

Government of Bihar
Department of Agriculture
Bihar Watershed Development Society (BWDS), Patna,
Bihar

**Empanelment of Chartered Accountant Firms for conducting
Internal Statutory Audit of Integrated Watershed Management
Programme (IWMP) across all its administrative units**

Applications are invited from the eligible Chartered Accounting Firms in the prescribed format for conducting Internal Statutory Audit of IWMP schemes/ programmes across all its administrative units functioning in 14 districts and State Nodal Cell (SLNA).

Detailed Terms of Reference (ToR) and RFP document can be found at www.krishi.bih.nic.in. Last date for submission of response is **8th of July, 2015** at 3.00PM.

CEO, BWDS
Bihar, Patna

Government of Bihar
(Department of Agriculture)
Bihar Watershed Development Society (BWDS)
Vikash Bhawan, Bailey Road, Patna-800015

**Empanelment of Chartered Accountant Firms for conducting
Internal Statutory Audit of Integrated Watershed Management
Programme (IWMP) across all its administrative units**

BWDS invites Expression of Interest in form of Technical and Financial Bids separately from reputed and experienced Organizations/Agencies to undertake internal audit for IWMP projects in fourteen (14) districts of Bihar and its headquarter i.e. SLNA at Patna.

- Selection will be done purely on Technical capability –cum- Cost Basis.
- Both Technical & Financial Bids should be submitted in separate sealed envelope.
- All relevant documents are available on the official website www.krishi.bih.nic.in
- Interested agencies may download the form and other instructions / documents to the bidders from above website.
- The **Chief Executive Officer**, Bihar Watershed Development Society reserves all the rights to reject the received bids or cancel/revise the process without giving any reason to the bidders.
- **Opening of Technical Bid** – Opening of technical bid will take place on same day i.e. **8th of July, 2015 at 5.00 PM.**
- **Place of Submission** - **Chief Executive Officer, Bihar Watershed Development Society (BWDS), 3rd Floor, Room No. 312, Agriculture Department, Vikas Bhawan, Bailey Road, Patna-800015.**
Phone No- 0612 2215700 Email – biharbwds2010@gmail.com

**Chief Executive Officer
BWDS, Patna.**

TERMS OF REFERENCE (ToR)

Introduction

The Department of Agriculture (DoA), Government of Bihar (GoB), intends to empanel suitable Chartered Accountant firms for conducting internal statutory audit of IWMP schemes across all its administrative units as below -

- State Level Nodal Agency (SLNA)
- Watershed Cell – Cum- Data Centre (WCDC)
- Project Implementing Agency (PIA)
- Watershed Committee (WC)

SLNA is State Headquarter, WCDC unit is district headquarter level, PIA is block (project) level and WC is Panchayat level unit. Its details is enclosed as annexure along with this document.

All accounting is programmatic (apart from general administration related budgets/ expenditure relating to each administrative unit) and is consolidated at the district level i.e. WCDC. District's statements of Expenditure/Utilization Certificates (UCs duly audited annually through statutory audit) serve as the basis for reviewing financial & physical performance and for seeking funds.

Audit Objectives

The objective of the audit by an external agency is to ensure through the auditor's professional opinion on the financial position of each programme at the end of each fiscal year and of the funds received and expended for the accounting period ended as reported by the Programme, that the funds are utilized properly to achieve the intended objectives of the programme, and that the covenants of the funding are adhere to. The programme accounts provide the basis for preparation of the Programme Financial Statement and are established to reflect the financial transaction, as maintained by the project executing agency.

Scope of Work

(A) The Auditor shall be required to carry out the following tasks;

- Accounting Policies and Change: The auditor should comment on the accounting policies and confirm the extent to which all the programmes accounting policies have been applied. In particular, the auditor should report any deviations from the agreed accounting standards. The auditor should also comment on any accounting policy changes, either during a financial year, or form one year to another.
- The auditor will verify all expenditure incurred by the programmes.

