

STATE HEALTH SOCIETY, BIHAR, PATNA
Pariwar Kalyan Bhawan, Sheikhpura, Patna - 800 014

SHORT TERM EXPRESSION OF INTEREST for Concurrent Audit 2013-14

Due to unavoidable circumstances, Expression of Interest (EOI)/Request for Proposal (RFP) for hiring services of Chartered Accountant firm for Concurrent Audit of State Health Society Bihar (SHSB) & District Health Society Bhagalpur, Patna, Nawada, Saharsa & Saran (Chhapra) for the Financial Year 2012-13 under National Rural Health Mission (NRHM) published/advertised in the month of September 2012 is hereby cancelled and a fresh Short term EOI/RFP for Concurrent Audit 2013-14 is invited as under:

Short Term Request for Proposal (RFP) for hiring services of Chartered Accountant firm for Concurrent Audit of State Health Society Bihar (SHSB) & District Health Society Bhagalpur, Patna, Nawada, Saharsa & Saran (Chhapra) for the Financial Year 2013-14.

State Health Society Bihar invites **Short term** Proposals from interested Chartered Accountants firms *empanelled with the C&AG of India* meeting all the minimum eligibility criteria given in Request for Proposal (RFP), for providing their services for carrying out the Monthly Concurrent Audit of all programmes including National Disease Control Programmes of State Health Society Bihar & District Health Society Bhagalpur, Patna, Nawada, Saharsa & Saran (Chhapra) under NRHM for the financial year 2013-14.

Detailed Short term Request for Proposal (RFP) comprising Background, Terms of Reference (TOR) and Guidelines for submitting the Proposal can be downloaded from the website <http://statehealthsocietybihar.org> **from 10th July 2013 onwards.**

Submission of Proposal: The Proposal is to be submitted 1. **For District Health Societies-** To the Civil Surgeon-cum- Member Secretary of the concerned District Health Societies i.e. Bhagalpur, Patna, Nawada, Saharsa & Saran (Chhapra) as the case may be & 2. **For State Health Societies-** To the Executive Director, State Health Society Bihar, Pariwar Kalyan Bhawan, Shikhpura, Patna-800 014]

Important Dates for the selection process:

- | | |
|--|-------------------------------|
| (i) Last date for submission of Proposal to SHSB/DHS | : 22/07/2013 up to 03.00 p.m. |
| (ii) Date of opening Technical Bid at SHSB/DHS | : 24/07/2013 up to 03.00 p.m. |
| (iii) Date of opening Financial Bid at SHSB/DHS | : 26/07/2013 up to 03.00 p.m. |

Executive Director
(SHSB)

REQUEST FOR PROPOSAL (RFP) --

State Health Society Bihar, Patna seeks to invite Proposals from C&AG empanelled Chartered Accountants firms meeting the minimum eligibility criteria for providing their services for Monthly Concurrent Audit of State Health Society Bihar & District Health Society Bhagalpur, Patna, Nawada, Saharsa & Saran (Chhapra) for the Financial Year 2013-14.

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

Terms of Reference (ToR)

1. 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 all the rural area in the country. The NRHM seeks to provide accessible, affordable and quality health care to the rural population, specially the vulnerable sections. It also seeks to reduce the Maternal Mortality Ratio (MMR) in the country from 407 to 100 per 1,00,000 live births, Infant Mortality rate (IMR) from 60 to 30 per 1000 live births and the Total Fertility Rate (TFR) from 3.0 to 2.1 within the 7 year period of the Mission.
2. One of the visions of the Mission is to increase public spending on health from 0.9% to 2-3% of GDP, with the improved arrangement for community financing and risk pooling. The NRHM has provided an umbrella under which the existing Reproductive and Child Health Programme (RCH) and various National Disease Control Programmes (NDCPs) have been repositioned.
3. At present the following Schemes come under the National Rural Health Mission:
 - A. Reproductive and Child Health Programme: (RCH Flexipool)
 - B. Additionalities Under NRHM: (Mission Flexipool)
 - C. Operating Costs for Routine Immunisation & Injection safety.
 - D. Operating Cost for Pulse Polio Immunisation.
 - E. Others like: IEC, NGO, Deafness Control, etc.
 - F. National Disease Control Programmes:
 - a) National Vector Borne Disease Control Programme (NVBDCP).
 - b) Revised National Tuberculosis Control Programme (RNTCP).
 - c) National Leprosy Control Programme (NLCP).
 - d) National Trachoma & Blindness Control Programme.
 - e) National Iodine Deficiency Disorder Control Programme (NIDDCP).
 - f) Integrated Disease Surveillance Project (IDSP).
4. **Funding & Accounting Arrangements:** Funds for the various programs are transferred to the States from the Government of India in the form of Grants-in-Aid to SHS on the basis of respective State Programme Implementation Plan (SPIPs). Under the umbrella of the integrated SHS/DHS. Each program has separate bank accounts, maintains separate books of accounts and other financial records as required under each program and also submit separate financial activity reports at varying frequencies to the respective monitoring unit in MOHFW (GOI).
5. **Financing by Development Partners/ Donors:** Some of the programs are supported by development partners such as the World Bank, DFID, UNFPA, European Union, GFATM etc for which grant/ 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.
6. **Objective of audit services:** The objective of the audit is to ensure that MOHFW receives adequate, independent, professional audit assurance that the grant proceeds provided by MOHFW are used for purposes intended in line with approved PIPs and AWP of individual programs and that the annual financial statements are free from material mis-statements 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 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 at the end of each fiscal year and of the funds received and expenditure incurred for the accounting period

