client”) having its principal office at *[insert SHSM 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:

<b>1. Services</b>	<p>(i) The Auditor shall perform the services as per the RFP &amp; TOR.</p> <p>(ii) The Auditor shall provide the list of personnel to perform the Services.</p> <p>(iii) The Auditor shall submit to the Client the reports in the form and within the time periods with detailed report as specified in RFP.</p>
<b>2. Term</b>	<p>The Auditor shall complete the concurrent audit of SHS/DHS along with all National Disease Control Programmes &amp; all other allied implementing units for each quarter as per RFP/TOR within the next subsequent month. The coverage of audit for all units will be 100%. On the basis of satisfactory performance the contract for next assignment may be renewed. However the decision of renewal and fixation of fees are discretionary rights of SHS Maharashtra.</p>
<b>3. Entry &amp; Exit Conference</b>	<p>The Auditor shall hold an Entry Conference before they commence the audit. Likewise, the Exit Conference shall also be held on completion of the audit, so that, the issues arising during audit can be discussed with all the concerned authorities.</p>
<b>4. Payment</b>	<p>For Services rendered the auditor shall submit the bill along with audit report and observations / comments thereon (as mentioned in Section II- para 5 of RFP) to the State Health Society Maharashtra, for its payment. After evaluation of the Concurrent Audit Report, the payment shall be recommended by State Health Society, Maharashtra. This amount has been established based on the understanding that, it includes all of the Auditor's costs and profits excluding all taxes.</p> <p>The client shall pay the Auditor an amount not to exceed Rs...../- (Rupees.....) per quarter towards concurrent audit fees, excluding all taxes.</p> <p>Payments of all Travel Claims, Food bills, Boarding &amp; Lodging etc. <b>shall not</b> be made separately by the SHSM. As the same is inclusive in the sanctioned rate in accordance with the eligibility conditions laid down in the RFP.</p> <p>Payment of bill shall be made subject to fulfilment of the condition as mentioned in RFP as well as satisfactory performance/ quality of Audit Report recommended by State Health Society Maharashtra and the satisfactory compliance of the observations made by State Health Society Maharashtra following submission of Audit Report &amp; Invoices by the Auditor to the SHSM.</p>
<b>5. Timeliness for completion of Audit</b>	<p>i. In order to ensure timeliness from 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 and due to lacking at the part of the auditor then the State may deduct the audit fees @ 0.5% per week from the expected day of completion of audit.</p>
<b>6. Project Administration</b>	<p>A. <u>Coordinator</u>.</p> <p>The Client designates Mr. .... (Fin &amp; Acct.) to as Client's Coordinator; the Coordinator will be in coordination for activities under this Contract, for acceptance and approval of</p>