- The Auditor will also verify the amounts admitted and reimbursed by Districts/ State Govt. and Central Govt. and will report on the disallowances, if any with reasons for the same and suggest corrective measure needed not to repeat the same for future claims.
- Verify that the procurement of goods, services and civil works have been made following the guidelines issued by the Governments as applicable to each programme.
- Verify that the accounting transaction in all programme units are duly supported by adequate documentation and are duly approved.
- Verify that the funds have been used in accordance with the relevant guidelines.
- Verify that the Bank Accounts at all levels are reconciled and reconciliation statement checked.
- Verification and reporting on statutory compliances, deductions and deposit of TDS etc.
- All necessary supporting documents, records and accounts have been kept in respect of all programme expenditures.
- The financial statements follow acceptable accounting standards and give true and fair description of the financial positions.
- Report audit compliances and persisting irregularities.
- Any other matter incidental to above matters.

(B) Audit Report:

An Audit Report on the Programme Financial Statements should be prepared in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India. These standards require that the audit opinion to be rendered related to the financial statements taken as a whole, indicating unambiguously whether it is unqualified or qualified and if latter, whether it is qualified in certain respects or is adverse or disclaimer of opinion.

A sample Audit Report as Per SA 700 (revised) has been attached in Annexure - I

(C) Management Letter:

In addition to the audit report on Programme Financial Statements, the Auditor shall submit a Management Letter, requiring the auditor to prescribe recommendations for improvements in internal control and other specific matters coming to the attention of the Auditor during the course of Audit examination, this possibly shall include matters such as;

- i. Deficiencies or weakness in systems with respect to Compliance of previous years Audit Observations.
- ii. Any issues of the past financial year which remain unaddressed and any issues which have recurred.
- iii. Provide a feedback on the system of 'Advance Settlements' Adopted by the Agency; suggest measures for improvements of the same.
- iv. Any other matters that Auditor thinks pertinent.

A Sample cover letter to be used to transmit a management letter is shown in Annexure – II

Summary of Auditing Requirements:

1. Government of India guidelines clearly mentions that all the programmes require audited financial statements and separate programme accounts and records exclusively to ensure that the funds were used only for the objectives set out and for release of funds.
2. The accounts and records pertaining to the Programmes must be consistently maintained in accordance with the standard laid down by the statute governing the respective Scheme/ Programme.
3. The programme accounts are to be maintained on Double Entry System of accounting, as per accounting standards notified by the Institute of Chartered Accountants of India. In this context, the auditor's responsibilities will be to verify, if the stated accounting standard have been followed consistently.
4. The project account should be audited in accordance with appropriate auditing standards consistently applied by the Auditor. The Auditor should specify in the Auditor's Report the auditing standards followed by them in conducting their audits. Furthermore, they should expand the scope paragraph in the Auditor's Report by disclosing, at least, the key audit procedures followed in the audit. If there are any supplementary Financial Statements to the Programme main financial statements, the Auditor should also make a statement whether the same audit procedures have been followed for the supplementary financial statements as for the main financial statements.
5. Apart from expressing an opinion on the financial condition of the Programme, the Auditors should also express an opinion as to whether:
 - a. The proceeds have been utilized only for the Programme activities;
 - b. The financial information complies with relevant regulations and statutory requirements; and
 - c. All the covenants of the Grant Agreement have been complied with
6. When a qualified opinion, adverse opinion, or a disclaimed opinion is given, the Auditor's Report should state in a clear and informative manner all the reasons therefore. In this respect, the Auditors are expected to follow SA 700.
7. Action or deficiencies disclosed by the Auditors in their Report should be resolved by the Government effectively and within a reasonable time. The Auditors should review and comment upon the adequacy of the corrective measures taken by the Government in the subsequent Auditor's Report.

