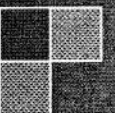


2018

March

**Request for Proposal (RFP) Document for
Appointment of Auditor Firm
for Statutory Audit of
Bihar Rural Roads Development Agency (BRRDA)
Rural Works Department, Bihar**

Additional Chief Executive Officer cum Secretary
Bihar Rural Roads Development Agency (BRRDA)
Rural Works Department, Bihar, Patna
3rd Floor, Land Development Bank Building,
Budh Marg, Patna-800001
Phone: (0612) 2233063, Fax: (0612) 2233199
Email: acct.brrda@gmail.com



541

**Bihar Rural Roads Development Agency (BRRDA)
Rural Works Department, Bihar Patna
(A Society registered under Societies Registration Act-1860)**



**Request for Proposal (RFP) Document
for
Appointment of Auditor firm
for Statutory Audit of
Bihar Rural Roads Development Agency (BRRDA)
Rural Works Department, Government of Bihar**

March – 2018

Additional Chief Executive Officer cum Secretary
Bihar Rural Roads Development Agency (BRRDA)
Rural Works Department, Bihar, Patna
3rd Floor, Land Development Bank,
Budh Marg. Patna-800001
Phone: (0612) 2233198, 2233063, Fax: (0612) 2233199
Email- acct.brrda@gmail.com

Table of Contents

<u>Sl.No.</u>	<u>Description</u>	<u>Page No</u>
1	Section-1: Letter of Invitation	4
2	Section-2: Terms of Reference	5
3	Section-2A: TOR for MMGSY (World Bank), BRRP.....	10
4	Section-3: Instructions to Statutory Auditor Firm	18
	General Information and Eligibility Criteria	
	Preparation of Proposal	
5	Section-4: Technical Proposal- Standard Format	29
6	Section-5: Financial Proposal- Standard Format	38
7	Section-6: Standard Contract Document	42

Section 1 – Letter of Invitation

Ref:

Date: **March, 2018**

From:

Additional Chief Executive officer cum secretary
Bihar Rural Roads Development Agency (BRRDA)
3rd Floor, Land Development Bank,
Budh Marg. Patna-800001
Phone: (0612) 2233198, 2233063, Fax: (0612) 2233199
Email- acct.brrda@gmail.com

To:

[insert: Name and Address of Auditor].....

.....
Attention: Mr/Ms

1. Additional CEO, BRRDA invites proposals for **Appointment of Auditor firm for Statutory Audit of Bihar Rural Roads Development Agency (BRRDA), Rural Works Department Government of Bihar, Patna**
2. The Background Information and Terms of Reference for the Statutory Auditor firm are provided in Section 2 of the Request for Proposal (RFP)
3. This RFP is available to all eligible prospective Chartered Accountant firms who are empanelled with **Comptroller and Auditor General of India**.
4. A firm will be selected under **Least Cost Based Selection (LCS) Method** and procedures described in this RFP, in accordance with the policies of the Govt. of Bihar.
5. The RFP includes the following documents:
 - Section 1 - Letter of Invitation
 - Section 2 - Terms of Reference
 - Section 2A – TOR for MMGSY (WB), BRRP
 - Section 3 - Instructions to Statutory Auditor firm
 - Section 4 - Technical Proposal - Standard Forms
 - Section 5 - Financial Proposal - Standard Forms
 - Section 6 - Standard Contract Document
6. A Pre-proposal meeting has been scheduled for **9th April 2018** at the office of the undersigned at 11:00hrs, where all issues/clarifications could be discussed and finalized.
7. The deadline for receipt of proposals shall be **16th April 2018** up to 02.00 P.M..
8. BRRDA reserves the right to accept or reject any or all proposals, and to annul the selection process and reject all proposals at any time prior to the award of contract, without thereby incurring any liability or any obligation in any form to the affected firms on any grounds.

Yours sincerely,

**Additional-CEO-cum-Secretary,
BRRDA**

Section2 : Terms of Reference

Statutory Audit of Bihar Rural Roads Development Agency (BRRDA), Rural Works Department, Government of Bihar Patna (A Society registered under Societies Registration Act-1860)

1. Background

Bihar Rural Roads Development Agency, Rural Works Department, Government of Bihar is nodal agency for implementation of Pradhan Mantri Gram Sadak Yojana - a centrally sponsored scheme of Government of India to provide all weather road connectivity to all eligible habitation in rural Bihar. The rural works department, Government of Bihar has also formulated many scheme for development and maintenance of rural road connectivity in Bihar like Mukhya Mantri Gram Sadak Yojana (MMGSY), Mukhya Mantri Gram Sampark Yojana (MMGSY New), NABARD schemes, Gramin Tola Sampark Nischaya Yojna (GTSNY), FDR, and other.

Under the Operational guideline of PMGSY the Nodal Department has to set up a State level autonomous agency, to be called the State Rural Roads Development Agency (SRRDA), with a nodal or coordinating role for the entire Rural Road Sector in the State. BRRDA is the agency which has taken over the position of SRRDA. BRRDA receives the funds from MoRD and collaboration partners for the PMGSY programme. This Agency receives the funds from Rural Works Department for the implementation of state schemes like MMGSY General, MMGSY (SC), MMGSY (WB) and MMGSY (ST) programme, NABARD schemes and other scheme of GoB.

