

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

EXPRESSION OF INTEREST for Concurrent Audit 2015-16

HIRING SERVICES OF CHARTERED ACCOUNTANTS FIRM FOR CONCURRENT AUDIT OF STATE HEALTH SOCIETY, BIHAR (SHSB) & DISTRICT HEALTH SOCIETY (DHS) FOR THE FINANCIAL YEAR 2015-16 UNDER NATIONAL HEALTH MISSION (NHM).

Request for Proposal (RFP) for Concurrent Auditor for the State of Bihar

State Health Society Bihar invites 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 & all District Health Societies of the State under the NHM for the financial year 2015-16 after the completion of work of current concurrent auditor.

The details about background of the auditee, the units to be covered in the audit, scope of work, Terms of Reference (ToR), eligibility criteria for selection of the C.A. firms and Guidelines for submitting the Proposal can be downloaded from the website <http://statehealthsocietybihar.org> **from 23rd May 2015 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 & 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) | Date for pre-bid conference | : 28/05/2015 at 11.00 a.m. |
| (ii) | Last date for submission of Proposal to SHSB | : 08/06/2015 up to 03.00 p.m. |
| (ii) | Date of opening Technical Bid at SHSB | : 11/06/2015 at 03.00 p.m. |
| (iii) | Date of opening Financial Bid at SHSB | : 18/06/2015 at 03.00 p.m. |

1. **Venue for pre-bid Conference:** Pre-bid Conference for appointment of Concurrent Auditor for SHSB and DHS will be held at State Health Society Bihar, Patna, Pariwar Kalyan Bhawan, Sheikhpura, Patna (Bihar).

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 Societies for the Financial Year 2015-16.

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)

Section I-Background

- 1 National Health Mission (NHM) formerly known as 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 NHM 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 NHM 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 Health Mission:
 - A. Reproductive and Child Health Programme: (RCH Flexipool)
 - B. Additionalities Under NHM: (Mission Flexipool)
 - C. 1.1. Operating Costs for Routine Immunisation & Injection safety.
1.2. Operating Cost for Pulse Polio Immunisation.
 - D. Others like: IEC, NGO, Deafness Control, etc.
 - E. 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.

Section II-Objective & Scope of Audit

It is decided that mechanism of the concurrent audit may be implemented at state level and all the districts under NHM covering all the programmes under the National Health Mission. The concurrent audit of the District Health Society is hereby offered through the ToR. The proposal is invited from firms fulfilling the eligibility criteria enlisted in the EOI.

1. 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

2. 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 of 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

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
Reporting requirements as per GoI guidelines	Cash Book
Maintenance of Books of Accounts	Budget Control Register
Receipt & Incomes	Assets Register & Stock Register
Payments & Expenditure	Advance tracking register
Asset side of Balance Sheet	Agewise analysis of advances
Liability side of Balance Sheet	Bank Reconciliation Statement
Statement of Expenditure	Fund Receipt Register

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

3. Frequency:

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

4. Contents of 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
 - Audited Income & Expenditure A/c
 - Audited Balance Sheet
 - Audited SOE (Statement of Expenditure)
 - Bank Reconciliation Statement
 - List of outstanding advances – Activity-wise & Age-wise
 - Statement of reimbursable expenditure
 - Programme-wise statement of expenditure
 - Scheme-wise certified utilization certificates
 - Loan & Advances (Age-wise analysis)
 - Unspent grant of individual programmes
- 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
 - Audited Trial Balance
 - Audited Receipts & Payments A/c
 - Audited Income & Expenditure A/c
 - Audited Balance Sheet
 - Audited SOE (Statement of Expenditure)

- Bank Reconciliation Statement
- List of outstanding advances – Activity-wise & Age-wise
- Statement of reimbursable expenditure
- Programme-wise statement of expenditure
- Scheme-wise certified utilization certificates
- Loan & Advances (Age-wise analysis)
- Unspent grant of individual programmes
- 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 District Health Society on the previous audit observations, alongwith his observations on the same.

