

**GOVERNMENT OF ARUNACHAL PRADESH
OFFICE OF THE MISSION DIRECTOR
NATIONAL HEALTH MISSION
NAHARLAGUN**

**SELECTION OF AUDITORS - REQUEST FOR PROPOSAL
HIRING SERVICES OF CHARTERED ACCOUNTANT FIRM FOR STATUTORY
AUDIT OF STATE HEALTH SOCIETY (SHS) and DISTRICT HEALTH SOCIETY
(DHS) - (FOR THE FINANCIAL YEAR 2017-18) UNDER NATIONAL HEALTH
MISSION**

Govt. of India (GoI) in partnership with the States is implementing the National Health Mission (NHM) which comprises various programs, with the objective of improving medical facilities in the areas and seeks to provide accessible, affordable and quality health care to the population, especially the vulnerable sections. To facilitate implementation of NHM, State and District level entities (Health Societies) have been registered which work under the administrative control of the Department of Health & Family Welfare. The Arunachal Pradesh State Health Society, invites **“Proposal for audit”** from **firms of Chartered Accountants empanelled with C& AG and eligible for conducting major PSUs audit for the year 2017-18.**

Minimum payable fees will be worked out as per the norms of ICAI.

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.nrhmarunachal.gov.in or this can be collected from the O/o Mission Director, Arunachal Pradesh State Health Society between **16th April, 2018 and 30th April, 2018.**

Important Dates:

- i. Last date for collection of RFP from Office of SHS: 30th April, 2018 till 1200 Hrs.
- ii. Date for pre-bid conference: 1st May, 2018 at 1100 Hrs.
- iii. Last date for submission of Proposal to SHS: 7th May, 2018 up to 1200 Hrs.
- iv. Date of opening of financial bid: 7th May, 2018 at 1400 Hrs.

Venue for Pre-bid Conference: Pre-bid Conference would be held at Training Hall, O/o. Mission Director (NHM), C Sector, Naharlagun, Arunachal Pradesh - 791110

**Sd/ Commissioner (H&FW)
A P State Health Society
Naharlagun**

Address:
O/o. Mission Director
A P State Health Society
Govt. of Arunachal Pradesh
C Sector, Naharlagun,
Dist. Papum Pare
Arunachal Pradesh -- 791110
Email id:
FAX: & Phone:

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.**

[2017-18]

REQUEST FOR PROPOSAL (RFP)

Arunachal Pradesh State Health Society, seeks to invite Proposal from *C&AG empanelled Chartered Accountant firms those are eligible for major PSU audits for the year 2017-18* for conducting the statutory audit of State and District Health Societies under the National Health Mission for the FY 2017-18.

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 was launched on 12th April, 2005 by the Government of India 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). 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 to 100 per 1,00,000 live births, Infant Mortality Rate (IMR) to 28 per 1000 live births and the Total Fertility Rate (TFR) to 2.1 as per the targets set under National Health Policy (NHP), 2017.

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 Programme (NCDs) have been repositioned. National Urban Health Mission (NUHM) has also been added as Sub mission of National Health Mission.

3. At present the following Programmes/Schemes fall under the NHM:

A. NHM-RCH Flexible Pool:

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

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

D. Flexible Pool for Non-Communicable Diseases:

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

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 Centers (CHCs), Primary Health Centers (PHCs), Sub-Centers (SCs), Rogi Kalyan Samities (RKSs) and Village Health Sanitation & Nutrition Committees (VHSNCs). 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. The Government of India transfers funds in the form of Grants-in-Aid to SHS on the basis of respective State Programme Implementation Plan (SPIPs) and approved Annual Work Plans which are prepared on the basis of District Health Action Plans (DHAP) of each of the districts in the State. Under the umbrella of the integrated SHS/DHS, each program has separate bank accounts, maintains separate books of accounts and other financial records as per the requirements of each program

and also submit separate financial activity reports at varying frequencies to the respective monitoring unit in MOHFW (GOI).

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), 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, objective, 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 i.e. 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, applicable Financial reporting framework and applicability of relevant laws and regulations, notes to accounts and schedules, Bank Reconciliation Statements, Statement of Funds Position, Reconciliation of Expenditures as per Audited Financial Statements with the expenditure reported as per the Financial Monitoring Report (FMR) is to enable the auditor to express a professional opinion as to whether:-

(1) the Financial Statements give a true and fair view of the Financial Position of the individual 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, 2018 and are as per the applicable Financial Reporting Framework.