Bihar Rural Road Development Agency (BRRDA) is a state level agency under RWD to channelize funds received from Gol, GoB and other agencies and ensure that funds received are used for intended purpose in a planned way. BRRDA is a society registered under the Societies Registration Act; 1860. The main objectives for the formation of the society are as follows:

- To assist the State Government in preparation of comprehensive core network connectivity priority list (CNCPL) and District Rural Road Plan (DRRP) for PMGSY-II.
- To assist the state Government in preparation of project proposals related to rural road development in Bihar.
- To facilitate the technical vetting of new proposals by State technical coordinators.
- To assist in administrative approval of the proposals from appropriate authorities.
- To assist in floating the tenders and award of contract
- To ensure timely procurement of funds from Government of India , State Govt. or any funding agency and channelize the fund to work divisions/PIUs for timely payment to contractors against works done.

For the purpose of achieving the above objectives, 108 works divisions of Rural Works Department has been tied up with BRRDA as its PIUs. PIUs are headed by Executive Engineer of RWD, GoB and requisite no of staff of Bihar Government are posted in PIUs for its proper functioning. BRRDA has also appointed One Assistant Accounts Manager and One Assistant I.T. Manager at each PIU for better monitoring and support. Funds are routed to divisions/PIUs through BRRDA HO for execution of projects.

At present following specific funds are provided to PIUs for implementation of various schemes and separate set of account books are maintained in respect of each fund -

Pradhan Mantri Gram Sadak Yojana (PMGSY) Programme Fund	A Audit Report and PIU wise audit report of all the schemes
Pradhan Mantri Gram Sadak Yojana (PMGSY) Maintenance Fund	
Gramin Tola Sampark Nischaya Yojna (GTSNY)	The Financial Statements of Programme Funds of all the schemes comprises of Balance sheet and Receipt and Payment Accounts. Income and Expenditure Account is not prepared for programme fund based on accounting principles prescribed in PMGSY accounting guideline.
NABARD Scheme	
Mukhya Mantri Gram Samparka Yojana (MMGSY)-	
Mukhya Mantri Gram Samparka Yojana (MMGSY)- SC	
Mukhya Mantri Gram Samparka Yojana (MMGSY)- ST	
Mukhya Mantri Gram Samparka Yojana (MMGSY)- World Bank Assisted	
Mukhya Mantri Gram Sadak Yojana (MMGSY) Programme fund	
Mukhya Mantri Gram Sadak Yojana (MMGSY-Old) Maintenance fund	
Flood and Disaster Relief (FDR)	
Muawaja Compensation Claims	
Apki Sarkar Apke Dwar (ASAD)	
Boarder Area Development Programme (BADP)	
Special Component Programme (SCP)	
Minimum Need Programme (MNP)	
Koshi Area Rehabilitation Programme	
Preparation of Disaster Shelters and Cattle Shelter	These funds are provided to fulfil the administrative and other office expenditure related to specific programme like MMGSY and PMGSY. Grant in aid is to meet the administrative expenses of BRRDA.
Institution Development and Capacity Building (ICBD)	
Fund for Preparation of DPRs	
PMGSY Administrative Fund	
MMGSY Contingency Fund	
Grant In Aid Fund	

2. Present status of Accounting System and Financial Management System in BRRDA

BRRDA follows cash based double entry system of accounting. The full time regular accounting personnel deployed at PIUs/Divisions are cashiers and Divisional Accounts Officer. Divisional Accounts Officers are officers of Accountant General Office who have been assigned responsibilities prescribed under PWD code and PMGSY accounting manual. Books of accounts related to PMGSY Schemes is maintained on OMMAS R & P Module. Books of accounts related to State schemes are being maintained at PIUs/Divisions on manual cash books and ledgers system and this records are subsequently system. Apart from it, BRRDA has engaged assistant accounts managers on contract basis, who prepares the tally based computerised books of accounts from cash book. Fund wise financial statement i.e. trial balance; ledgers and other subsidiary books of are prepared for PIUs/Divisions. The fund wise financial statements of all PIUs and HO's are collated for each/every fund. Then an overall consolidated financial statement is prepared for BRRDA including the summary of financial statements of every fund. This report is prepared on the basis accounting principles in programme accounting manual and Accounts Manual of BRRDA as applicable.

As prescribed in PMGSY accounting manual separate books of accounts are required to be maintained for Programme Fund, Maintenance fund and Administrative Expenses component of PMGSY fund released by Government of India/State Government. Adopting the same principle BRRDA is maintaining separate set of books for each component of fund under State schemes like MMGSY, NABARD, MMGSY (WB) etc. Separate fund wise Balance sheet, Income & Expenditure Accounts and Receipt and Payment accounts is prepared by each PIU/Works Division and also by the Nodal Agency i.e. BRRDA. At state level a consolidated fund wise Balance sheet, Income & Expenditure Accounts and Receipt and Payment is also prepared. However since only project related expenditures are incurred under Programme Fund for construction of roads/bridge works and no income is expected to be earned in this component. Hence Income & Expenditure accounts is not maintained for Programme fund.

The forms and formats for reporting of financial statements as given in PMGSY accounting manual is being used for preparation of financial statement of all fund.

3. Description of Scope of Work

Objectives of Audit Service

The objective of the audit of the BRRDA is to enable the auditor to express an adequate, independent and professional audit assurance that the annual financial statement of various programmes implemented by BRRDA and including consolidated annual financial statement of Society for FY 2017-18 is free from material misstatement. Similar opinion is required on financial statement of PIUs for financial years 2017-18.

