

State Project Implementation Unit

(Technical Education Quality Improvement Program –III, Dept. of Tech. Edu. Govt. of Raj.)

(World Bank Assisted Program of Ministry of HRD, Government of India)

Office: Center for Electronic Governance, Jhalana Doongari, Jaipur- 302004

Expression of Interest

for

Engaging Chartered Accountancy Firm for Internal Audit of 12 (Twelve), TEQIP Institute and 01 (one) SPIU office in the State of Rajasthan

EOI Ref. No. SPIU/TEQIP – III/INT AUDT/2018/01 dated 26th July 2018	
Place for opening of the bid	State Project Implementation Unit Office: Center for Electronic Governance, Jhalana Doongari, Jaipur- 302004
Last Date & Time of Submission of EOI	9th August 2018 upto 1500 hrs
Date & Time of Opening of EOI	9th August 2018 upto 1530 hrs

Name of CA Firm	
Contact Person (Authorized Bid Signatory):	
Correspondence Address:	
Mobile No	
Email	
Website	

1. BACKGROUND:

TEQIP-III is a Central Sector Scheme of the Ministry of Human Resources Development (MHRD) with 100% funding from Govt. of India. An around 200 engineering institutions will be participating in the Project.

2. PROJECT COMPONENTS:

The Third Phase of the Technical Education Quality Improvement Programme is composed of the following components and sub-components:

Component 1 : Improving quality and equity in low-income and special category state (LIS/SCS):

- **Sub-component 1.1 :** Institutional Development Grants to Government and Government-aided Institutes
- **Sub-component 1.2:** Widening Impact through ATUs in LIS and SCS

Component 2 : System-level initiatives to strengthen sector governance and performance

Component 3: Sustaining excellence in engineering education and widening impact through competitively-selected institutes in non-LIS/SCS

- **Sub-component 3.1:** Incubating, Sustaining and Spreading Excellence through Competitively selected Government and Government-aided Institutes
- **Sub-component 3.2:** Widening Impact through ATUs in non-LIS

3. Project Institutions of Rajasthan

S.No	Name of Institutions, ATU and SPIU Rajasthan	SUB-COMPONENT
1.	Rajasthan Technical University, Kota	1.2
2.	University Department (UD), Kota	1.1
3.	College of Technology & Engineering, MPUAT, Udaipur	1.1
4.	MBM Engineering College, Jodhpur	1.1
5.	MLV Textile & Engineering College, Bhilwara	1.1
6.	Govt. Engineering College, Ajmer	1.1
7.	Govt. Mahila Engineering College, Ajmer	1.1
8.	Govt. Engineering College, Jhalawar	1.1
9.	Govt. Engineering College, Bharatpur	1.1
10.	College of Engineering & Technology, Bikaner	1.1
11.	Govt. Engineering College, Bikaner	1.1
12.	Govt. Engineering College, Banswara	1.1
13.	State Project Implementation Unit (SPIU), Jaipur	2

4. Internal audit system is one of the important parts of financial management to examine and verify the adequacy and effectiveness of the inherent internal control system of an organisation/project. As there are multiple institutions in the project, financial management of the project can be strengthened by establishing a system of internal audit.

5. Coverage of Internal Audit Report:

Sl. No	Name of Report	Reporting Entity	To be reported to	Periodicity
1.	Internal Audit	Institutes in Rajasthan (1.1, 1.2) and SPIU (Rajasthan)	SPIU to NPIU NPIU to World Bank	Half yearly

6. Internal audit of each Institute and SPIU should be conducted on a semi-annual basis. It should be carried out in accordance with the Internal Auditing Standards of Institution of Chartered Accountants of India, and will include such substantive and control tests as the Internal Auditor considers necessary under the circumstances. The internal auditor will conduct an assessment of the adequacy of the project Financial Management system, including internal controls. The Internal Audit firm will submit an Audit Schedule in advance to SPIU.

7. Implementation Arrangements :

Arrangements Central Level

Overall responsibility for the project lies with the **Department of Higher Education of the Ministry of Human Resource Development (MHRD), Government of India**. MHRD constituted a National Steering Committee assisted by a small National Project Directorate headed by the National Project Director (Additional Secretary or Joint Secretary in charge of higher/technical education). MHRD delegate day-to-day implementation to National Project Implementation Unit (NPIU).