(2) the Financial Statements and books of accounts do comply with all the applicable laws and regulations.

(3) the funds were utilized for the purposes for which they were provided, and

(4) where programs are financed by development partners, the respective program expenditures are eligible for financing under the relevant grant/ credit agreement.

(5) the books of accounts as maintained by the State Health Societies, District Health Societies 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 auditor shall form an opinion on whether the Financial Statements are presented fairly, in all material respects, or give a true and fair view in accordance with the framework and an audit needs to be conducted in accordance with Standards on Auditing and relevant ethical requirements, that enables an auditor to form an opinion. The auditor needs to consider materiality when planning and performing the audit except where a certain minimum coverage of implementing units is specified, to reduce the audit risk to an acceptable level that is it should provide reasonably high level of assurance. In addition to the above, the auditor should specifically consider the risk of material misstatements in the financial statements resulting from fraud keeping an attitude of professional skepticism and using professional judgments.

8. Criteria for Selection of Auditors

- **C&AG empanelled major audit firms:** The Chartered Accountant firms that are empanelled with C&AG for the year 2017-18 and eligible for performing major PSU audits, and the number of audits appointments are within the ceiling limits as prescribed under Companies Act, 2013 will only be eligible for applying for the audit of the NHM programme. In this regard firm needs to submit the details about the same in the **Form T-2** attached.
- **Selection through Open Tender System:** The selection of the Auditor shall be made through an Open Tender system.
- **Preference of firms having H.O./Local Branch office in the State Capital:** The firms having H.O./Local Branch Office in the capital of the State for which the proposal is given will be granted preference at the time of finalizing the financial bid. The aforementioned Head/Branch office must be in existence for a period not less than 3 years as per the ICAI records. However, in case of NE States/ UTs where availability of Auditor is rare, the States/UT may consider the proposals received from the audit firms existing in the neighboring States. Firms need to give an undertaking that the audit team is proficient in State's official language (both oral and written) and will be headed by a qualified Chartered Accountant on regular basis.

- **CA firms eligible for audit:** Chartered Accountant firms which are empanelled with C&AG for the year 2017-18 and eligible for doing major PSU audits only will be eligible for the audit of the NHM programme. Further, Chartered Accountant firms with major PSU audits (within the ceiling limits specified in Section 141(3) of Companies Act 2013) and having their H.O/ Branch Offices in designated State may be given additional weightage while evaluating the Technical Proposal. On clearance of Technical Proposal, the auditor will be finalized on the basis of financial bids. In this regard firms have to submit the details about the firm as per **Form T-2 attached.**
- **Disclosure of Minimum Fees in the RFP document:** The States are granted discretionary powers to fix the minimum fees for audit firms in the Tender document keeping in view of resources involved, number of districts (100% districts) and blocks (40%) to be covered during the course of audit and minimum number of days required to be devoted 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 should be in line 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 an average of the audit fees paid during the last 3 years.
- **Audit Fees and TA/DA:** The firms which are interested to be appointed need to quote a consolidated audit fees including expenses on TA/DA and taxes. In case the audit team requests the State for lodging arrangement etc. then the cost to the State for such lodging expenses etc. will be adjusted against the consolidated fees quoted. Bidding Firm should ensure that Audit Team abides to visit 100% Districts and at least 40% blocks within each district. The Audit Fee should be quoted considering this aspect
- **Maximum No. of Audits under NHM:** No audit firm or any network or related audit firm shall take the audit assignment for more than 3 States. A declaration in this regard may be obtained from the auditor.
- In case same audit fee is quoted by two or more CA firms, the selection of auditor shall be made considering the following factors (priority-wise)

- (i) Past Experience in handling Government Contracts & Conduct of the firm; and
- (ii) Turnover of the firm

