



Request for Proposal (RFP)

For Appointment of Statutory Auditor for State Health Society (SHS) and District Health Society (DHS)/Implementing Agencies for Audit of all programmes under Flexible Pool for RCH & Health System Strengthening, National Health Programme and Urban Health Mission (including ECRP-I, ECRP-II & PM-ABHIM).

[2022-23]

REQUEST FOR PROPOSAL (RFP)

State Health Society, J&K seeks to invite Online Proposal(s) from Comptroller & Auditor General of India (**C&AG**) **empaneled Chartered Accountant (CA) firms those are eligible for major Public Sector Undertakings (PSU) audits for the year 2022-23** for conducting Statutory Audit of State and District Health Societies/Implementing Agencies under the National Health Mission for the FY 2022-23.

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

Terms of Reference (ToR)

1. National Rural Health Mission (NRHM) of the Ministry of Health & Family Welfare (MoH&FW) was launched on 12th April, 2005 by the Government of India (GoI) to improve medical facilities in the country. From 2013-14 onwards the NRHM Programme has been subsumed under the umbrella Programme of National Health Mission. NHM is overarching NUHM and also includes Communicable and Non-Communicable Diseases (NCD) as well. The NHM seeks to provide accessible, affordable and quality health care to the population, especially the vulnerable sections.
2. The NHM has provided an umbrella under which the existing Reproductive and Child Health Programme (RCH) (including RCH, Routine Immunization (RI), Pulse Polio Immunization (PPI) and National Iodine Deficiency Disorder Control Programme (NIDDCP), Health System Strengthening under NRHM (including Other Health System Strengthening, Ayushman Bharat–Health & Wellness Centre (AB-HWC) and Asha Benefit Package (ABP) including facilitator payment, various National Disease Control Programmes (NDCPs) and Non-Communicable Diseases (NCDs) have been repositioned. National Urban Health Mission (NUHM) comprising of Other Health System Strengthening and Ayushman Bharat–Health & Wellness Centre (AB-HWC) has also been added in National Health Mission.
3. At present the following Programmes/ Schemes fall under the National Health Mission:
 - **Till financial year 2021-22, fund release under NHM was as under the following (5) pools / components:-**
 - A. **NHM-RCH Flexible Pool:**
 - a) **RCH Flexible Pool** including Routine Immunization (RI), Pulse Polio Immunization (PPI) and National Iodine Deficiency Disorder Control Programme (NIDDCP).

- b) **Health System Strengthening(HSS) under NRHM** including Comprehensive Primary Health Care (CPHC), 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 Prevention and Control of Fluorosis (NPPCF).
- B. **National Urban Health Mission (NUHM) Flexible Pool** including Comprehensive Primary Health Care (CPHC).
- C. **Flexible Pool for Communicable Diseases:**
 - a) National Vector Borne Disease Control Programme (NVBDCP),
 - b) National Tuberculosis Elimination Programme (NTEP), formerly Revised National Tuberculosis Control Programme (RNTCP),
 - c) National Leprosy Eradication Programme (NLEP),
 - d) Integrated Disease Surveillance Programme (IDSP),
 - e) National Viral Hepatitis Control Programme (NVHCP).
- D. **Flexible Pool for Non-Communicable Diseases:**
 - a) National Programme for Control of Blindness (NPCB),
 - b) National Mental Health Programme (NMHP),
 - c) National Programme for Health Care of the Elderly (NPHCE),
 - d) National Tobacco Control Programme (NTCP),
 - e) National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS).
- **With a view to provide more flexibility to States / UTs and improve financial utilization, Department of Expenditure w.e.f. FY 2022-23 has approved the merger of pools. The present arrangement of pools: -**
 - a) Flexible Pool for RCH & Health System Strengthening, National Health Programme and Urban Health Mission.
 - b) Infrastructure Maintenance.
 - c) Strengthening of National Programme Management Unit