Programme Financial Statements shall include the following:

- i. Balance Sheet at 31st March 2015 showing accumulated funds and assets and liabilities of the programme.
- ii. Income & Expenditure account for the year ending on 31st March, 2015 showing the grant and other income received and expenditure incurred on the programme.
- iii. Receipts and Payments Account for the year ending on 31st March, 2015 showing the receipts and payments of the programme.
- iv. Other Schedules to the Programme Financial Statements as appropriate, but which shall include:
 - Statements of Fixed Assets,
 - Schedule of Loans and Advances (including Age-wise analysis)
 - Schedule of all Cash & Bank Balances (also attach bank reconciliation statements as at 31st March, 2015)
 - Programme wise Statement of Expenditure
- v. Notes on Accounts explaining, wherever necessary, the transactions relating to the programme including any significant events during the year or changes in accounting policies etc. that would provide the reader a better understanding of the programme financial statements.
- vi. Statement of Significant Accounting Policies followed in the preparation of accounts/ financial statements in the administrative units.
- vii. Scheme wise Utilization Certificates (UCs); duly tallied with the aggregate of Income & Expenditure and Expenditure on Fixed Asset (which have been shown as capitalized in the schedule of fixed assets) during the financial year.
- viii. Action taken report on the previous year's audit observations.

**Key Professional/ Persons required for the purpose of Audit at each of the levels:-
WCDC / PIA level**

S. No.	Key Professionals	Description of Services to be provided	Experience	Minimum Mandays Required
1.	Chartered Accountant	<ul style="list-style-type: none"> Overall coordination & planning, team leadership, reporting, liaison with client. Responsibility to lead the audit teams in the field, planning and execution of the audits, discussion with heads of offices at Panchayat/ District/ State units and report writing and finalization. 	Qualified Chartered Accountant with at least 3 years experience with expertise in the area of statutory audit planning execution and reporting of Govt. of India/ State Govt. Schemes.	2
2.	Team Member	Audit of Districts level and consolidation	CA (Inter) with 2 years of experience in Accounting, audit and report writing.	8

For Each WC

S. No.	Key Professionals	Description of Services to be provided	Experience	Minimum Mandays Required
1.	Chartered Accountant	<ul style="list-style-type: none"> Overall coordination & planning, team leadership, reporting, liaison with client. Responsibility to lead the audit teams in the field, planning and execution of the audits, discussion with heads of offices at Panchayat/ District/ State units and report writing and finalization. 	Qualified Chartered Accountant with at least 3 years experience as a partner with expertise in the area of statutory audit planning execution and reporting of Govt. of India/ State Govt. Schemes.	1
2.	Team Member	Audit of Districts level and consolidation	CA (Inter) with 2 years of experience in Accounting, audit and report writing.	2

The audit firm will provide CVs of key personnel who are expected to be engaged in audit work for evaluation purpose.

Reporting and Timelines:

The Final Audit Report must be submitted within two months from the date of work order in 3 hard copies and 1 soft copy.

Eligibility Criteria:

Firms must qualify the following minimum criteria:

S. No.	Particulars	Minimum Criteria (Years/ Number)
1.	The firm must be empanelled with C & AG for the year 2013-14. The particulars of the Firm's Head Office, Branch Office/s, Partners/ Proprietor and paid Chartered Accountants should match with the certificate issue by ICAI, without which the application of the firm would not be considered.	Provide details
2.	Average Annual Turnover of the firm in the last three financial years (As per Income Tax department records)	Minimum Rs. 10 Lakhs
3.	Minimum No. of years of Firm existence as per ICAI Certificate	3 Yrs.
4.	Minimum no. of audit assignments of Statutory Audit of Government departments, schemes and programmes/ PSUs.	05
5.	The firm should have either have their head office or branch office in Bihar. (The Proof of established office should be provided along with the phone numbers for verifying the same.)	Compulsory

Note

- Any firm not qualifying these minimum criteria need not apply as their proposal shall be summarily rejected.
- Supporting Documents for Eligibility Criteria : The firm must submit required supporting documents to establish the minimum eligibility criteria.
- The firm or any partners of the firm should not be black listed by any PSL's or Govt. Co. or any other organisation in respect of any assignment or behaviour. Any partner/ qualified employee of the firm whose name is included in the First or Second Schedule of the Chartered Accountants Act. 1949 will not be considered in the evaluation and the firm will provide and undertaking that such partner/ employee will not be involved in the audit, directly or indirectly.