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

- To ensure timely completion of audit, State should ensure that the books of accounts are completed in all aspects at all places before the inception of audit. Further, timely availability of information to the auditors should be ensured for completion of audit on time.
- In the pre-bid conference to be held, the participant firms should clearly be explained about the requirements of audit as regards to number of districts, blocks, physical visit of the team at each location, number of implementing agencies from which UCs/ SOEs are to be received and incorporated in Annual Financial Statements etc. so that a quality of the audit is not compromised as per SQC 1, “Quality Control for Firms that Perform Audit and Reviews of Historical Financial Information and other Assurance and Related Services Engagements”.
- It should be clearly ensured that a Standing Committee headed by Mission Director (NHM) is constituted in the State for the selection of auditor, to provide adequate support, follow up and compliance to the audit observations raised by the auditor during the audit and in the audit report furnished for the audit period of the previous years.
- After the completion of audit, State should organize an exit conference of the auditors to discuss the audit observations.
- A copy of the working papers of the auditors shall be retained by the Director (Finance)/SFM in the State.
- The process of appointment of auditor has to be completed by 30th April 2018 and intimation with regard to the auditor appointed along with the fees fixed and evaluation sheet for the appointment has to be submitted to the Ministry latest by 10th May 2018.
- The State should get the audit of all the District Health Societies (i.e. 100% of the districts & more than or equal to 40% of number of blocks) completed by 30th June 2018 and the Audit Report needs to be issued before 31st July 2018.
- The consolidation of audit reports of all the districts with State along with all the Supporting Documents such as, Accounting Policies, Notes on Accounts and

Management Representation Letter (MRL) is to be completed by the State in time and final report shall be submitted to the Ministry latest by 31st July 2018.

- Spiral bound Audit Report as per Appendices of the RFP needs to be submitted to the Ministry in triplicate. Also the soft copy (PDF/Scanned) should be mailed to fmg.mohfw2015@gmail.com and in a C.D. also by 31st July 2018.

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 prevalent internal and operational controls; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports, methods of remedying weak controls, verification of assets and liabilities and a specific report on this aspect would be provided by the auditor annually as part of the management letter;

b) Funds have been spent in accordance with the condition laid down by the Department of Health & Family Welfare, Government of India from time to time with due attention to economy and efficiency and only for the purpose for which the financing was provided. Also verifying that 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, NVBDCP, etc.). Such requirements are available with the State/District's concerned Program Officers. For such externally funded programmes, auditor must satisfy that all expenditure, including procurement of goods and services have been carried out as per the procurement manual of the individual programmes and guidelines issued by the Programme Divisions of GoI and have all the necessary supporting documentation.

d) All necessary supporting documents, records and accounts have been kept in respect of the project.

e) **Sample Coverage of sub district Implementing Units:** Audit will cover 100% District Health Societies (DHSs) each being a legally registered society and at least 40% of the Block Level CHC/PHC (*at least 50% of such blocks Should be those which were not covered in audit of the previous financial year 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 (as per SA 610) while forming his opinion on overall internal control and truth & fairness of accounts/financial statements. However the auditor shall be solely responsible for the opinion formed on the basis of these reports, as he needs to verify the due competence and reliability of the information used while forming an opinion.

g) The Auditor is required to comply with all the Standards on Auditing, Assurance Standards and Standard on Quality Control while performing audits. Due focus is to be given on the compliance with the Accounting standards and laws and regulations as applicable.

h) The auditor is expected to use professional judgment, ethical requirements pertaining to an audit, attitude of professional skepticism and sufficiency of appropriate audit evidence needs to be maintained.

i) The auditor will certify the delay in transfer of Central Government Grants from State Treasury to State Health Society.

j) The auditor is required to ascertain that whether the State Health Society has claimed the interest accrued from State Treasury, where the delay in transfer of funds from State Treasury to SHS was more than 15 days from the date of receipt of Central Grants by the State.

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 2018.
- iv. Receipt and Payment Account for the year ending on 31st March 2018.
- 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.
 - v. Notes to Accounts showing the accounting policies followed in the preparation of accounts in the State Health Society and District Health Societies and any other significant observation of the auditor.
 - vi. 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.
 - vii. Sanction wise Utilization Certificates (UCs) as per Form 12-C of GFR 2017 signed by the Mission Director and Auditor signing audit report; duly tallied with the Income & Expenditure Account and Expenditure incurred on Fixed Assets during the financial year (which have been 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 utilization certificate for state share contribution needs to be issued by the auditor.**
- viii. Action Taken Report on the previous year's audit observations.
 - ix. Reconciliation of the FMR Expenditures of the last quarter i.e. 31st March 2018 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.
 - x. **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 True 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 (quarter ending March) submitted to MOHFW. The auditor should apply such tests as the auditor may consider under the circumstances to satisfy the audit objective and reliability of the audit report. 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 reliability and authenticity of the FMRs by GoI taking due care of the anomalies present in the statements.