State Level

State Governments will oversee and facilitate implementation in the institutions in their State through the **State Project Implementation Unit (SPIU)** under the department responsible for technical education. **The Secretary in-charge of technical education is overall responsible for project implementation in that State**, assisted by the Director of Technical Education and the team in the SPIUs.

Institutional Level

At the institutional level, the **Board of Governors (BOG)** is the body responsible for institutional project design, reform and project implementation. The day-to-day implementation is coordinated by a TEQIP unit headed by the institutional Director and assisted by a senior faculty member as the TEQIP Nodal Officer.

8. Objective of Internal Audit:

The objectives of internal audit are as follows:

- Check accuracy and authenticity of records presented by management
- Ascertain that accounting policies are followed as per plans
- Analyse & improve internal check system
- Facilitate prevention and detection of misstatements
- Examine safeguarding of asset
- Conduct special investigation for management
- Provide new suggestion to management
- Review operation of overall internal control system
- To evaluate adequacy of internal control system

- To ensure compliance of laid down policies, procedures, accounting and financial reporting documented in Financial Management Manual of the project.
9. Internal audit provides project management with timely information and recommendations on financial management aspects to enable the management to take corrective actions, wherever necessary, in due time.

10. Standards:

The audit will be carried out in accordance with the Engagement and Quality Control Standards promulgated by the Institution of Chartered Accountants of India (ICAI). The auditor should accordingly consider materiality when planning and performing the audit to reduce audit risk to an acceptable level that is consistent with the objective of the audit. Although the responsibility for preventing irregularity, fraud, or the use of credit proceeds for purposes other than as defined in the legal agreement remains with the borrower, the audit should be planned to have a reasonable expectation of detecting material misstatements in the project financial statements.

11. Scope:

The overall scope of Internal Audit in TEQIP III project will include:

- (i) Enable the auditor to confirm compliance with Financial Management Guidelines laid down for the project.
- (ii) Provide State Project Implementation Unit (SPIU) with timely and real time information on financial management aspects of the project, including internal controls, compliance with financing agreements and Institutions/areas in need for improvement and to enable follow-up action. This will involve regular and frequent visits to Institutions to check adherence with internal control requirements like bank reconciliations, timely maintenance of books/accounting software and accuracy of reporting.

12. FINANCIAL TRANSACTIONS (Areas needed to be checked by Internal Auditor)

Internal audit of each implementing agency (IA) should be conducted on a semi-annual basis. It should be carried out in accordance with the Internal Auditing Standards of Institution of Chartered Accountants of India, and will include such substantive and control tests as the Internal Auditor considers necessary under the circumstances.

The internal auditor will conduct an assessment of the adequacy of the project Financial Management system, including internal controls. This would include aspects such as:-

- a) Whether appropriate controls as specified by the Financial Management Manual (FMM), Project Appraisal Document (PAD), General Financial Rules (GFRs), Project Implementation Plan (PIP) and other relevant Central/State Government notifications are operating satisfactorily. The auditor should suggest methods for improving weak controls or creating them where these controls do not exist.
- b) That proper books of account/operation of accounting software as laid down in the Financial Management Manual and adequate documentation is being maintained for timely and accurate reporting for project activities.
- c) An assessment of compliance with provisions of the financing agreements (Grant Agreement; Project Agreements, Memorandum of Understanding (MoU) between Institution and SPIU and State and NPIU.
- d) Use of PFMS while making the payments.

- e) Reconciliation of PFMS expenditure amount with the books of accounts maintained at institutes level.
- f) That an adequate system is in place to ensure that goods, works and services are being procured in accordance with the procurement procedures prescribed for the project. The audit should report by exception any such cases found where these guidelines are not followed.
- g) That an appropriate system of accounting and financial reporting exists, on the basis of which claims are prepared and submitted for reimbursement.
- h) Adequate records are maintained regarding assets created and assets acquired by the project, including details of cost, identification and location of assets.
- i) Checking adherence to FM aspects of Disclosure Management requirement of the project by implementing agencies.
- j) Timely adjustment of the advances paid to suppliers/staff/etc.
- k) Checking petty cash book in regular intervals.
- l) The payment voucher are supported by proper supporting documents.
- m) Whether the expenditure has been booked in proper head of account.
- n) Payment of taxes to Govt. authorities in time, such as professional tax, Income tax, GST and TDS.
- o) The expenditure should be checked as per permissible and non-permissible list issued by NPIU.
- p) Verifying compliance with the recommendation of the internal audit report of the previous period (s) and provide comments thereon.