4. Institutional and Funding Arrangements:

For the implementation of the above Programmes, MoH&FW, Gol 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 Centre (CHCs), Primary Health Centre (PHCs), Sub- Centre (SCs), Rogi Kalyan Samities (RKS) and Village Health Sanitation & Nutrition Committees (VHSNC). Certain activities may be managed at the State level such as drug procurement, IEC, civil works, training using specialized entities such as SIHFW, IEC Bureau, PWD, the Directorate of Health and Municipal Corporations for the urban health components. In addition, funds are also released from SHS/ DHS to NGOs and private entities under public private participation (PPP) arrangements.

5. Funding & Accounting Arrangements:

Funds for the various programs are transferred from Pay & Accounts Office of MoH&FW, Gol to the State Treasuries and then from Treasuries to the Single Nodal Account of Single Nodal Agency of the SHS functioning in the State/UT. Government of India transfer funds in the form of Grants-in-Aid to State treasuries through RBI on the basis of respective State Programme Implementation Plans (SIPs) and approved Annual Work Plans which are prepared on the basis of District Health Action Plans (DHAPs) of each of the districts in the State. Under the umbrella of the integrated SHS/ DHS each program has separate bank account, separate books of accounts and other financial records as per the requirements of each program and also submit separate financial activity reports at varying frequencies to the respective monitoring units in MoH&FW (Gol).

6. Financing by Development Partners/ Donors:

Some of the programs of NHM are also supported by development partners such as the Asian Development Bank (ADB), The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM)/ World Bank etc. for which credit agreements have been entered into by Gol 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/UT.

7. Objective of Audit Services:

The objective of the audit is to ensure that MoH&FW receives adequate, independent, professional audit assurance that the grant proceeds provided by MoH&FW 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 misstatements and the terms of the credit/ loan agreements of the development partners are complied with in all material respects.

The objective of audit of financial statements - individual financial Statements of State and District Health Society as well as the Consolidated Financial Statements of the State and District(s) as a whole i.e., Balance Sheet, Income & Expenditure, Receipt & Payment, together with relevant Accounting Policies, Notes to Accounts and Schedules, Bank Reconciliation Statements, Statement of Funds Position, Reconciliation of Expenditures as per audited financial statements with the expenditure reported as per the new format of Financial Monitoring Report (FMR), is to enable the auditor to express a professional opinion as to whether:-

- 1) Financial statements give a true and fair view of the financial position of the individual District Health Societies, State Health Society, Implementing Agencies and Consolidated District, Implementing Agencies 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, 2023.
- 2) Funds were utilized for the purposes for which they were provided, and
- 3) Where programs are financed by development partners, respective program expenditures are eligible for financing under the relevant grant/ credit agreement.
- 4) Books of accounts as maintained by the SHSs, DHSs and other participating implementing units such as Blocks, CHCs, 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.

8. Standards:

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. 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, auditor should specifically consider the risk of material misstatements in the financial statements resulting from fraud.