ended. (2) the funds were utilised for the purposes for which they were provided and (3) where programs are financed by development partners, the respective program expenditures are eligible for financing under the relevant grant/credit agreement. As well as preparation of Financial Statements of the State and District Health Societies 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, and other statements as stated in guidelines)

The books of accounts maintained by the State Health Society and other participating implementing units (Districts, Blocks, PHCs, CHCs, APHCs and sub centers etc) shall form the basis for preparation of the financial statements for the state as a whole.

7. **Standards:** The audit will be carried out in accordance with **Engagement & Quality Control Standards (Audit & Assurance Standards)** issued by the Institute of Chartered Accountants of India in this regard. The auditor should accordingly consider materiality when planning and performing (except where a certain minimum coverage of implementing units is specified) the audit to reduce the risk to an acceptable level that is consistent with the objective of the audit. In addition the auditor should specifically consider the risk of material misstatements in the financial statements resulting from fraud.

8. **Contents Audit Report:**

(A) Concurrent Audit Report of the “**State Health Society**” should contain the following financial statements and documents:

- Duly filled in Checklist provided in the guidelines
- Financial Statements as prescribed
 - Audited Trial Balance
 - Audited Receipts & Payments A/c
 - Income & Expenditure A/c
 - Balance Sheet
 - Audited SOE
 - Bank Reconciliation Statement
 - List of outstanding advances – Activity-wise & Age-wise
- Observations and Recommendations of Auditor – particularly covering the following aspects:
 - Deficiencies noticed in internal control
 - Suggestions to improve the internal control
 - Extent of non-compliance with guidelines issued by GOI
 - Action taken by State Health Society on the previous audit observations, alongwith his observations on the same.

(B) Concurrent Audit Report of a “**District Health Society**” should contain the following financial statements and documents

- Duly filled Checklist provided in the guidelines
- Financial statements as prescribed
 - o Audited Trial Balance
 - o Audited Receipts & Payments A/c
 - o Audited Income & Expenditure A/c
 - o Balance Sheet
 - o Audited Statement of Expenditure
 - o Bank Reconciliation Statement
 - o List of outstanding advances – Activity wise & Age-wise
- Observations and Recommendation of the auditor (including observation on blocks visited)
- Action Taken by District Health Society on the previous audit observations. Along with his observation on the same.

Notes:

- (a) Soft copy of the district audit report needs to be submitted to State Finance Manager at state level.
- (b) The Director (Finance) at the centre may call for the concurrent audit report of any district/state.

- (c) The reports at both the state and district level will include consolidated report of RCH, Additionalities under NRHM, Immunization and NDCPs. In addition, it should also include instances of misappropriation/unauthorised diversion of funds as noticed during audit.

9. Quarterly Executive Summary

- The state is required to send a **Quarterly Executive Summary** to the Centre by compiling the observations from the State as well as District Concurrent Audits.
 - The executive summary should provide information on aspects like quality of FMRs, maintenance of books of accounts, advances, compliance with audit observations etc.
 - It shall be signed by both the concurrent auditor and the Executive Director at state level and sent to the Mission Director, MOHFW.
10. It must be ensured that the Audit reports of all the District Health Societies for each month should be submitted by 10th of next month. It should cover the following points as per the checklist & annexure provided:

Checklist	Annexure
A. Reporting requirements as per GOI guidelines	A. Cash Book
B. Maintenance of Books of Accounts	B. Budget Control Register
C. Receipt & Incomes	C. Assets Register
D. Payments & Expenditure	D. Advance tracking register
E. Asset side	E. Agewise analysis of advances
F. Liability side	F. Bank Reconciliation Statement

The Check list & Annexure above should be prepared by DAM/SAM and duly signed and submitted by the Concurrent Auditor.