Scope of Work

The audit will be carried out in accordance with the relevant national standards of auditing and will include such tests and controls as the auditor considers necessary under the circumstances to form an opinion on Annual Financial Statements. In conducting the audit, special attention should be paid to the following:

h

- 4781
- (i) All funds received by BRRDA from different sources for different project are spent in accordance with the conditions as laid down in the programme guidelines, Operational Manual and Accounting Manual of the project/ BRRDA and are utilised only for the purposes for which the funds were provided.
 - (ii) All expenditure, including procurement of goods and services, have the necessary supporting documentation and have been incurred in accordance with the Governments' rules and relevant financing agreement.
 - (iii) Funds transferred to PIUs for incurring expenditure under the project are used for the purposes intended. To establish this, the auditor should visit PIUs and conduct such audit / tests as may be deemed appropriate and necessary for the purposes of the audit.
 - (iv) That BRRDA used all the funds in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided.
 - (v) That proper and complete record has been kept as prescribed in the Accounts Manual, and the Operational Manual.
 - (vi) That the accounts have been prepared in accordance with consistently applied relevant principles laid down in the Accounts Manual and give a true and fair view of the financial year of receipts, payments, assets and liabilities.

Financial Statements subject to Audit:

The financial statements of various projects which are covered under scope of work of auditor are listed in Para 1 of section 2. The terms of financial statements shall include-

- i) Balance sheets of all funds received and spent by all 108 PIUs/ Works divisions of BRRDA.
- ii) Receipt and Payment Accounts of every fund received and spent by all 108 PIUs/ Works divisions of BRRDA.
- iii) Income & Expenditure Accounts of all revenue fund for all 108 PIUs/ Works divisions.
- iv) Receipt and Payment Accounts of all funds received and allotted by BRRDA HO.
- v) Balance sheet of each fund received and allotted by BRRDA HO
- vi) Consolidated Balance sheet –Fund wise
- vii) Consolidated Receipt and Payment Accounts –Fund wise
- viii) Consolidated Income & Expenditure Accounts of BRRDA for revenue fund.
- ix) Consolidated Balance sheet of BRRDA incorporating all funds

Audit Reports

Audit report should contain a statement of independent and professional opinion on Financial Statements. Besides that the audit report should include a separate paragraph commenting on the accuracy and propriety of expenditures shown in the Schedules to the Balance Sheet on expenditure on roads, and others, and the extent to which World Bank can rely on these as a basis for reimbursement.

(49)

In case a qualified opinion or disclaimer is given by the auditor, the audit report should state in a clear and informative manner all the reasons for such an opinion.

Audit report to be accompanied by

- **Claim Certificate** in respect of works funded by the World Bank or the ADB, Listing on ineligible claims, if any and Reconciliation of Statement of Expenditure claims with the actual expenditure as reported in the audited financial statements.
- Scheme wise **Utilization Certificates (UCs)** as per Form 19-A of GFR 2005; duly tallied with the annual financial statement and expenditure on Roads projects during the financial year (which have been shown as capitalized) [Attach a statement showing the details of expenditures clubbed in the Utilisation Certificate tallying with the Income & Expenditure Account and Schedules forming part of it].

BRRDA is a society registered under Societies registration Act 1860 and has been granted registration under section 12 A of Income Tax Act. To comply with the conditions of section 12A of Income Tax Act for tax exemption an audit report is required to be filed in form 10 B of Income Tax Act. Statutory Auditor firm is required to furnish the same.

Compilation of Financial Statements

The Auditor firm shall be liable to collate the fund wise financial statements of all PIUs and HO's to prepare Annual Financial Statements of the each project and then consolidate financial statement of each components of project and prepare Annual Financial Statements for BRRDA as a whole.

Time Period for Submission

The audited financial statements including the audit report should be submitted to BRRDA **within four (4) months of closing of the financial year.**

Management Letter

In addition to the audit reports, the auditor should prepare a "management letter" in which the auditor should:

- a. give comments and observations, if any, on the accounting records, systems and controls that were examined during the course of the audit;
- b. identify specific deficiencies and areas of weakness (if any) in systems and controls and make recommendations for their improvement;
- c. report on the degree of compliance with the financial/ internal control procedures as documented in the financial manual of the project;
- d. communicate matters that have come to attention during the audit which might have a significant impact of the implementation on the society; and
- e. bring to attention any other matter that the auditor considers pertinent.

The Observations in the Management Letter must be accompanied by a suggested recommendation from the auditors. The audit report and the Management Letter should be placed at Executive Committee before presenting it to General Body meeting.

h

46)

Section 2A- Terms Of Reference For Audit of PFS of Mukhya Mantri Gram Sampark Yojana (World Bank Assisted), Bihar Rural Roads Project (BRRP)

1. Background

- 1.1 World bank assisted Rural Roads Project is being implemented in 33 PIUs of 10 districts namely- **Purnea, Katihar, Araria, Banka, Gopalganj, Chapra, Vaishali, East Champaran Buxar and Patna**. The project development objective is improved road connectivity of rural population in project districts and improved capacity of Rural Works Department for management of rural roads in Bihar.