9. Criteria for Selection of Auditors

- a) **C&AG empaneled major audit firms:** CA firms those are empaneled with C&AG for the year 2022-23 and eligible for conducting audit of PSUs only will be eligible for the audit of the NHM Programmes. In this regard firms have to upload the details about the firm as per **Form T-2**.
- b) **Selection through Open Tender System:** Selection of Auditor should be through an Open Tender basis to be uploaded on the web-portal www.jktenders.gov.in.
- c) **Preference of Firms having Head Office (H.O.)/ Local Branch Office in the State/UT Capital:** Firms having H.O./ Local Branch office in the capital of the same State/ UT for which the proposal is given to be given preference at the time of finalizing the financial bid. Such office must exist within the State / UT for not less than three years as per the ICAI Certificate. However, in case of NE States/ UTs where availability of Auditor is scarce, the States/ UT may consider the proposals of audit firms from the neighboring States.
- d) Firms have to give an undertaking that the audit team members are proficient in State's official language (both oral and written) and will be headed by a Chartered Accountant on regular basis.
- e) **CA Firms eligible for Audit:** CA firms those are empaneled with C&AG for the year 2022-23 and eligible for conducting audit of major PSUs only will be eligible for audit of NHM Programmes. Further, CA firms eligible for conducting audit of PSUs in 2022-23 and having their H.O/ Branch offices in designated State may be given additional weight-age in evaluation of Technical proposal. However, in case of NE States/ UTs where availability of Auditor is scarce, the State/ UT may consider the proposals of audit firms from the neighboring States. On clearance of Technical proposal, auditor will be finalized on the basis of Financial bids. In this regard, firms have to upload the details about the firm as per **Form T-2**.
- f) **Disclosure of Minimum Fees in RFP Document:** States/ UTs are allowed to fix the minimum fees for audit firms in tender document keeping in view the resources involved, number of Districts (100% Districts) and Blocks (40%) to be covered during the course of audit and minimum number of days required for completion of audit. States/ UTs may refer the website of "The Institute of Chartered Accountants of India (ICAI)" to decide the minimum fees. This is in

compliance with the Guideline No-1-CA(7)/03/2016 dated 7/4/2016 issued by The Institute of Chartered Accountants of India. States/ UTs may refer the same as indicative basis. Further, for the purpose of finalization of minimum fees, State/ UT may also take the average of audit fees paid during the last 3 years.

- g) **Audit Fees and TA/ DA:** Firms those are interested to be appointed will have to quote consolidated audit fees including expenses on TA/ DA and Taxes. In case the audit team requests the State/ UT for stay arrangement etc., then cost to the State/ UT for such stay arrangements etc. will be adjusted against the consolidated fees quoted. Bidding firm should ensure that audit team shall have to visit 100% Districts and at least 40% Blocks within each District. The audit fee should be quoted considering this aspect. **In compliance to the notification of ICAI for participation in the bidding process, the minimum fees is Rs 1,50,000/- (Including TA/DA, GST & Other taxes) per annum.**
- h) **Re-appointment of Auditor:** The auditor once appointed can continue for two more years subject to the satisfaction of its performance by the State/ UT and the State/ UT which wishes to re-appoint the same auditor shall have to seek approval of the Executive Committee after obtaining consent of the auditor and confirming that said firm is in the panel of C&AG and eligible for conducting audit of major PSUs for the year for which firm is being re-appointed. Further, any comments/ remarks/ observation of the Ministry in this regard shall have to be considered while re-appointing the same auditor.
- i) **Maximum No. of Audits under NHM:** No auditor can take the assignment of audit of more than three (3) States in a year. A certification in this regard may be obtained from the auditor.
- j) In case, same audit fee is quoted by two or more CA firms, selection of auditor shall be done considering the following factors (priority-wise): -
- (i) Past Experience in handling Government Contracts & Conduct of the firm; and
 - (ii) Turnover of the firm.
- k) **Other Major Points related to Statutory Audit:**
- a) To ensure timely completion of audit, State should ensure that the books of accounts are ready at all places before the start of audit. Further, timely availability of information to the auditors should be ensured for completion of audit on time.