13. General :

The auditor should be given access to any information relevant for the purpose of conducting the audit such as all legal documents, Correspondence, Books of Accounts, Financial Management Manual (FMM) of the Project, Project Implementation Plan (PIP).

All the documents can be downloaded from the website www.npiu.nic.in

14. Process of Selection of Internal Auditor

Selection is made following the 'Quality and Cost based Selection' [QCBS] as per paragraph 2.1 of the Guidelines: Selection and Employment of Consultants by World Bank Borrower, January 2011. This method uses a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. The final ranking will be done by applying a weightage of 75 percent and 25 percent respectively to the technical financial score of each evaluated qualifying Technical and Financial Proposal and then computing the relevant combined total score for each bidder.

The selection process shall include the following steps:

- (a) Preparation of the TOR;
- (b) Preparation of cost estimate and the budget, and short-listing criteria;
- (c) Advertising;
- (d) Preparation of the short list of consultants;
- (e) Preparation and issuance of the RFP (which should include: the Letter of Invitation (LOI), Instructions to Consultants (ITC), the TOR, and the proposed draft contract);
- (f) Receipt of proposals;

- (g) Evaluation of technical proposals: consideration of quality;
- (h) Public opening of financial proposals;
- (i) Evaluation of financial proposal;
- (j) Final evaluation of quality and cost; and
- (k) Award of the contract to the selected firm.

Evaluation and appointment of the project auditor is done following a two stage process i.e. the Expression of Interest (EoI) stage and the Request for Proposal (RFP) stage. At each stage, the applicant private audit firms are evaluated on pre-determined parameters.

15. Period of Appointment:

Initially the Internal Auditor would be appointed for a period of 1 year. The contract may be extended to another two years on the basis of performance of the auditor.

16. Eligibility Criteria:

The mandatory eligibility criterions are as under:

- 16.1** The firm must be **empanelled with C&AG**, without which the application of the firm would not be considered.
- 16.2** The applicant firm is **Independent of the entity** to be audited.
 - 16.2.1 The audit firm is not the Statutory Auditor of the project or the PIU.
 - 16.2.2 No partner of the audit firm or any qualified employee of the firm is related to any member of the Governing Body/Executive Committee/Board of Directors or the Project Director/Managing Director/any Director or any of the senior management (as applicable) of the PIA. Relative would mean husband, wife, brother, or sister or any lineal ascendant or descendant.
 - 16.2.3 Neither the firm nor its Partners or Associates have any interest in the business of the PIU.
 - 16.2.4 From the time of appointment and for one year after (to be counted from the date of issue of final audit report) the Firm ceases to be Auditor, no other assignment of any kind to the PIA/project (including consultancy) will be accepted, either by the firm or by its partners or relatives of partners of the firm or by its associates.
 - 16.2.5 The audit will not be done by a person who was either an employee in the project or a partner/employee of the retiring auditor, unless such person is employed with the firm for at least one year.
- 16.3** The audit firm is not one against which disciplinary orders have been issued by the Public Companies Accounting Oversight Board and these orders are in force. Also, any partner/senior manager of the audit firm is not associated with the audit in any manner if he/she
 - 16.3.1 has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949; or

16.3.2 is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board.