Scope & Coverage of audit: Concurrent audit is a systematic examination of financial transactions on a regular basis to ensure accuracy, authenticity, compliance with procedure and guidelines. The emphasis under concurrent audit is not on test checking but on substantial checking of transaction. It is an ongoing appraisal of the financial health of an entity to determine whether the financial management arrangements (including internal control mechanism) are effectively working and identify areas of improvement to enhance efficiency.

Objective:

The key objectives of the Concurrent Audit include:

- To ensure voucher/evidence based on payments to improve transparency
- To ensure accuracy and timeliness in maintenance of books of accounts
- To ensure timeliness and accuracy of periodical financial statements
- To improve accuracy and timeliness of financial reporting especially at sub-district levels
- To ensure compliance with laid down systems, procedures and policies
- To regularly track, follow-up and settle advances on a priority basis
- To assess & improve overall internal control systems

Scope of Audit:

The responsibilities of the concurrent auditors 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 financial norms and procedures of the operational guidelines.

The concurrent audit should be carried out both at State as well as District level.

The scope of work of "**State Concurrent Auditors**" is as follows:

- Audit of the SHS accounts and expenditure incurred by SHS
- Verification of Quarterly FMRs with Books of Accounts
- Audit of Advances at the SHS level
- Audit of the Provisional Utilization Certificates sent to GOI
- Monitoring timely submission of the District concurrent audit reports

- Detailed analysis and compilation of the District concurrent audit reports
- Vetting of the State Action Taken Reports and providing observations thereon
- Follow-up & monitoring over the ATRs prepared by districts on the observations made in the audit
- Preparation of Quarterly Executive summary to be sent to GOI in the prescribed format
- Any other evaluation work, as desired by the State Audit Committee

The scope of work of “**District Concurrent Auditors**” is as follows:

- Review of the DHS Account and expenditure incurred by the DHS
- Audit financial Statement of DHS
- Certification of the statement of Expenditure
- Review and analysis of the Age wise and Party wise Advances Report
- Comparison between financial and physical performance and analysis
- Visit to sample blocks (in a way to cover all blocks in a year) and peripheral units
- Filling in the checklist provided
- Vetting of the district ATRs and providing observation thereon
- Any other evaluation works, as desired by the District Audit Committee

Frequency:

- Concurrent Audit will be carried out on a “monthly basis”

Coverage:

- The State Concurrent Auditor should ensure coverage of all the districts and the District Concurrent Auditor should ensure that all blocks are covered over the entire year.
- For district containing upto 12 blocks, it needs to be ensured that atleast one block is covered every month. For district consisting of more than 12 blocks it needs to be ensured that every block is covered atleast once during the year.
- The audit plan should include a visit to at least 50% PHCs/CHCs, 3 sub-centers and 3 VHSNCs located within the block selected for visit. The states may decide to increase the scope for the same.
- The audit has to include accounts maintained under RKS and NDCP (wherever applicable).

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

- a) An assessment of adequacy of the project financial systems, including financial controls. This should include aspects such as adequacy and effectiveness of accounting, financial and operational controls; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports; methods of remedying weak controls; verification of assets and liabilities; a specific report on this aspect would be provided by the auditor annually as part of the management letter
- b) Funds have been spent in accordance with the condition laid down by the Department of Health & Family Welfare, Government of India from time to time with due attention to economy and efficiency, and only for the purpose for which the financing was provided. Counterpart contribution from State Government, where required has been provided.
- c) Goods and services financed have been procured in accordance with the relevant procurement guidelines issued by the GOI. However, for various programmes, **special attention must be paid to the requirements of the agreement between GOI and development partners (such as for RCH-II, RNTCP, IDSP and NVBDCP)**. Such requirements are available within the State 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) Expenditures if any, ineligible for financing by the development partners (as documented in the Development Credit Agreement with IDA and equivalent agreement with DFID) are disclosed adequately in the financial statements.
- e) All necessary supporting documents, records and accounts have been kept in respect of the project.
- f) The auditors are requested to put up the outputs in the Appendix enclosed.

g) **General:** The auditor should be given access to any information relevant for the purpose of conducting the audit. This will normally include (other than all financial and procurement records) the SPIPs, AWP, MOU/LOU signed between MOHFW and the State/ SHS, instructions issued by MOHFW regarding scheme guidelines (e.g. JSY), 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. **State Health Society (SHS) reserves the right to accept or reject any application without giving any explanation and change the evaluation criteria as per its requirements in the interest of organisation.**

11. **Eligibility Criteria for State Health Society: The firm must be (a) empanelled with C&AG and ICAI and their Head offices / Branch Offices should be preferably be located in Patna; (b) have at least 2 fellow members of the ICAI; (c) have an average turnover of Rs. 10 lacs p.a in the last three year; (d) Firm must have experience of more than ten years. The selected firm would have to submit signed copy of report on monthly basis (within 10 days of end of month) in State Health Society.**

