

No. PD/NERLP/2012-13/167/
North East Rural Livelihood Promotion Society
(World Bank Funded)
Ministry of DoNER, Govt. of India

House No. 2, Near Nayantara
Six Mile, GS Road, Guwahati – 781 022
Date: 03/10/2013

REQUEST FOR EXPRESSIONS OF INTEREST

Country : **India.**
Name of the Project : **North East Rural Livelihoods Project**
Credit No./ Grant No. : **5035 N**

Assignment Title : Appointment of Chartered Accountant firm as Internal Auditor for quarterly internal audit of North East Region Livelihoods Project (NERLP) for the year 2013-14.

Reference No. : RPMU/C/31

The North East Livelihood Promotion Society under Ministry of DoNER, Government of India funded by World Bank intends to appoint Chartered Accountant firm for quarterly internal audit of NERLP for the year 2013-14 for its Regional Office, Guwahati and eight District Offices.

The hired Chartered Accountant firm will act as Internal Auditor for quarterly internal audit of NERLP for the year 2013-14. Interested firms/consultants are requested to submit Expression of Interest for providing the services. They should also provide details information as per the Application Form and Capability Statement and certificate of self-attested by the head of the firm stating that the firm has not been debarred or cautioned by ICAI or black listed by any Government institution. Shortlisting will be carried out together for four project states as per the information furnished by the firm based on Application Form and Capability Statement.

Consultants may associate with other firms in the form of a joint venture or a sub consultancy to enhance their capability. Chartered Accountant Firm will be selected in accordance with the Least Cost Selection (LCS) method set out in the Consultant Guidelines- Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers (published by the Bank in January, 2011). Detail information can also be obtained from the office during office hours *0930 to 1730 hours*.

Expressions of Interest (EoI) must reach this office on or before **18/10/2013**.

Project Director,
Regional Project Management Unit
North East Rural Livelihoods Project
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NORTH EAST RURAL LIVELIHOODS PROJECT

TERMS OF REFERENCE FOR APPOINTMENT OF CHARTERED ACCOUNTANT FIRM FOR THE QUARTELY INTERNAL AUDIT OF THE NORTH EAST RURAL LIVELIHOODS PROJECT (NERLP) FOR THE YEAR 2013-14

BACKGROUND

The North East Livelihoods Promotion Society (NELPS) is a registered Society which is implementing the World Bank Funded North East Rural Livelihoods Project (NERLP) to improve rural livelihoods, especially that of women, unemployed youth and the most disadvantaged, in eight districts of four North Eastern States (Sikkim, Tripura, Mizoram and Nagaland) by providing access to economic opportunities, improving adoption of sustainable agricultural and natural resource management through establishing participatory and accountable community based institutions.

The Project is under the overall governance of the Ministry of Development of North Eastern Region (Ministry of DoNER). A Project Governance Committee would review the project, take up policy issues and advise on convergence activities with other projects. A Regional Project Management Unit (RPMU) has been created within NELPS in Guwahati for management and implementation of the project. The RPMU would be supported by District Project Management Units (DPMU) in each of the eight selected districts and Project Facilitation Teams (PFT) at the block level. At the community level, Beneficiary Institutions (SHGs, SHGFs, CDGs, POs etc) would implement the project.

Accounting Center:

NELPS intends to appoint an independent firm of Chartered Accountants to conduct the quarterly internal audit of NERLP. Internal audit would cover the “**Regional Project Management Unit**”, Guwahati and the following 8 districts:

1. District Project Management Unit, Aizawl, Mizoram
2. District Project Management Unit, Lunglei, Mizoram
3. District Project Management Unit, Peren (Jhaluki), Nagaland
4. District Project Management Unit, Tuensang, Nagaland
5. District Project Management Unit, South Sikkim (Jorethang), Sikkim
6. District Project Management Unit, West Sikkim (Gyalshing), Sikkim
7. District Project Management Unit, North Tripura (Kailashor), Tripura
8. District Project Management Unit, West Tripura (Agartola), Tripura

OBJECTIVES OF INTERNAL AUDIT

The key objectives of **internal audit** are to (a) obtain an independent professional opinion on the continuing implementation and effectiveness of the internal control procedures and the financial management & procurement systems prescribed under the Project and adequacy thereof; and (b) internal audit of Project accounts. Based on this the auditor will give suggestions for improvement. The report of the internal auditors will form the basis for Management action.