- b) In the pre-bid conference to be held, the participant firms should clearly be explained about the requirements of audit as regards to the number of Districts, Blocks, and physical visit of the team at each location, number of implementing agencies from whom Utilization Certificates (UCs) / Statement of Expenditure (SOEs) received and incorporated in Annual Financial Statements etc., so that quality of audit is not compromised
- c) It should be clearly ensured that a Standing Committee headed by Mission Director (NHM) is constituted in the State/ UT for selection of auditor and for follow up and issue of compliance to the audit observations of previous years.
- d) **After completion of audit, State/ UT should organize an exit conference of the auditors to discuss audit observations.**
- e) A copy of working papers of auditors shall be retained by the Director (Finance)/ State Finance Manager (SFM) in the State/ UT.
- f) The process of appointment of auditor has to be completed by 25th April 2023 and intimation of the auditor appointed alongwith fees fixed and evaluation sheet for the appointment has to be submitted to the Ministry latest by 5th May 2023.
- g) **The State/ UT should get the audit of all the District Health Societies completed by 5th June, 2023 and the Audit Report issued before 30th June 2023**
- h) **Consolidation of audit reports of all the Districts with State along with all the necessary requirements such as, Accounting Policies, Notes on Accounts and Management Letter is to be completed in time and final report submitted by 31st July 2023.**
- i) Audit Report as per appendices of the RFP has to be submitted in triplicate with spiral binding along with the soft copy (PDF/ Scanned) mailed to mk.haldar@nic.in and in a CD also by 31st July 2023.

10. **Scope & Coverage of audit:**

In conducting the audit, special attention should be paid to the following:

- a) An assessment of adequacy of the project financial systems, including financial controls. This should include aspects such as adequacy and effectiveness of accounting, financial and operational controls; level of

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

- b) Funds have been spent in accordance with the condition laid down by the Department of Health & Family Welfare, Government of India 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 Gol/ State Government. However, for various Programmes, special attention must be paid to the requirements of the agreement between Gol and Development Partners (RNTCP, IDSP and NVBDCP etc.). Such requirements are available within the State/ District's concerned Program Officers. For such externally funded Programmes, auditor must satisfy that all expenditure, including procurement of goods and services have been carried out as per the procurement manual of the individual Programmes and guidelines issued by the Programme Divisions of Gol 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 new and remaining may be those covered in the audit of last year). The sample shall be selected in a manner that Block level PHC/ CHC in each District is included in the sample coverage. All the vouchers pertaining to the health facilities will be available at the respective health facility (DH, CHC/ PHCs) for the purpose of audit. Audit shall also cover audit of expenses related to NHM incurred through Rogi Kalyan Samities (RKSs) at each level i.e. PHC/ CHC/ DH.

- f) The Statutory Auditor may review the concurrent audit reports/ quarterly executive summaries and may consider material observations/ findings while forming his opinion on overall internal control and truth & fairness of accounts/ financial statements.

11. Project Financial Statements

A format of such financial statements and relevant schedules showing the consolidation of all the Programmes is given at (**APPENDIX A** - Format of Financial Statements) and also on the website of MoHFW, GoI and NHM, J&K at www.nhm.gov.in. and www.jknhm.com.respectivley.

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, as on 31st March, 2023.
- iii. Income & Expenditure account for the year ending on 31st March 2023.
- iv. Receipt and Payment Account for the year ending on 31st March 2023.
- v. Other Schedules to the Balance sheet as appropriate, but which shall include
 - Statement of Fixed Assets in the form of a Schedule,
 - Schedule of Loans and Advances (Age-wise analysis),
 - Schedule of all Cash & Bank Balances (supported by Bank Reconciliation Statements),
 - Program wise Statement of Expenditure.
- vi. Notes on Accounts showing the Accounting Policies followed in the preparation of accounts in the SHSs and DHSs and any other significant observation of the auditor.
- vii. Auditor shall be responsible for consolidation of annual Financial Statements of all Programmes/ Schemes under NHM.
- viii. 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.
- ix. Auditor shall have to certify the delay status of funds transferred from State Treasury to SHS for the F.Ys. 2016-17,

2017-18, 2018-19, 2019-20, 2023-21, 2021-22 and 2022-23 as per prescribed format at **Appendix E-1, 2, 3, 4, 5, 6 and 7** for all the Programmes under NHM.