2. Brief Project Description and Components

- 2.1 The Project has two components:

➤ **Component 1 – Rural Road Improvement:** This component supports construction and improvement of state core network mainly to improve road connectivity of target habitations under MMGSY (population in between 250-500). It consists of: (a) civil works for about 2,800 km of rural roads including road safety improvements, and standalone bridges. This also includes demonstration of new technologies to promote cost effective, long-lasting, climate resilient, and environment friendly road construction; (b) project preparation, supervision, quality monitoring, and management support; and (c) pilots on innovative designs and construction of bridges.

➤ **Component 2: Rural Road Sector Modernization and Performance Enhancement:** This component supports implementation of the RSMP to carry forward and deepen various institutional development initiatives already underway to gradually transform RWD into a modern road agency. The RSMP will be periodically reviewed and modified during project implementation. The component will support and concentrate on the following areas:

- a. Modernization of policies, engineering practices, and business procedures:
- b. Asset Management: Implementation of Asset Management Plan (AMP)
- c. Effective Delivery of Road Maintenance:
- d. Climate Resilient and environmentally optimized road network and innovative technologies:
- e. Institutional and Human Resource Development:
- f. Streamlining and computerizing RWD key business processes, transparency, monitoring and citizen participation:
- g. Rural Transport Services:
- h. Road Safety Management:

- 2.2 The Project cost is proposed as US\$ 335 million with IBRD/IDA financing US\$ 234.40 million.

3. Institutional & Implementation Arrangements

- 3.1 Arrangements at the state level: The Project is being implemented by RWD and its technical agency BRRDA (Bihar Rural Roads Development Agency) which is a registered society

4

under the administrative control of RWD primarily established to implement PMGSY but also responsible to implement MMGSY and other state funded Schemes. While BRRDA is responsible mostly for overall planning, coordination, and monitoring, RWD is responsible for major policy decisions as well as implementation of the project activities through its structure at the State level, regions/circle offices, and works divisions at the field level designated as Project Implementation Units (PIUs) for works managed/implemented by BRRDA. **The Project implemented through some of the existing PIUs (presently 33 PIUs across 10 districts of Bihar).** RWD is headed by a Secretary supported by an Engineer-in-Chief, four Chief Engineers and other staff at various levels. Secretary RWD is also the Vice President cum Chief Executive Officer (CEO) of BRRDA with Minister-in-charge, RWD being the President.

- 3.2 The objects and rules and regulations for management of BRRDA are established in its Memorandum of Association (MoA) and Rules and Regulations. Responsibility for governance and management of affairs is primarily vested in the General Body (GB), Executive Committee (EC) and the Secretary cum Additional Chief Executive Officer (ACEO) of BRRDA with their powers and functions are provided in the Rules & Regulations. BRRDA has deputed a Project Director and an additional Project Director who will work under the guidance of the Secretary cum Additional Chief Executive Officer (ACEO), BRRDA, and constituted a Project Steering Committee, headed by the Secretary, RWD for strengthening Project implementation. BRRDA has designated units for engineering designs, procurement, contract management, social, environmental, grievance redressal, financial management, and institutional development including road safety. All procurement under the Project will be undertaken by BRRDA.
- 3.3 **Financial Management Institutional arrangements:** Project FM functional responsibilities are carried out at BRRDA Head Office (HO) and PIUs under the overall guidance and supervision of RWD. FM responsibility is vested in the ACEO of BRRDA who is supported by a set of contractual staff of a Finance Manager, Assistant Finance Manager, Assistant Accounts Managers and Accountants. At the PIUs, the RWD's Executive Engineers are responsible for the FM function, supported by the Divisional Accountant (a Government official), Assistant Accounts Manager, Cashier and IT Manager as contractual staff. BRRDA will ensure that there are no vacant positions in the finance/accounts positions in the designated project PIUs. At the head office, BRRDA has tagged a Nodal officer, an Administrative officer and an officer for fund management and monitoring authorization limits for the project.

4 Objective of the Audit

- 4.1 The World Bank's Charter [Article III Section V (b) of IBRD's Articles of Agreement and Article V Section 1(g) of IDA's Articles of Agreement] specify that: "The Bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations".
- 4.2 The essence of the World Bank's audit policy is to ensure that the Bank receives adequate independent, professional audit assurance that the proceeds of the Loan were used for the purposes intended, that the PFS (Project Financial Statements) are free from material

misstatement, and the terms of the legal agreements were complied with in all material respects.

- 4.3 The overall objective of the audit of the **PFS (Project Financial Statements)** is to enable the auditor to express a professional opinion as to whether:
- a) The PFS give a true and fair view of the financial position of the Project at the end of the period under audit and of the sources and applications of project funds for that period;
 - b) The Project is in compliance with the financial covenants of the Loan Agreement;
 - c) The Project funds were utilized for the purposes for which they were provided;
 - d) Expenditures, including assets created under the Project, shown in the PFS are eligible for financing under the relevant Loan Agreement and these were exclusively financed through the Project funds and no other sources of funds have been received by BRRDA for incurring these expenditures;
 - e) IFRs submitted by the Project management can be relied upon to support applications for withdrawal of the Loan, and adequate supporting documentation has been maintained to support these claims;
 - f) Procurement has been carried by BRRDA in line with the agreed procedures as detailed in the Project Implementation Manual;
 - g) The Project has an adequate internal control system and adheres to the provisions of the Financial Management Manual in all material aspects.