The overall objectives of Internal Audit is to provide the project management with independent assurance (i) that the internal controls established by management are designed appropriately and (ii) whether the overall financial management and arrangements including the system of internal controls as documented in the Project Financial Management Manual (FMM), Community Operations Manual (COM), the Project Implementation Plan (PIP) are in practice working effectively. In addition, it is expected that

internal audit should play a role in assisting management in bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

SCOPE

Expenditure is incurred against various activities approved in the Annual Work Plan & Budget (AWP&B) from funds released by the Government of India covering the Project cost. A quarterly Interim Financial Report (IFR) based on actual amounts spent under various interventions is sent to Government of India and to the World Bank. The internal auditor is required to exercise tests of accounting records, internal checks and control and other necessary internal audit of the accounts as per general principles. The internal audit function shall be carried out quarterly. In conducting the Audit, specific attention should be given to the following:

- (a) The internal audit activities should include payment audit as well as independent appraisals of the financial, operational and control activities of the Project.
- (b) The responsibilities of the internal auditor should include reporting on the adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with NERLP financial norms and procedures.
- (c) All funds have been used in accordance with the condition of the relevant financial norms and financial regulations with due attention to economy and efficiency, and only for the purpose for which the financing was provided.
- (d) The Internal Auditors would verify the actual expenditures incurred by the RPMU/DPMUs and verify that the Grants released to the Beneficiary Institutions (which are included in the IFRs as eligible expenditure) are in accordance with the eligibility criteria and milestones as per the project design.
- (e) The Internal Auditors would also verify the Utilization Certificates (UC) submitted by the Beneficiary Institutions to the DPMUs and confirm that the UCs are available for the entire amount of grant provided by the NELPS/DPMU to the Beneficiary Institutions, and the UCs have been duly signed and authorized by the office bearers as prescribed in the FM Manual. The auditors will visit an appropriate/representative sample of Beneficiary Institutions¹ (at least 20 nos.) in each project district every quarter and verify the UC with the book of account maintained by these Institutions and also confirm that the activities in respect of which the expenditure was incurred as reflected in the UC have actually been undertaken by the beneficiary Institution.

Based on this verification, the internal auditor would provide an assurance on whether i) the expenditures incurred by the Beneficiary Institutions have been for the purpose for which the funds were provided as per the Grant Agreements (ii) that the financial management arrangements and internal controls established by management are working effectively.

- (f) The Internal Auditor would also verify the utilization of PFTs that the fund released to them by the DPMUs was utilized for the purpose intended. Internal Auditor would check the books of records maintained by the PFTs every quarter alternately. The district wise PFTs (blocks) are

¹ As and when the SHG, SHGF & CDGs are formed and the Producer Organizations (PO) are incorporated and start functioning, the internal auditors will cover all the POs in its audit plan.

shown under the following table:

Sl. NO.	State	District	No. of PFT (Block)
1	Mizoram	Aizawl	5
2	Mizoram	Lunglei	4
3	Nagaland	Peren	3
4	Nagaland	Tuensang	8
5	Sikkim	South Sikkim	8
6	Sikkim	West Sikkim	6
7	Tripura	West Tripura	16
8	Tripura	North Tripura	8
9			

- (g) Prescribed procedures are followed by all entities who are authorized to incur expenditure under NERLP under the approved delegation of powers.
- (h) Goods, works and services financed have been procured in accordance with relevant provisions of the Procurement Procedure prescribed for the purpose. Proper documents, namely purchase orders, tender documents, invoices, vouchers, receipts, pay bills, TA bills etc. are maintained and linked to the transactions and retained till the end of the Project.
- (i) All necessary supporting documents, records and accounts have been kept in respect of all Project expenditure including expenditure covered by Statement of Expenditure. Clear linkages should exist between the books of accounts and reports presented to the Government of India and the World Bank.
- (j) Expenditure incurred under NERLP is strictly in accordance with the financial norms prescribed in the NERLP framework or any other clarifications issued from time to time. The expenditure statements / financial statements included in the statement of expenditure of the relevant period represent a true and fair view or implementation and operations of the Project at the end of the financial year and of resources and expenditure for the year ended on that date.
- (k) Expenditure is incurred with reference to the budget allocation approved. In case the budget allocation is exceeded proper re-appropriation duly approved by the competent authority has been obtained.
- (l) NERLP funds are used efficiently and economically to the purpose for which they are intended.
- (m) Reconciliation of Bank Statements and accounts is regularly carried out on a monthly basis.

OUTPUTS THAT WILL BE REQUIRED OF THE INTERNAL AUDITOR

The auditor should submit his district-wise report in duplicate indicating the results of his review in accordance with the term of reference above within 35 days from the close of the quarter.

GENERAL

The auditor should be given access to all legal documents, books of accounts, procurement documents, correspondence, and any other information associated with the Project and deemed necessary by the auditor.

The internal audit would begin from the 1st Quarter of the financial year 2013-14 in 9 units as mentioned under the caption of “**Accounting Center**”. Based on performance of Internal Auditor, the services may be extended upto three years consecutively.

