

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 Statutory Audit of 12 (Twelve), TEQIP Institute and 01 (one) SPIU office in the State of Rajasthan

EOI Ref. No. SPIU/TEQIP – III/STAT AUDT/2018/02 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 1600 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), Rajasthan	2

4. Implementation Arrangements :

Institutional and implementation

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.

5. 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.

6. Scope:

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

- (a) An assessment of the adequacy of the project financial management arrangements, including internal controls. This would include aspects such as
 - (i) Adequacy and effectiveness of accounting, financial and operational controls and needs for revision of the same, if any;
 - (ii) level of compliance with established policies, plans and procedures;
 - (iii) Reliability of accounting systems, data and financial reports;
 - (iv) Methods of remedying weak controls or creating them where there are none, and;
 - (v) Verification of assets and liabilities. This assessment is required to be carried out for each every year of project implementation and specific comments on these aspects are required be provided by the auditor annually in the Management Letter;

- (b) All project funds have been used in accordance with the conditions of the relevant legal agreements and only for the purposes for which the financing was provided. Relevant legal agreements include the Loan/Credit Agreement, the Project Appraisal Document, the Minutes of Negotiations and the Memorandum of Understanding;
- (c) All expenditure, including procurement of goods and services has been procured in accordance with relevant provisions of the Procurement Procedures prescribed for the program. Proper documents, namely, purchase orders, tender documents, invoices, vouchers, receipts, pay bills, TA bills etc. are duly maintained and linked to the transactions.
- (d) All necessary supporting documents, records, and accounts have been kept in respect of all project transactions including expenditures reported via Interim Unaudited Financial Reports (IUFR). Clear linkages should exist between the books of account and IUFR presented to the Bank;
- (e) The expenditures reported as per the quarterly IUFR/ PFMS are in agreement with the audited expenditure/ books of accounts and variances are documented.
- (f) Expenditure incurred, with reference to the budget allocation approved by NPIU/MHRD. In case the budget allocation is exceeded, proper re-appropriation duly approved by the competent authority has been obtained.
- (g) An assessment of closing advances including staff advances. Present an ageing report of the outstanding advances for more than one year.
- (h) The project accounts have been prepared in accordance with consistently applied Accounting Standards issued by the ICAI and present fairly, in all material respects, the financial situation of the project at the year end and of resources and expenditures for the year ended on that date.
- (i) Physical verification of the assets created out of project funds, as required under the applicable assurance standards.
- (j) An assessment of the compliance of previous audit observations raised, if any. The audit report should include a separate Para in this regard.

7. 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

8. Process of Selection of Statutory 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

9. Appointment of Auditors

The auditors will be appointed in accordance with the guidelines for procurement of consultants as contained in the Procurement Manual of the Project. The auditors may be appointed initially for a period of one year and then for another subsequent year, subject to annual performance review.

10. Eligibility Criteria:

The mandatory eligibility criterions are as under:

10.1 The firm must be **empanelled with C&AG**, without which the application of the firm would not be considered.

10.2 The applicant firm is **Independent of the entity** to be audited.

10.2.1 The audit firm is not the incumbent Internal Auditor of the project or the PIU.

10.2.2 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.

10.2.3 Neither the firm nor its Partners or Associates have any interest in the business of the PIU.

10.2.4 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.

10.2.5 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.

10.3 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

10.3.1 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

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

10.4: 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

11 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.

12 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

13. General Instruction

- 13.1 The EOI should be sealed by bidder in separate cover duly super scribed as EOI for Engaging Chartered Accountancy Firm for **Statutory Audit** of 12 (Twelve), TEQIP Institute and 01 (one) SPIU office in the State of Rajasthan.
- 13.2 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.
- 13.3 The EOI will be opened **at 1600 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.
- 13.4 Each page of the EOI should be duly stamped, signed and dated by the agency while submitting.
- 13.5 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.
- 13.6 EOI should be a complete document with Index & page numbering and should be bound as a volume. Different copies must be bound separately
- 13.7 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.
- 13.8 The Chartered Accountant Firm submitting the EOI for appointment of Statutory Auditor shall not submit the EOI for appointment of Internal Auditor.