Scoring criteria:

Criteria	Marking Criteria	Maximum Marks
1. Experience of the firm*	> 5 years & up to 6 years – 5 Marks > 6 years & up to 7 years – 10 marks > 7 years & up to 8 years – 15 Marks > 8 years – 20 Marks (*Counted from the date of constitution of the firm, certification to that effect needs to be provided)	20
2.Full time FCA/ ACA Partners	5 points for each partners (Maximum marks will be 25 under this Criteria)	25
3. Full time CA Employees	5 points for each CA Employee (Maximum marks will be 20 under this criteria)	20
4. Assigned key professional staff qualifications and competence to be working on the single district assignment	1. Qualified Chartered accountant (Two) i. CA with at least 3 years post qualification experience – 20 Marks ii. CA with at least 2 years post qualification experience – 15 Marks iii. CA with at least 1 year post qualification experience – 10 Marks iv. CA with less than 1 year post qualification experience - 0 Marks 2. CA Inter (Two) i. CA inter with at least 2 years post qualification experience – 15 Marks ii. CA inter with at least 1 year post qualification experience – 10 Marks iii. CA Inter with less than 1 year post qualification experience – 0 Marks	35
Minimum technical marks for award of Contract will be 70%		

All the firms qualifying against the eligibility criteria will be ranked based on the scoring criteria given above. The firms will be assigned a rank based on the marks scored. Top firms would be issued a letter of award subject to their submission of a Performance Guarantee of Rs. 50,000 only, drawn in favour of "**BWDS Bihar**" for 6 months from the date of issue.

Letter of Transmittal

To,

Chief Executive Officer
Bihar Watershed Development Society,
New Secretariat, Room No. 312,
Patna, Bihar

Dear Sir,

We, the undersigned, offer to provide the audit services in accordance with your Request for Proposal dated (Insert Date). We are hereby submitting our Proposal, which includes this Technical Proposal scaled under a separate envelope.

We are submitting our Proposal in association with: (Insert a list with full name and address of each associated Consultant)

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 that we will be paid according to the guidelines of the Agriculture Department, Govt. of Bihar.

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 the CEO, Bihar Watershed Development Society 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

Particulars/ Details of the Firm

S.No.	Particulars	Supporting Documents required to be submitted along with this Form
1.	Name of the Firm	
2.	Addresses of the Firm	
	Head Office	Name of the In-charge Phone No. Fax No. Mobile of Head Office In-charge
	Branch Office 1,2,3,---- (Particulars of each branch to be given)	Name of the In-charge Phone No. Fax No. Mobile of Head Office In-charge
3.	Firm Income Tax PAN No.	Attach copy of PAN card
4.	Firm Service Tax Registration No.	Attach copy of Registration (if applicable)
5.	Registration No. with ICAI	
6.	Empanelment No. with C & AG	Attach proof of latest empanelment with C & AG for the year under Audit.
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 completed years (As per Income Tax records) year 2010-11 Year 2011-12 Year 2012-13 Average	Attach audited accounts for the last three completed years Rs. Rs. Rs. Rs.
9.	Audit Experience of the Firm 1. Number of Assignments in Commercial/ Statutory Audit 2. Number of Assignments in Social Sector Audit (Other than audit of Charitable Institutions)	Copy of the Offer Letter & the Fee Charged Copy of the Offer Letter & the Fee Charged

10.	<p>Details of Partner: 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 of the firm • Membership No. • Qualification • Experience • Whether the partners is engaged full time or part time with the firm 	<p>Attested copy of Certificate of ICAI on or later than 01.01.2013</p> <p>Provide the details in a separate sheet in a tabular format</p>
11.	Details of Full Time CA Employee	With similar details as above.
12.	Details of other Employees, CA (Inter) etc.	Details of qualification and experience

A. Details of Qualified Staff (Chartered Accountants)

(Please provide attested copy of Certificate of ICAI on or later than 01.01.2013 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.						
3.						
4.						
5.						
6.						

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	Membership No.	Relevant Experience
Semi Qualified Staffs:						
1.						
2.						
Article Clerks :						
1.						
2.						
Others						
1.						
2.						

Details of Structure & Composition of Team and Task Assignments for Proposed Assignment

Name	Position/Team Number	Nos.	Educational Qualification	Key Responsibilities or Task Assigned	Relevant Experience	Name of the firm to which he belongs in case of Associate	Number of Man days estimated for task completion

Attach detail CV of a qualified Chartered Accounts with one semi-qualified (C.A. inter) and support as appropriate to the assignment.