- x. Auditor has to disclose whether the State has received any interest on delayed transfer of funds from State Treasury to SHS bank account.
- xi. The comparison between audited expenditure and expenditure reported in the FMR of 2022-23 along with the reason for variations.
- xii. Sanction wise UCs as per Form 12-C of GFR 2017; duly tallied with the Income & Expenditure and expenditure on Fixed Asset during the financial year (which have been shown as capitalized) [**Attach a statement showing the details of expenditures clubbed in the Utilization Certificate tallying with the Income & Expenditure Account and Schedules forming part of it**]. Also, separate UCs for State Share Contribution, Emergency Covid-19 Response Package for Health Systems Preparedness ECRP-I, ECRP-II and PM-ABHIM etc. need to be issued by the auditor.
- xiii. Action Taken Report on the previous year's audit observations.
- xiv. Reconciliation of FMR expenditure of last quarter i.e. 31st March 2023 with expenditure as per annual audited financial statements in 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.
- xv. **Representation by Management:** DHS and SHS management should sign the financial statements and provide a written acknowledgement of its responsibility for the preparation and fair presentation of financial statements and an assertion that the project funds have been expended in accordance with the intended purposes as reflected in the financial statements.

12. **Financial Monitoring Reports (FMR)**

In addition to the primary opinion on the financial statements, the auditor is required to audit last quarter FMR in the new format (quarter ending March) submitted to MoH&FW. The auditor should apply such tests, as the auditor considers necessary under the circumstances to satisfy the audit objective. Where ineligible expenditures are identified as having been included in the financial reports, these should be separately noted by the auditors. The audit report should include a separate paragraph commenting on the

accuracy and propriety of expenditures included in the financial statements and FMRs including whether procurement procedures have been followed and the extent to which the GoI can rely on Quarterly FMRs.

In addition to the audit reports, the auditor will prepare a "Management Letter" as per **Appendix-D**, in which the auditor should summarize the observation on the internal control issues (other than those which materially affect his opinion on the financial statements) as under: -

- a) Give comments and observations on the accounting records, systems and internal controls that were examined during the course of the audit;
- b) Identify specific deficiencies and area of weakness in the system and internal controls and make recommendations for their improvement;
- c) Report on the level of compliance with the financial internal control;
- d) Report procurements which have not been carried out as per the procurement manual/ guidelines of the State for the individual Programmes such as; RCH-II, RNTCP, IDSP etc.;
- e) Communicate matters that have come to the attention during the audit which might have significant impact on the implementation of the project; and
- f) Bring to Society's attention any other matter that the auditor considers pertinent.

Observations in the management letter must be accompanied by the implications, suggested recommendations from the auditors and management comments/ response on the observations/ recommendations have to be obtained and reported along with the audit report.

13. Reporting and Timing

Final Audit Report should be submitted by **31st July 2023**, (i.e. within four months of the end of financial year) to SHS and SHS should then promptly forward **3 copies (Spiral Bound), and also soft copy in MS Excel / MS Word, and scanned (both) in mail or CD**, along with **final Utilization Certificates** signed by the State/ UT and Auditor both to GoI with their comments, if any.

In case State/ UT has opted to appoint **multiple auditors** for a group of Districts and State, in such cases the auditor appointed for a group of Districts, shall have to issue a separate audit report for each District and provide a soft copy also (Word/ Excel). Audit Reports for all Districts in such

cases shall have to be issued by **30th June, 2023** so that consolidated report of the State is not delayed and issued by **31st July, 2023**.

Submission of the Statutory Audit Report by the prescribed date is Record of Proceedings (RoP) conditionality for release of funds to the State/ UT beyond 75% of cash allocation which ultimately ensures smooth implementation of the Mission and leads to better outcomes as funds are expended when needed by the State/ UT. In view of above, following measures need to be taken by the State/ UT: -

- a) State/ UT should ensure that the process for appointment of auditor is completed by 25th April 2023 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 5th May, 2023. Also, timely availability of information to the auditor needs to be ensured strictly.
- b) State/ UT should make sure that complete cashbook, ledgers, vouchers and other financial statements are ready at the time of visit of auditors.

c) Penal provision on failure to complete the Audit on time:

In order to ensure timeliness on part of the Auditor, if the State/ UT 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/ UT 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/ UT 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) 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 SHS shall include audit of all the transactions at the State as well as DHSs level.
- b. Audit for the financial year will include all the components under NHM.
- c. The auditor appointed shall be **required to issue separate consolidated audit report for the State and each District, comprising all Programmes under Flexible Pool for RCH & Health System Strengthening, National Health Programme and Urban Health Mission. Auditor appointed for the State/ UT, in case of multiple auditors, shall prepare a consolidated report for the State.**
- d. All State level report shall have to be issued in three sets (Two sets for MoH&FW and one set for State/ UT). Consolidated report is to be sent to NHM-Finance Division and individual reports of individual

Programmes along with UCs to the respective Programme divisions of the Ministry.

- e. Financial Statements and relevant schedules shall be prepared in accordance with the format provided by Ministry of Health and Family Welfare, GoI (**APPENDIX -A - Format of Financial Statements**). However, specific Programme requirements (in accordance with the agreement with the GoI and Development Partners) may also be incorporated in the separate schedule of the Programme.
 - f. Auditor shall certify all the UCs in the prescribed format (Form 12C of GFR, 2017) of GoI for all Programmes of NHM. The UCs shall be furnished sanction-wise and the UCs should be signed by the Principal Secretary, Mission Director, State Programme Officers In-Charge of concerned Programme(s) 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 2023 showing cumulative and head wise expenditure for the complete financial year) along with the Audited Statement of Accounts. Auditor shall certify a comparative statement showing expenditure as per FMR and as per Audit Report. Auditor must also document the reason for variances between the FMR figures and audited figures in cases where the variances are significant e.g. more than 15% from the audited figures at each component level.
 - i. Audit Opinion as per the Model Format provided at **APPENDIX–C**.
 - j. Management Letter as per **APPENDIX–D** along with the comments/ reply of the Mission Director, SHS.
15. **Re-appointment of Auditor:**

The auditor once appointed can continue for two more years, subject to the satisfaction of the performance by the State/ UT. The State/ UT which wishes to re-appoint the same auditor shall have to seek the approval of the Executive Committee after obtaining consent of the auditor and confirming that the said firm is in the panel of C&AG and eligible for conducting audit of major PSUs for the year for which the firm is being re-appointed. Further, any comments/ remarks/ observation of the Ministry in this regard shall have to be taken into account while re-appointing the same auditor.

It is also clarified that “No auditor can take the assignment of more than three (3) audits under NHM. A certification in this regard may be obtained from the auditor.”

16. **General Provision:**

The State/ UT should ensure that auditor must be appointed for all the Disease Control Programmes under NHM and Uniform Accounting System is followed. The State/ UT should also ensure that auditor should follow the latest formats given in RFP.

The auditor shall be given access to any information relevant for the purpose of conducting the audit, in addition to all financial and procurement records, SPIPs, AWP, MoU/ LoU signed between MoH&FW and the State/ SHS, instructions issued by MoH&FW 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 legal agreement, project appraisal document should be made available to the auditors.

Guidelines for Submitting the Proposals:

Intended bidder(s) are required to submit the proposal as per the guidelines and formats detailed out in the following paras:

- i. Detailed tender document alongwith terms and conditions can be downloaded from the website(s) **www.jktenders.gov.in** or www.jknhm.com from **17.03.2023 (1200 Hrs onwards)**.
- ii. Technical & Financial proposals, alongwith Tender Fees of **Rs.3000/-**, shall have to be submitted online through the Central Procurement Portal of Jammu & Kashmir viz., www.jktenders.gov.in. Bidder(s) are not required to submit hard copy (ies) of proposal.
- iii. Tender Fee shall have to be deposited through online/ RTGS transfer in State Health Society, National Health Mission, J&K's Bank A/c No.: 002104050000042 "Non-NHM Funds at SHS Level" with the Jammu and Kashmir Bank Ltd. Shalamar Road, Jammu (IFSC Code: JAKA0LUXURY; MICR Code: 180051023. Proof of Deposit of Tender Fees has to be uploaded alongwith Technical Proposal.
- iv. All intended bidder(s) must comply with the technical specifications, General Conditions and Format/ Requirements for technical and financial proposal.
- v. Uploaded bids should be valid for 6 months from the last date of submission of proposals by the firm(s).
- vi. Each page, form, annexure and appendices of the technical proposal must be signed by the authorized signatory of the firm.
- vii. Financial proposal shall have to be submitted strictly as per the BoQ, failing which the bid(s) will be liable to be rejected.

- 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 required constitution of the team is not deployed, the State/ UT 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/ UTs in a year. The audit assignment must be opted for as awarded by States/ UTs chronologically i.e. on first come first served basis. If a CA firm appointed in more than 3 States/ UTs, then they have to withdraw their name so as to keep it up to 3 States/ UTs only. As a State/ UT may opt to appoint multiple auditors, therefore, if a firm appointed for audit of a group of District in any State/ UT, then for the purpose of ceiling of 3 States/ UTs, group of Districts shall be taken as a State/ UT.
- 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/ UT. (Form U).** However, in case if NE States/ UTs where availability of auditor is scarce, the States/ UTs may consider the proposals of audit firms from the neighboring States/ UTs.
- xii. Firm shall have to depute appropriate no. of teams for timely submission of audit report and to attain quality of audit.
- xiii. Each team shall have to be headed by a qualified Chartered Accountant.
- xiv. **Technical & Financial Proposal(s):**

Online bids shall have to be submitted under **Two-Cover System comprising of the following(s):**

A) Technical Cover

- i) Letter of Transmittal (**Form T-1**)
- ii) Technical Proposal (**Form T-2**) alongwith documents required to be uploaded therein
- iii) Undertaking of presence of HO/ Branch offices in State/ UT (**Form U**)
- iv) Undertaking that the team members are proficient in the State's official language (both oral and written)

B) Financial Cover

Financial Bid format (**Form F-1**)

xv. **Critical Dates:**

- a) Start Date for Downloading RFP from the website(s) – www.jktenders.gov.in and www.jknhm.com: 19/03/2023 from 1200 Hrs onward
- b) Last date for Downloading RFP from the website(s)– www.jktenders.gov.in and www.jknhm.com: 07/04/2023 upto 1400 Hrs
- c) Date for Pre-Bid Conference: 25/03/2023 at 1200 Hrs
- d) Last Date for Submission of Online Proposal(s), both Technical & Financial: By or before 08/04/2023 upto 1200 Hrs
- e) Date of Opening of Technical Bid: 08/04/2023 at 1400 Hrs
- f) Date of Opening of Financial Bid: 10/04/2023 at 1600 Hrs
- g) Venue for Pre-bid Conference & Opening of Bid(s): State Health Society, NHM, J&K at Regional Institute of Health & Family Welfare, Near Sainik School, Nagrota, Jammu-181221.

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 (2022-23) 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	<p>Audit Experience of the Firm:</p> <ol style="list-style-type: none"> 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 3. Experience in the NHM audit 	<p>Copy of the Offer Letter & the Fee Charged for each assignment.</p> <p>(Relevant evidences to be given of the turnover and fee)</p>
10	<p>Details of Partners:</p> <p>Provide following details:</p> <ul style="list-style-type: none"> ➤ Number of Full Time Fellow Partners associated with the firm ➤ Name of each partner ➤ Date of becoming ACA and FCA ➤ Date of joining the firm ➤ Membership No. ➤ Qualification ➤ Experience 	<p>Attested copy of Certificate of ICAI not before 01.01.2023</p>

	<ul style="list-style-type: none">➤ Whether the partners is engaged full time or part time with the firm➤ Their Contact Mobile No., email and full Address (Attested copy of Certificate/letter of ICAI not before 01/01/2023)	
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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**(To be Uploaded Strictly as per BoQ)****(Please provide the break-up of Firm's quoted fees for each work and unit)**

Particulars	Total Amount (in Rupees)
AUDIT FEE a. Audit fess----- (Including cost of TA/DA) b. GST----- c. Total Fees----- Note: Percentage of funds involved shall not be a basis of quoting the Audit Fee.	Both in Numeric and in Words. Rs. _____/- (Rupees _____).