6 **Auditing Standards**

The audit will be carried out in accordance with the Standards of Auditing promulgated by the Institute 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 primary responsibility for preventing irregularity and fraud, or ensuring that the Loan proceeds are used for purposes as required in the legal agreements remains with the Management, the auditor should specifically consider the risk of material misstatements in the financial statements resulting from fraud, while planning and performing the audit procedures and evaluating and reporting the results thereof.

7. **Scope and suggested Methodology for conduct of Audit**

The audit will be carried out in accordance with the standards of auditing generally accepted in India, and will include such tests and controls as the auditor considers necessary to apply under the circumstances. In conducting the audit, special attention should be paid to the following:

R

- (a) All external funds have been used (including procurement of goods & services) in accordance with the conditions of the relevant financing agreements with due attention to economy and efficiency, and only for the purposes for which the financing was provided.
- (b) Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, for the purposes for which they were provided.
- (c) The expenditures claimed through IFRs and withdrawal applications rendered under the Project are eligible within the legal agreements and the extent to which the IFRs can be relied upon as a basis for reimbursement. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be specifically reported by the auditor.
- (d) All necessary supporting documents, records, and accounts have been kept in respect of all Project transactions including procurement and expenditures reported via the IFRs. Clear linkages exist between the books of account and the IFRs.
- (e) Procurement has been carried out by the Project in line with the agreed procedures as have been documented in the Project Implementation Manual agreed with the Bank. For this purpose, the auditor will select a sample of procurement cases under the Project (other than cases that were under Prior Review of the Bank) and check procurement documents so as to ascertain the robustness of procurement system. The auditor may refer to the Contract Monitoring Statement, which is referred as IFR-3. The auditor will describe the sampling methodology that they have followed, in the Management Letter. Additionally, the auditor will review the complaints related to procurement, if any, and mention how these were addressed/the action taken.
- (f) Reasonable physical verification of the roads under construction (or already constructed) and other assets, as may be deemed necessary, should be conducted by the auditor (supplementing that already done by the internal audit). The auditor should also peruse the technical reports with a view to review the observations with likely financial observations, review their resolution and assess the impact of unresolved observations on the PFS.
- (g) Review the Internal Audit reports of BRRDA covering the contracts brought within the Project, consider the key internal audit observations (including systemic and recurrent) and the adequacy of their resolution. The auditor will ascertain the likely impact of the pending internal audit observations on the Project. Likewise, the auditor will take into account the observations, if any, of the World Bank in the Aide Memoir/s.
- (h) Overall review the adequacy of the contract management procedures including (a) internal controls in respect of verification/ approval of contractor bills including timeliness of payments; (b) compliance with the terms and conditions of the contract agreement; (c) maintenance of documents and accounting.

R

- 43
- (i) Review the adequacy of the implementation of the Financial Management Manual and report on any material deviations, in particular those that may affect the PFS.
 - (j) Review the adequacy of governance mechanisms within the organization such as meetings of the Governing Body and Executive Committee, approvals of contracts as applicable in relation to the implementation of the project, and report on any material observation.

8. Project Financial Reporting Framework

8.1 BRRDA submit Interim Unaudited Financial Statements (IFR) and these will be consolidated to form the PFS (the form of the IFR is provided in Annex 17.4 of section 17 of the Financial Management Manual). The PFS will include a – f below.

- a) **Statement of Sources and Uses of Funds** for the period under audit, which is statement referred to as IFR-1;
- b) **Statement of Expenditure** for the period under audit, which is referred to as IFR-2;
- c) **Contract Monitoring Report**, which is referred to as *Annex 17.4*
- d) **Statement of Significant Accounting Policies** adopted for the preparation of the PFS;
- e) **Explanatory Notes** to the financial statements including the basis for preparation of the PFS
- f) A **list of all individual Withdrawal Applications** by specific reference to the number and amount filed by the project during the audit period and status of their reimbursement; and
- g) A **Statement of Reconciliation of Claims to Total Applications of Funds** (*referred in Annex 17.4*): should be annexed to the PFS showing a reconciliation between the "amounts received by the project from the World Bank" and that shown as being disbursed by the Bank. As part of this reconciliation, the mechanism for the disbursement (i.e. reimbursement, advance, or direct payment) should be indicated.

8.2 BRRDA is expected to provide a **Management Assertion Letter** with the PFS. This include a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements and an assertion that project funds have been expended in accordance with the intended purposes as reflected in the financial statements. A suggested format is given in the *Annex 17.5.2*.

9. Audit Report

9.1 The auditors will prepare an audit report on the PFS in accordance with the Standards of Auditing promulgated by ICAI (as applicable). Those standards require a clear written expression of opinion on whether the financial statements give a true and fair view relating to the financial statements taken as a whole.

R

- (4)
- 9.2 The auditors will provide a primary opinion (true and fair view) on the PFS, and in addition their professional opinion on whether -
- the Project funds were utilized for the purposes for which they were intended;
 - Expenditures shown in the PFS are eligible for financing under the relevant Loan Agreement and these were exclusively financed through the Project funds and no other sources of funds have been received for incurring these expenditures;
 - the IFRs submitted during the period under audit are supported by adequate detailed documentation maintained in BRRDA's offices/branches to support claims to the World Bank for reimbursement of expenditure incurred;
 - the accounting, and internal control systems underlying the project, including material compliance with the Project Implementation Manual, and oversight over the Project funds were adequate and maintained throughout the audit period; and
 - Procurement done by the BRRDAs under the project had been undertaken in accordance with agreed procedures as detailed in the Project Implementation Manual.