Brief of Relevant Experience

A. Experience of Statutory Audit in relation to Govt. Aided Projects						
S. No.	Name of the Audit 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 Audit Organization (Pl. Attach a copy of the letter)
1.						
2.						
3.						

B. Experience of Statutory Audit in Externally Aided Projects /PSUs etc.						
S. No.	Name of the Audit Organization	Turnover of the Audit 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 Audit Organization (Pl. Attach a copy of the letter)
1.						
2.						
3.						

MODEL AUDITOR'S REPORT – UNQUALIFIED OPINION

[Appropriate Address]

We have audited the accompanying financial statements of <Scheme Name> of DOA <name of district > which comprise the Balance Sheet as at. March 31, 2015 Income and Expenditure Account as on March 31, 2015 and Receipts and Payments Account as on March 31, 2015 for the year then ended. and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements. this responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standard require that we comply with ethical requirements. and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosure in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) in case of Balance Sheet as at March 31, 2015
- b) in case of Income and Expenditure Account as on March 31, 2015
- c) in case of Receipts and Payment Account as on March 31, 2015

For << >>
Chartered Accountants
Firm's Registration Number

Signature
(Name of The Member Signing the Audit Report)
(Designation)

Place of Signature
Date

Membership Number

Sample Management Letter
(Audit Firm Letter head)
(Date)

To Department of Agriculture.

In connection with our audit financial statements of BWDS, (Directorate of Soil Conservation) and all the schemes administrated by the said society for the year ended, we familiarized ourselves with internal guidelines and letter/circulars issued by the CEO, BWDS and directives of DoLR, GoI applicable during the period under audit. This letter to the department includes observation noted during the course of our audit examination in the following areas:

1. Status of compliance of Audit observations pertaining to pervious audit period.

Scheme	Audit Observation	Action taken by DD (Agril. Engg.)	Auditor's Comments

2. Matters arising current year and having significant impact on the financial statements of the schemes and/or

Scheme	Audit Observation	Status of the issue (Critical/ Moderate/ Negligible)	Auditor's recommendation for resolution

3. Specific comments with respect to compliance of specific guidelines issue to the DD (Agril. Engg.)/..... the Department

Date of issue of instruction(s)	Dept Letter No.	Status of compliance by DD (Agril Engg.)/	Auditors suggestions/ comments

4. Status of maintenance of programme books and records

5. Opportunities for strengthening financial management records, systems and controls, together with recommendations for improvements

The matters contained in this Management letter are intended solely for the information Department of Agriculture for such timely consideration and action as the department may deem appropriate. They have been considered by us in formulating the audit opinion expressed on the project financial statements in our audit report dated and they do not alter the opinion expressed in that audit report.

We also to take this opportunity to thank the department or the courtesies and cooperation extended to our auditors.

Yours truly,
 (Name & title)

Details of work to be conducted
during – 2014-15

Sl.No.	District	No. of Accounts of District (WCDC)	No. of Accounts of PIA Level	No. of Accounts of WC Level
1	Gaya	1	19	75
2	Nawada	1	14	48
3	Aurangabad	1	12	45
4	Kaimur	1	12	17
5	Rohtas	1	11	34
6	Banka	1	15	28
7	Jamui	1	19	102
8	Munger	1	9	20
9	Patna	1	2	-
10	Nalanda	1	2	-
11	Arwal	1	2	-
12	Jehanabad	1	2	-
13	Sheikhpura	1	2	-
14	Lakhisarai	1	2	-

- N.B.**
- i. Number mentioned above says number of accounts.
 - ii. SLNA (Headquarter) level audit is also to be done with above.

Financial Bid
(To be submitted in a separate sealed envelope)

S. No.	Particulars	Rate in (Rs.)
1.	Consolidated Audit Charges	
2.	Bank Reconciliation charges	
3.	Financial Statement Preparation	
	Total	

N.B. – If bidders desire to add any other charges they may add that amount, the rate quoted will be treated as the final payable rate against the proposed work.