Note(s):

- 1.) In case of revision in rate of GST, the applicable rate of GST shall be paid. However, the approved firm shall have to apply for the same alongwith relevant documents.
- 2.) Bidder(s) shall ensure that financial bid(s) are to be uploaded, strictly as per BoQ, on the online portal www.jktenders.gov.in only.
- 3.) Details of financial quote are not to be mentioned in/ alongwith technical bid, failing which the bid shall be liable to be rejected outrightly.
- 4.) In case, any of the bid (s) is / are not in conformity with BoQ, i.e., lacking the information/ amount required to be filled in relevant columns, same shall be treated as Unresponsive

Selection Process of the Auditor:

For the purpose of appointment of Statutory Auditor for 2022-23, following points should be taken into account-

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

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

The State/ UT at the time of selection of the Statutory Auditor must ensure that the firm was not engaged as Concurrent Auditor of the State/ UT during the year for which the auditor was engaged.

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

On completion of selection process, the firm selected shall be awarded the contract of audit of SHS & DHS by issuing the Letter of Award (LoA). The firm should execute a Contract with the SHS within one (1) week of the award of the issuance of LoA. Awardee firm shall have to deposit the an amount of Rs.25,000/-, in the form of CDR/ FDR pledged to the FA/ CAO, NHM, J&K, at the time of execution of Contract.

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

Instructions to Bidders regarding e-Tendering Process

- 1) The interested bidder can download the Standard Bid Document (SBD) from the website <http://jktenders.gov.in> and www.jknhm.com.
- 2) To participate in bidding process, bidders have to get (DSC) “Digital Signature Certificate” as per Information Technology Act-2000, to participate in online bidding. This certificate will be required for digitally signing the bid. Bidders can get the above-mentioned digital certificate from any NIC/ Govt. approved vendors. The Bidders, who already possess valid (DSC) Digital Signature Certificates, need not to procure new Digital Signature Certificate.
- 3) The bidders have to submit their bids online in electronic format with Digital Signature. The bids cannot be uploaded without Digital Signature. No Proposal will be accepted in physical form.
- 4) Bids will be opened online as per time schedule mentioned in the SBD/ NIT.
- 5) Before submission of online bids, bidders must ensure that scanned copies of all the necessary documents have been attached with the bid.
- 6) The State Health Society, J&K will not be responsible for delay in online submission of bids, whatsoever reasons may be.
- 7) All the required information for bid must be filled and submitted online.
- 8) Bidders should get ready with the scanned copies of cost of documents as specified in the tender documents.
- 9) Bidders can contact the FA&CAO, State Health Society, National Health Missions, J&K for any guidance for getting DSC or any other relevant details in respect of e-tendering process.

- 10) Bidders are advised to use “My Documents” area in their user account on <http://jktenders.gov.in> e-tendering portal to store important documents and can attach these documents while submitting their bids.
- 11) Bidders are advised not to make any change in BoQ (Bill of Quantity) contents or its name. In no case they should attempt to create similar BoQ manually. The BoQ downloaded should be used for filling the rates inclusive of TA/DA and all taxes and it should be saved with the same as it contains.
- 12) Bidders are advised to scan their documents at 100 DPI (Dots per Inch) resolutions with Black and White, PDF scan properly.
- 13) The guidelines for submission of bid online can be downloaded from the website <http://jktenders.gov.in>.