10. Management Letter

- 10.1 In addition to the audit report on the PFS, the auditor will also prepare and submit along with the audit report a Management Letter for each period covering the audit. The Management Letter will elaborate the findings of the audit and contain recommendations for improvements in internal control and other matters coming to the attention of the auditor during the audit examination. The Management Letter would include matters such as the following:
- (i) Observations on deficiencies/weakness on the accounting records, systems, and controls that were examined during the course of the audit and management's response to these together with specific recommendations for improvement.
 - (ii) Any identified internal control weaknesses related to the procurement process such as, over the bidding, evaluation and contract management domains
 - (iii) Specific deficiencies and areas of weakness in systems and controls identified during the audit and recommendation for their improvement.
 - (iv) Elaboration of the audit qualifications, if any, made in the audit report;
 - (v) Degree of compliance of the financial covenants in the financing agreements.
 - (vi) Communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the project.
 - (vii) Report of the status of the financial management action plan (if any) agreed with BRRDA as part of the institutional strengthening component including adequacy of fm staffing.
 - (viii) Adequacy of compliance with previous audit findings/recommendations in the audit report/management letter and status of any issues which remain to be addressed and any issues which recurred.
 - (ix) Bring to the management's attention any matter (s) that might have a significant impact on the implementation of the project or that the auditor considers necessary and pertinent.
 - (x) Describe the sampling methodology followed in audit.
- 10.2 The Management Letter should contain an Executive Summary including a table of observations and audit recommendations along with response of the Management and a timeline for completing the action recommended for each of the PIUs.

Section 3- INSTRUCTIONS TO STATUTORY AUDITORS

Eligibility Criteria

- I. The Firm must be registered with ICAI with having minimum 10 years of existence and the particulars of the Firm H.O., B.O. and Partners and paid Chartered Accountants should match with the certificate issued by ICAI, not later than 1st January, 2018, without which the firm would not be considered.
- II. Number of full time fellow partners associated with the firm for not less than 3 years (As per Certificate of ICAI on or later 1st Jan, 2018) should not be less than 5.
- III. The firm must be empanelled with C&AG for FY 2017-18.
- IV. Minimum no. of audit assignments of Statutory Audit of Government Programmes/ schemes and Societies / Corporations/PSUs including audit in multilevel agency should not be less than 6.
- V. Average annual Turnover of the firm in the last three financial years should not be less than 40.00 Lacs.
- VI. The Head office or Branch Office of the firm should be situated in Bihar

Supporting Documents for Eligibility Criteria: The firm must submit following supporting documents to establish the minimum eligibility criteria.

- For S. No. 1, 2 & 6 above, the firm must submit an attested copy of Certificate of ICAI as on 01.01.2018.
 - For S. No. 3 the firm must submit, a copy of the empanelment letter issued by C & AG Office.
 - For S. No. 4 audited Balance Sheet & Profit & Loss Account for the last three years
 - For S. No. 5, the firm must submit a copy of the work order/appointment letters issued by the Auditee Organizations. **Branch Audit of any Bank shall not be considered while taking into account the total number of assignments.**
- Vii The firm or any partners of the firm should not be blacklisted by any PSUs or Govt. Co. or any other organisation in respect of any assignment or behaviour. [Self attested affidavit on Rs.100/- stamp paper is to be given in this regard by the authorised person of the firm].
- Viii The outgoing auditor firm is not eligible to apply for the assignment. The firm which has performed statutory audit for more than 5 years are also not eligible to participate in the bid unless 5 years rotation period has elapsed.

Note :- Information related to Eligibility Criteria shall be submitted in Tech-2.

PREPARATION OF THE PROPOSAL

Auditor's Proposal (the Proposal) will consist of two (2) components

- (i) **Envelope I:** The original and all copies of the Technical Proposal shall be placed in a sealed

B

envelope clearly marked "TECHNICAL PROPOSAL". Evidences of proving Bid Eligibility shall be placed in Envelop-I

- (ii) **Envelope II:** 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 Proposal should include a cover letter signed by person(s) with full authorization to make legally binding contractual (including financial) commitments on behalf of the firm. 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 OFFICIAL APPOINTED."

THE TECHNICAL PROPOSAL

General

- (i) The Technical Proposal shall not include any information related to financial proposal and any Technical Proposals containing information related to financial proposal shall be declared non-responsive.
- (ii) The applicants need to refer to the **Technical Evaluation Criteria and Scoring System** as given in **Table- A of Section-3**.
- (iii) Marks will be assigned as per given scoring system, however applicants needs to furnish information in prescribed Technical Form mentioned appropriately in Technical proposal content .

Technical Proposal Content

The Technical Proposal shall contain information indicated in the following paragraphs from (i) to (x) using the Standard Technical Proposal Forms (**Form TECH-1 to Form TECH-6**).