In addition to the audit reports, the auditor will prepare a “Management representation letter” as per **Appendix-D**, 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 weakness in the system and internal controls and make recommendations for their improvement;
- Report on the level of compliance with the financial internal control.
- 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.
- 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 any other matter that the auditor considers pertinent.

The observations in the management letter must be accompanied by a detailed annexure and of 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 **31st July 2018**, (i.e. within four months of the end of the financial year) to the State Health Society and the State Health Society should then promptly forward **3 copies (Spiral Bound) and also soft copy in MS Excel / MS Word and Scanned(Both) is also to be submitted in mail or CD** of the audited financial statements and audit report 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 of the same also (Word/ Excel). Audit Reports for all districts in such cases shall have to be issued by **31st July, 2018** so that consolidated report of the State is not delayed and issued by **31st July, 2018**, Due compliance of SA 299 – Responsibility of Joint Auditors as issued by ICAI, should be ensured in this case.

Submission of the Statutory Audit Report by the prescribed date is a 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:-

- The duty of the State is to ensure that the process for appointment of the auditor is completed by 30th April 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 May, 2018. Also

timely availability of information to the auditor needs to be ensured. The same needs strict compliance.

- The State should make sure that complete cash book, ledgers, vouchers and other financial statements are ready at the time of visit of auditors.
- *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 State Health Society (SHS) shall include audit of all the transactions at the State level as well as all the transactions in the District Health Societies (DHSs) within the State.
- 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 auditor, 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 to 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 forming part of Financial Statements 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 Utilization Certificates in the prescribed format (Form 12C of GFR, 2017) of GOI for all programmes of NHM. The Utilisation Certificate shall be

furnished sanction-wise and Utilisation Certificate shall be issued for each sanction issued during the respective financial year. The Utilization Certificates should be jointly signed by the 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 2018..... 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, State Health Society.

15. Re-appointment of Auditor: The auditor once appointed can continue for two more years, subject to the satisfaction of the auditor's 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, provided no disqualification is attracted to the auditor. 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 being followed for all the disease control programmes under NHM. The State should also ensure that the auditor should follow the latest formats given in the RFP.

The auditor shall be given access to all the information/documents required by the auditor for smooth conduct of the audit 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 grounds for declaring the Proposal non-responsive/invalid.
- ii. Single Proposal (Multiple Firms): In case State decides to appoint more than one C.A. 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 districts of any State then for the purpose of ceiling of 3 States, group of State shall take as a State.
- xi. The firm shall give an undertaking that the team members are proficient in the State's official language (both oral and written). The auditors must have the H.O/ Branch Office in the allotted State. (Form U). However, in case if NE States/UTs where availability of Auditor is scarce, the States/UT may consider the proposals of audit firms from the neighboring States
- xii. Firm shall have to depute appropriate number 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,
Arunachal Pradesh State Health Society,
C Sector, Naharlagun
Dist. Papum pare
Arunachal Pradesh – 791 110

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,

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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 Service Tax 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.
6	Empanelment No. with C&AG	Attach proof of empanelment with C&AG for the year under Audit (2017-18) 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 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 Sector Project (excluding audit of Charitable Org.) Institutions & NGOs	Copy of the Offer Letter & the Fee Charged for each assignment. (Relevant evidences to be given of the turnover and fee)

	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 • Membership No. • Qualification • Experience • Whether the partners are 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 01/01/2018) 	<p>Attested copy of Certificate of ICAI not before 01.01.2018</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)
<p>AUDIT FEE</p> <p>a. Audit fess----- (Including cost of TA/DA)</p> <p>b. Service Tax-----</p> <p>c. Total Fees-----</p> <p>Note: Percentage of funds involved shall not be a basis of quoting the Audit Fee.</p>	<p>Both in Numeric and in Words.</p> <p>Rs. _____/-</p> <p>(Rupees _____).</p>

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,
A P State Health Society,
C Sector, Naharlagun
Dist. Papum Pare
Arunachal Pradesh - 7911110

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..) in regard of this office in the State is enclosed herewith for needful.

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

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

Yours faithfully,

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Encl:

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