Section III-Minimum Elegibility Criteria

1 Eligibility Criteria for State Health Society:

The firm must be-

- empanelled with C&AG;
- registered with ICAI and have at least 2 fellow members of the ICAI;
- their Head offices / Branch Offices should preferably be located in Patna;
- have an average turnover of Rs. 10 lacs p.a in the last three year;
- having experience of more than five years;
- having experience of audit of externally/internally aided projects or social sector projects, other than audit of charitable institutions & NGOs of at least 2 assignment in the last 3 years;
- the firm or any partners of the firm should not be black listed by any PSUs or Govt. Co. or any other organization in respect of any assignment or behavior.

2 Eligibility Criteria for District Health Society:

The firm must be-

- empanelled with C&AG;
- registered with ICAI and have at least 2 fellow members of the ICAI;
- their Head offices / Branch Offices should be preferably be located in same district or division;
- have an average turnover of Rs. 5 lacs p.a in the last three year;
- having experience of more than three years;
- having experience of audit of externally/internally aided projects or social sector projects, other than audit of charitable institutions & NGOs of at least 2 assignment in the last 3 years;
- the firm or any partners of the firm should not be black listed by any PSUs or Govt. Co. or any other organization in respect of any assignment or behavior.

Any firm not qualifying these minimum criteria need not apply as their proposal shall be summarily rejected.

3 Term of appointment of the Auditor

- At the State level, the concurrent auditor appointed once can be retained/re-appointed for a maximum total term of two financial year's i.e. current year and next year. However, the Contract awarded should be for one year at a time and should be renewed next year on the basis of auditor's performance review.
- There is no bar on the auditor from applying for the audit of a different district along with the state, provided it does not exceed the limit of 30% of the districts in the state, or 8 districts including state as one unit, whichever is lower.

4 Non-Eligibility for Concurrent Audits:

Sub-letting award of contract of audit from applying for the selected firm to the other CA Firms will not be entertained. Such cases if brought into notice/found at any point of time before/after selection, the concerned firms will be debarred from bidding process for next 3 years and contract will be cancelled forthwith and penalty shall also be imposed to the extent of 10% of the amount of the annual contract.

5 Key Times

The key timelines which need to be adhered to are summarized below:

Activity	Timeline
Carrying out concurrent audit	Monthly
Submission of Audit Report (Hard & Soft Copies) by Auditor to SHS	10th of the next month
Submission of Consolidated Audit Report (Hard & Soft Copies) by Auditor to SHS	15th of next month
Submission of Consolidated Quarterly Executive Summary Report (Hard & Soft Copies) by Auditor to SHS	Quarterly by 20th of the first month of the next quarter

6 Coverage:

- The State Concurrent Auditor should ensure coverage of all the districts while the District Concurrent Auditor should ensure that all blocks are covered over the entire year.
- For district containing up to 12 blocks, the District Concurrent Auditor has to ensure that at least one block is covered every month. For districts consisting of more than 12 blocks, it needs to be ensured that every block is covered at least once during the year.
- The District 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).
- District Concurrent Auditor has to ensure that the Revenue Collected from patients on account of Registration Charges, Service Charges etc. and receipt from other services is deposited into Bank Accounts by the auditee offices on weekly basis.

Section IV- Guidelines for Submitting the Proposals:

1. General Guidelines:

Agencies are required to submit the proposal (RFP) (in two separate & sealed cover/envelop) duly writing on Top as proposal for _____ & Last date _____ 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 rejection of Proposal. 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.
- Only single firm is eligible to apply, while associations of firms or Joint Ventures of two or more firms are not allowed.

- The interested firm should submit the proposal form with the respective District Health Society Office for which they intend to do the Audit work. The Civil Surgeon-cum-Member Secretary of the respective District Health Society shall evaluate the Technical proposal and finalise the same for opening of financial bids of eligible firms. The Civil Surgeon-cum-Member Secretary of the concerned District Health Society shall be the appointing authority of Concurrent Auditors.
- The firm shall give an undertaking that the team members are proficient in the State's official language (both oral and written).
- It may be noted that a record of the team shall be maintained at the facility visited and team has to collect a certificate of their attendance giving their name, designation and date of visit etc. from the head of that facility.
- A firm should submit only one proposal for one District. If a firm submits or participates in more than one proposal at one place, all such proposals shall be disqualified. However a firm can submit the multiple proposals for multiple locations (viz. more than one Districts and/or State.) but in any case the firm should not be assigned the work of more than 30% of total Districts or maximum 8 Districts (including State Unit).
- All agencies must comply with the Technical Specification, General Conditions and Format/ Requirement for Technical and Financial Proposal.
- The Technical Proposal shall be marked "ORIGINAL" or "COPY" as appropriate. All required copies of the Technical Proposal are to be made from the original. If there are discrepancies between the original and the copies of the Technical Proposal, the original governs.
- Financial proposals submitted by the firm in the bid shall be valid for six months from the date of submission to final award of the contract.
- Each page, Form, Annexure and Appendices of the Technical and Financial Proposal must be signed by the authorized signatory of the firm.
- All blank spaces in the financial proposal must be filled in completely where indicated, either typed or written in ink.
- State Health Society (SHS) reserve 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 the organization.