- (i) A brief description of the organization and outline of recent experience of the Auditor on assignments of a similar nature is required in prescribed form. For each assignment, the outline should indicate *inter-alia*, the assignment, contract amount and the Auditor's involvement.
- (ii) A concise, complete, and logical description of how the Auditor's team will carry out the services to meet all requirements of the TOR.
- (iii) **Approach and Methodology and Work Plan** : As there are a large number of PIUs, and time bound completion schedule prescribed for the assignment good approach and methodology and a comprehensive work plan is required to accomplish the assignment in professional and independent manner. A team of sound professional and technical qualification and skill set needs to be deployed under supervision and administrative control of experienced and commanding team leader to deliver the output in time bound schedules. Minimum four teams are required to be deployed for the assignment. The team(s) for the assignment (including those for audit of district & sub district level programme implementing units) must be headed by a qualified Chartered Accountant with one semi-qualified C.A. (C.A. Inter) and two support staff (Junior Auditor). The number of teams may be constituted in a manner that each team does not have responsibility for audit of more than (8) to (10) districts in the State. The technical proposal must clearly elaborate on the team composition as given in para Personnel Qualification and Experience . The Approach and Methodology and Work

Plan shall be described in **Tech-5** and **Tech-6**

A work plan showing in graphical format (bar chart) the timing of major activities, anticipated coordination meetings, and deliverables such as reports required under the TOR.

Comments, if any, on the TOR to improve performance in carrying out the assignment. Innovativeness will be appreciated, including workable suggestions that could improve the quality/effectiveness of the assignment. In this regard, unless the Auditor clearly states otherwise, it will be assumed by the Client that work required to implement any such improvements, are included in the inputs shown on the Auditor's Staffing Schedule.

(iv) The Technical Proposal shall not include any information related to financial proposal. Technical Proposals containing information related to financial proposal shall be declared non responsive.

(v) Personnel Qualification and Experience

Keeping in view no of PIUs and no of fund based accounts to be audited and compilation of works in hand following no of team composition with prescribed qualification and experience is required to be deployed :-

Key Professionals	Prescribed Qualifications and Experience	Number of Experts	Person months Up to
Team Leader /Partner/ Audit Manager	Qualified Chartered Accountant with at least 7 years experience as a partner with expertise in the area of statutory audit planning, execution and reporting.	One	Upto conclusion of full Audit assignment (may vary according to requirement of the assignment)
Deputy Team Leader	Qualified Chartered Accountants with at least 3 years experience in statutory audit with ability to lead the team & expertise in the area of statutory audit planning, execution and reporting.	Four	Upto conclusion of full Audit assignment
Audit Associate	CA Inter with at least 2 years experience in Statutory audit/Internal audit/ compilation	Four	Upto conclusion of full Audit assignment
Team member	Graduate – preferably CA(Inter) or trainees (Article Clerks) ;	Eight	Upto conclusion of full Audit assignment

R

- a) The name, proposed position, qualification, association with the firm, and professional experience of each nominated expert, with particular reference to the type of experience required for the services should be submitted in **Tech-3** format.
- b) Self certified resume of Team Leader and Deputy Team leader should be enclosed with the proposal form.
- c) Higher rating will be given to nominated experts from the Auditing firm and associated Auditing firms, if any, who are regular full-time employees. The Client defines a regular full-time employee to be a person who has been employed continuously by the Auditor or one of its Associates, for more than twelve (12) months prior to the date of submission of the Proposal.
- d) The Client requires that each expert confirm that the content of his/her curriculum vitae (CV) is correct and the experts themselves should sign the certification of the CV. Note that the need to provide address and fax/e-mail details of experts in the CVs of the experts is not considered mandatory.
- e) If required at all, any nominated team member can be replaced with the professional of higher or at least matching qualification and experience with the approval of BRRDA.

(vi) Relevant Experience in Similar Assignment and Similar Geographical Areas :

Minimum no. of audit assignments of Statutory Audit of Government Programmes/ schemes/ Societies / Corporations/PSUs including audit in multilevel agency should not be less than 6 as prescribed in Eligibility Criteria. However marks have been assigned for Relevant Experience in Similar Assignment and similar Geographical Areas . Information related to Firms experience should be furnished in **Form Tech-4A and Tech 4B**

FINANCIAL PROPOSAL

- (i) All information provided in Auditors' Financial Proposal will be treated as confidential.
- (ii) The Financial Proposal is to be submitted in **the Fin 1 and Fin 2 (including Fin 2A and Fin 2B)** formats enclosed.
- (iii) No proposed schedule of payments should be included in Auditors' Financial Proposals.
- (iv) Auditors shall quote the rates in Indian National Rupees only.
- (v) Financial proposals submitted by the firm should be valid for 6 months from the date of submission of the proposal by the firm.
- (vi) The rates to be quoted shall be in the format given in Data Sheet and it shall include all costs / expenses and statutory taxes excluding GST. The Client shall pay GST as applicable on prevailing rates.

SUBMISSION, RECEIPT AND OPENING OF PROPOSALS

- (i) The original Proposal (Technical and Financial Proposals) shall contain no interlineations or overwriting, except as necessary to correct errors made by Auditors themselves. Any such corrections, interlineations or overwriting must be initialled by the person(s) who signed the

38
Proposal.

- (ii) An authorized representative of the Auditor shall initial all pages of the original copy of the Financial Proposal. No other copies are required.
- (iii) The Technical Proposal shall be marked "**ORIGINAL**" or "**COPY**" as appropriate. All required copies of the Technical Proposal as specified in the Data Sheet will be made from the original. If there are discrepancies between the original and the copies of the Technical Proposal, the original governs.
- (iv) The original and all copies of the Technical Proposal to be sent to the Client shall be placed in a sealed envelope clearly marked "**TECHNICAL PROPOSAL.**" Similarly, the original Financial Proposal shall be placed in a sealed envelope clearly marked "**FINANCIAL PROPOSAL**" and with a warning "**DO NOT OPEN WITH THE TECHNICAL PROPOSAL.**" The envelopes (Envelope 1 – and Bid Eligibility Documents and Technical Proposal and Envelope 2 – Financial Proposals) shall be placed into an outer envelope and sealed. The outer envelope shall bear the submission address, reference number and title of the loan project, and other information indicated in the Data Sheet. **If the Financial Proposal is not submitted by the Auditor in a separate sealed envelope and duly marked as indicated above, this will constitute grounds for declaring both Technical and Financial Proposals non-responsive**
- (v) Proposals must be delivered at the indicated Client submission addresses on or before the time and date stated in the NIT