12. **Eligibility Criteria for District Health Society: The firm must be (a) empanelled with C&AG and ICAI and their local offices located in district or in division; (b) have at least 1 fellow member of the ICAI; (c) have an average turnover of Rs. 5 lacs p.a in the last three year; (d) Firm must have a experience of more than five years. The selected firm would have to submit signed copy of report on monthly basis (within 10 days of end of month) in State Health Society & District Health Society respectively.**

13. **Guidelines for Submitting the Proposals:**

Agencies are required to submit the proposal [For District Health Societies- To the Civil Surgeon-cum-Member Secretary of the concerned District Health Societies i.e. Bhagalpur, Patna, Nawada, Saharsa & Saran (Chhapra) as the case may be & For State Health Societies- To the Executive Director, State Health Society Bihar, Pariwar Kalyan Bhawan, Shikhpura, Patna-800 014] as per the guidelines and formats detailed out in the following paras:

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 STANDING COMMITTEE FOR AUDIT". The Society shall not be responsible for misplacement, losing or premature opening if the outer envelope is not sealed and/or marked as stipulated. This circumstance may be case for Proposal rejection. If the Financial Proposal is not submitted in a separate sealed envelope duly marked as indicated above, this will constitute grounds for declaring the Proposal non-responsive.

A. Technical Proposal:

- i. Letter of Transmittal (*Form T-1*)
- ii. Details of the Firm along with Details of Partners (*Form T-2*),

B. Financial Proposal:

The financial bid shall be submitted as per *Form F-1* *alongwith a Break-up for each Programme.*

**Expression of Interest for short listing Chartered Accountant
Firms for the audit of the accounts of State Health Society Bihar &
District Health Societies on a Monthly Basis**

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 e-mail address) _____
 (c) PAN No. of the firm _____
2. ICAI Registration No. _____ Region Name _____ Region Code No. _____
3. (a) Date of constitution of the firm:
 (b) Date since when the firms has a full time FCA
4. Full-time Partners/Sole Proprietor of the firm as on 1st January.....

Sl. No.	Years of continuous association with the firm	Number of FCA	Number of ACA
(a)	Less than one year		
(b)	1 year or more but less than 5 years		
(c)	5 year or more but less than 10 years		
(d)	10 year or more but less than 15 years		
(e)	15 year or more		

Note: Please attach the copy of Firm's Constitution Certificate issued by ACAE as on 01.01.2013.

5. Number of Part time Partners if any, as on 1st January
6. Number of Full time Chartered Accountant as on 1st January
7. 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 Professional Staff (Please specify) _____
8. Number of Branches if any (Please mention
 Places & locations): _____

9. Whether the firm is engaged in any internal or External audit or any other services providing to any Govt. Company/Corporation or co-operative institution etc. Yes/No
(If yes, details may be given on a separate sheet)
10. Whether the firm is implementing quality control Policies and procedures designed to ensure that all audits are conducted in accordance with Statements on Standard **Auditing Practices**. Yes/No
(If yes, a brief note on the procedure adopted is to be enclosed)
11. Whether there are any court/arbitration/any other legal case against the firm Yes/No
(If yes, give a brief note of the case indicating its present status)

Undertaking

I/We do hereby declare that the above mentioned informations are true & correct and I/We also undertake to abide the terms & condition of the contract and would make compliance of terms laid-down in the contract if executed by us with the State SCOVA.

Date:

Place:

Signature of Proprietor/Sole Partner

FORMAT FOR FINANCIAL BID

(Please provide the break-up of Firm's quoted fees for each work and unit)

Programme	Amount Fees per month (in Rs.)
<p>A. RCH Flexipool, NRHM and Immunisation</p> <p>B. National Disease Control Programmes:</p> <p style="margin-left: 20px;">a) National Vector Borne Disease Control Programme (NVBDCP).</p> <p style="margin-left: 20px;">b) Revised National Tuberculosis Control Programme (RNTCP).</p> <p style="margin-left: 20px;">c) National Leprosy Control Programme (NLCP).</p> <p style="margin-left: 20px;">d) National Trachoma & Blindness Control Programme.</p> <p style="margin-left: 20px;">e) National Iodine Deficiency Disorder Control Programme (NIDDCP).</p> <p style="margin-left: 20px;">f) Integrated Disease Surveillance Project (IDSP).</p> <p>C. Operating Cost for Pulse Polio Immunisation</p> <p style="margin-left: 40px;">Service Tax (if applicable)</p> <p>A. RCH Flexipool, NRHM and Immunisation</p>	:
Total Fees per Month	

(Rs. In wods.....)

(Signature of Authorised person)