16.4: Firms must qualify following minimum criteria:

S.No	Particulars	Minimum Criteria
1.	Number of Full Time Partners associated with the firm for not less than 3 years with at least one being a Fellow CA	4
2.	Turnover of the firm (Average annual in last three financial yrs. i.e 2014-15; 2015-16; 2016-17).	Minimum Rs.25 Lakhs
3.	No. of Years of Firm Existence	5 Yrs.
4.	No. of assignments of Statutory Audit of Corporate/PSUs entities except Bank Branch Audit having a turnover of not less than Rs 25 crores in the last 3 years.	4
5.	No. of assignments: Experience of audit of Externally Aided Projects/ Social Sector Projects (other than Audit of Charitable Institutions & NGOs) in the last 3 years	4

17 Supporting Documents for Eligibility Criteria: Following supporting documents must be submitted by the firm along with the technical proposal:

- i. A self-attested copy of the latest empanelment intimation letter issued by the CAG.
- ii. A certificate from the firm to the effect that no partner of the firm has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949 or is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board. In case the firm has such partners, the firm provides details of such partners and certifies that they will not be associated with the audit in any manner.
- iii. A Declaration signed by an authorized partner of the audit firm verifying that the applicant is independent of the entity to be audited that they have no relationship with the entity to be audited (in particular, the auditor should not be employed by, serve as director for, or have any financial or close business relationship with the entity during the period(s) covered by the audit or immediately thereafter for a period of two years);
- iv. A self-attested copy of the latest firm constitution certificate issued by the ICAI (*this certificate shall also act as evidence for verifying the Date of Constitution of the firm*). This certificate should not be older than 30 days as on the date of the EoI.
- v. A copy of the balance sheet for the last three years (2014-15; 2015-16; 2016-17).

- vi. A copy of the appointment letters from the auditee organizations. Branch Audit of any Bank shall not be considered while taking into account the total number of assignments.

18 Evaluation Criteria: The Evaluation Criteria of Expression of Interest (EOI) is as under:

S.No	Evaluation Criteria	Maximum Marks
1.	Number of Partners (2 marks up to 3 partners, 1 for each additional partner)	10
2.	Presence of the Firm in Rajasthan	10
3.	Number of Professionally Qualified Staff Between 10-25 staff-(5 marks) More than 25 Staff-(10 marks)	10
4.	Turnover for the last five years More than 50 lacs and up to 75 Lacs-2 marks for each year More than 75 Lacs-4 marks for each year	20
5.	Number of Audit and similar assignments undertaken during last 5 years (5 marks for each assignment, maximum three)	15
6.	Number of World Bank Project Audits** undertaken during the last 5 years (5 marks for each assignment, maximum seven assignments)	35
Total Marks		100

* The audit firms must be empanelled with the C&AG and eligible for major audits

** World Bank audits means any audit conducted by the firm for World Bank clients, and includes both external audit and internal audit.

19. General Instruction

- 19.1 The EOI should be sealed by bidder in separate cover duly super scribed as EOI for Engaging Chartered Accountancy Firm for **Internal Audit** of 12 (Twelve), TEQIP Institute and 01 (one) SPIU office in the State of Rajasthan.
- 19.2 The sealed EOI, complete in all respects, must reach office of State Project Implementation Unit, Center for Electronic Governance, Jhalana Doongari, Jaipur-302004 **latest by 9th August 2018 upto 1500 hrs.**, failing which it would be summarily rejected. SPIU will not be responsible for postal delay or non-receipt of EOI.
- 19.3 The EOI will be opened **at 1530 hrs on 9th August 2018** at the office of State Project Implementation Unit, Center for Electronic Governance, Jhalana Doongari, Jaipur- 302004 in the presence of agencies or their representatives, who may wish to be present on the occasion.
- 19.4 Each page of the EOI should be duly stamped, signed and dated by the agency while submitting.
- 19.5 EOI should not include any financial information. The cover thus prepared should also indicate clearly the name and address of the agency to enable the EOI to be returned unopened in case it is received "Late" or due to any other reason.

- 19.6 EOI should be a complete document with Index & page numbering and should be bound as a volume. Different copies must be bound separately
- 19.7 EOI shall remain valid for the period of 90 days after the date of opening of EOI. A bid valid for a shorter period may be rejected by SPIU as non responsive. In exceptional circumstances, SPIU may solicit the bidder's consent to an extension of the period of bid validity. The request and response shall be in writing.
- 19.8 The Chartered Accountant Firm submitting the EOI for appointment of Internal Auditor shall not submit the EOI for appointment of Statutory Auditor.