REVIEW

A review committee consisting of PD, Project Manager (Finance & Accounts) at the NELPS/ RPMU and Assistant Project Manager (Finance) of NELPS will review the internal audit report. They will also take necessary action on the observations and put in further remedial measures to address discrepancies pointed out in internal audit. The internal audit report will also be reviewed by the Executive Committee of the NELPS. The Bank will be informed of the key observations of the auditors and the steps taken by the project to address these.

**Application Form
For
Submission of Expression of Interest for Internal Audit of NERLP**

[Letterhead paper of the firm including full postal address, and telephone, facsimile and e-mail address]
Dated:.....

To,
The Project Director,
North East Rural Livelihoods Project
Ministry of DoNER, GOI
House No.2, Near Nayantara
Six Mile, G.S. Road, Guwahati
Ph & Fax No. 0361-2331277

Sir,
I/We the sole proprietor/partners of M/S..... Chartered Accountants do hereby jointly and severally verify and declare:

- i. That the EOI is being submitted for Internal Audit of NERLP for RPMU and 8 DPMUs
- ii. That the particulars given are complete and correct and that if any of the statements made or the information so furnished in the application form is later found not correct or false or there had been suppression on material information, the firm would not only stand disqualified from the allotment, but would be liable for disciplinary action under the Chartered Accountants Act, 1994 and the regulations framed there under;
- iii. That the firm proprietor or partners have not been debarred or cautioned by ICAI during the last five years (if cautioned give details)
- iv. That the individually we are not engaged in practice otherwise or in any other activity which would be deemed to be a practice under Section 2(2) of the Chartered Accountants Act,1994;
- v. That the constitution of the firm as on 1st January of the relevant year shown in the Expression of Interest is the same as that in the Constitution Certificate issued by the ICAI.

Sl. No.	Name of the Partner/Sole Proprietor	Membership Registration Number	PAN No.	Dates of payment of fee for the relevant year_____ A/B*	Signature of Partner/Sole Proprietor

(Signature of authorized signatory of the firm and seal)

Enclosures: Capability Statement with total_____ pages

CAPABILITY STATEMENT

Status of the Firm Partnership Sole Proprietorship

1. (a) Name of the Firm (in Capital Letters) _____
 (b) Address of the Head Office _____
 (Please also give Telephone No. and _____
 Email address) _____
 (C) pan No. of the Firm _____
2. ICAI Registration No. _____
 Region Name _____
 Region Code No _____
3. Empanelment number with C&AG of India _____
4. (a) Date of constitution of the firm _____
 (b) Date since when the firm has a full time FCA _____
5. Full-time Partners/Sole Proprietor of the firm as on 1st January'13, _____
 (Please provide details in the table below)

LS. No.	Continuous association with the firm	Number of FCA	Number of ACA
	a) Less than one year		
	b) One year or more but less than 5 years		
	c) 5 years or more but less than 10 years		
	d) 10 years or more but less than 15 years		
	e) 15 years or more		

(Note: please attach the copy of firm's Constitution Certificate issued by ICAI as on 01.01.2013) .

6. Number of Part Time Partners, if any, as on 1st January'13, _____
 7. Number of Full Time Chartered Accountant as on 1st January'13, _____
 8. Number of audit Staff employed full-time with the Firm
 (a) Articles/Audit Clerks _____
 (b) Other Audit Staff (with Knowledge of Book _____
- Keeping and Accountancy)
- (c) Other personal Staff (please specify) _____
 (List to be attached for Sl. No. 5 to 8)
 9. Number of Branches if any (please mention _____
 Place and locations)
 10. Whether the firm is engaged in any internal or
 providing any other services to any Govt. Company/ Yes/No
 Corporation or co-operative institution etc.
 (If 'yes' details may be given on a separate sheet.)

11. Whether the firm is implementing quality control Policies and procedures designed to ensure that all audit are conducted in accordance with Statements on Standard Auditing Practices. Yes/No

(If yes, a brief note on the procedure adopted is enclosed)

12. Whether the firm, while performing audit services, Carried out Procurement Review/audit to ensure that the procurement is carried out by following World Bank Procurement guidelines and procedures (If yes, details may be given on a separate sheet, Specifying the name of client and services performed) Yes/No

13. Whether the firm has experience in performing internal audit in the State(s) for which EOI is submitted (If yes, details may be given on a separate sheet, specifying The name of client)

14. Are there are any court/arbitration/legal cases against the firm. Yes/No

(if yes, give a brief note of the cases including its present status)

15. Fees earned by the firm for last 3 years as per the table below:

Type of Audit	PSU/Autonomous Body	Companies in private Sector	Banks
Statutory/Branch Audit			
6-monthly Audit Review			
Internal/Concurrent Audit			
Total of the above			

(signature of authorized signatory of the firm and seal)

List of Annexure:

- 1.
- 2.
- 3.