2. Technical Proposal:

- ✚ Letter of Transmittal (*Form T-1*)
- ✚ Details of the Firm along with Details of Partners (*Form T-2, Form T-2A*),
- ✚ Brief of relevant experience (Form T-3).

3. Financial Proposal:

- ✚ The financial bid shall be submitted as per Form F-1
- ✚ Percentage (or proportion) of funds involved/turnover shall not be basis for quoting the audit fee.

Submission of Proposals:

The proposal may be submitted to: [**For District Health Societies-** To the Civil Surgeon-cum-Member Secretary of the concerned District Health Societies 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 instructed by GOI, auditors applying for the audit different districts in the State for the financial year 2015-16 should not exceed the limit of 8 Districts.

Details of the Firms along with Details of Partners 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, 2015

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 ACAI as on 01/01/2015.

5. Number of Part time Partners if any, as on 1st January, 2015
6. Number of Full time Chartered Accountant as on 1st January, 2015
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 as per form T-3)
10. Whether the firm is implementing quality control Policies and procedures designed to ensure that all audits are conducted in accordance with Auditing, Review & other Standard issued by ICAI. 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.

Date:

Place:

Signature of Proprietor/Sole Partner

Details of Firms, Partners, Partners, Branches Turnover etc.

Sl. No.	Criteria	Details	Remarks
1.	No. of Partners- FCA/ACA		
2.	Year of experience: Partner A + Partner B + Partner C + Partner D +.....		
3.	Year of Partners associated with the firm: Partner A + Partner B + Partner C + Partner D +.....		
4.	No. of Staff:		
	i. Qualified		
	ii. Semi-Qualified		
	iii. Others		
5.	Nature of experience: (giving Turnover/Project Cost/Years of experience of the entities/projects audited)		
	i. RCH audit		
	ii. Govt. Social Sector Audit		
	iii. Other Social Sector Audit		
6.	No. of Branches		
7.	Total turnover of the firm in last three years		
Note: CA firms will also provide their latest Certificate of Firm Constitution as on 1st January 2015 of the current year issued by ICAI and their latest Income Tax Return duly acknowledge by IT Department. Firm not able to provide these two documents will not be considered.			
Name of the Member		Signature with date	

Brief of Relevant Experience

A. Experience of audit in relation to Externally Aided Projects/Social Sector Projects (Excluding the audit of Charitable Institutions and NGOs)						
Sl. No.	Name of the Auditee Organisation	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 of Assignment awarded by the Auditee Organisation (Please attach a copy of the letter)

B. Experience of audit in Commercial/PSUs etc						
Sl. No.	Name of the Auditee Organisation	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 of Assignment awarded by the Auditee Organisation (Please attach a copy of the letter)

FORMAT FOR FINANCIAL BID

Item of Activity	Total Amount (in Rs.)
<p>AUDIT FEE PER MONTH (Inclusive of TA/DA, Service Tax and cess of Service Tax)</p> <p>Note: Percentage of funds involved shall not be a basis of quoting the Audit Fee.</p>	<p>Both in Numeric and in Words. Rs. _____/-</p> <p>(Rupees _____).</p>

*Breakup of the Audit Fee quoted above must be provided as per following format:**

Sl. No.	Particulars	Amount
1.	Audit of State Headquarter of SHSB and other state level implementing units	
2.	Audit of Consolidated Financial Statement of State and District Health Societies	
3.	Service Tax	
4.	TA/DA	
5.	Others, if any	
	TOTAL	

* To be arrived at based on the estimated man days for each category of staff proposed for the assignment.