PROPOSAL EVALUATION

General

- 1 From the time the Proposals are opened to the time the contract is awarded, the Auditor should not contact the Client on any matter related to its Technical and/or Financial Proposal. Any effort by a Auditor to influence the Client in examination, evaluation, ranking of Proposals or recommendation for award of contract may result in rejection of the Auditor's Proposal.
- 2 The envelope 1 shall be opened first. If the bid security is not found to be in order then the proposal shall be treated as non responsive and shall not be evaluated further.

Evaluation of Technical Proposals

- 3 The eligibility criteria will be first evaluated as defined in Notice Inviting Request for Proposals for each bidder. Detailed technical evaluation will be taken up in respect of only those bidders, who meet with the prescribed eligibility criteria.
- 4 The Client's 'Purchase Committee' (PC) will be responsible for evaluation and ranking of Proposals received.
- 5 The PC evaluates and ranks the Technical Proposals on the basis of Proposal's responsiveness to the TOR using the evaluation criteria and points system specified in the Data Sheet. Each Technical Proposal will receive a technical score. A Proposal shall be rejected if it does not achieve the minimum prescribed marks in technical proposal mark i.e 70% marks out of maximum of 1000 points assigned for technical part.
- 6 A Technical Proposal may not be considered for evaluation in any of the following cases:

- 27
- (i) the Technical Proposal was submitted in the wrong format;
 - (ii) the Technical Proposal included details of costs of the services; or
 - (iii) the Technical Proposal reached the Client after the submission closing time and date specified in the Data Sheet.
- 7 After the technical evaluation is completed, the Client shall notify Auditors whose Proposals did not meet the minimum qualifying technical mark or Auditors whose Technical Proposals were considered non-responsive to the RFP requirements, indicating that their Financial Proposals will be returned unopened after completion of the selection process. The Client shall simultaneously notify, in writing to Auditors whose Technical Proposals received a mark of 700 or higher, indicating the date, time, and location for opening of Financial Proposals. (Auditors' attendance at the opening of Financial Proposals is optional).
 - 8 The BRRDA reserves the right to verify all statements, information and documents, submitted by the Applicant in response to the RFP. Any such verification or the lack of such verification by the Authority to undertake such verification shall not relieve the Applicant of its obligations or liabilities hereunder nor will it affect any rights of the BRRDA hereunder.
 - 9 In case it is found during the evaluation or at any time before signing of the Agreement or after its execution and during the period of subsistence thereof, that one or more of the eligibility conditions have not been met by the Applicant or the Applicant has made material misrepresentation or has given any materially incorrect or false information, the Applicant shall be disqualified forthwith if not yet appointed as the Auditor either by issue of the LOA or entering into of the Agreement, and if the Selected Applicant has already been issued the LOA or has entered into the Agreement, as the case may be, the same shall, notwithstanding anything to the contrary contained therein or in this RFP, be liable to be terminated, by a communication in writing by the BRRDA without the BRRDA being liable in any manner whatsoever to the Applicant or Auditor, as the case may be.
 - 10 In such an event, the BRRDA shall forfeit and appropriate the Bid Security as mutually agreed pre-estimated compensation and damages payable to the Authority for, inter alia, time, cost and effort of the Authority, without prejudice to any other right or remedy that may be available to the Authority.
 - 11 If an individual Key Personnel makes a false averment regarding his qualification, experience or other particulars, or his commitment regarding availability for the Project is not fulfilled at any stage after signing of the Agreement, he shall be liable to be debarred for any future assignment of the Authority for a period of 5 (five) years. The award of this Consultancy to the Applicant may also be liable to cancellation in such an event.
 - 12 Clarifications: To facilitate evaluation of Proposals, the BRRDA may, at its sole discretion, seek clarifications from any Applicant regarding its Proposal. Such clarification(s) shall be provided within the time specified by BRRDA for this purpose. Any request for clarification(s) and all clarification(s) in response thereto shall be in writing. If an Applicant does not provide clarifications sought within the specified time, its Proposal shall be liable to be rejected. In case the Proposal is not rejected, the Authority may proceed to evaluate the Proposal by construing the particulars requiring clarification to the best of its understanding, and the Applicant shall be barred from subsequently questioning such interpretation of the BRRDA.

PUBLIC OPENING AND EVALUATION OF FINANCIAL PROPOSALS

Public Opening of Financial Proposals

- 13 At the public opening of Financial Proposals, Auditor representatives who choose to attend will sign an Attendance Sheet.
- (i) The marks of each Technical Proposal will be read out aloud.
 - (ii) Each Financial Proposal will be checked to confirm that it has remained sealed and unopened.
 - (iii) The Client's representative will open each Financial Proposal. Such representative will read out aloud the name of the Auditor and the total price shown in the Auditor's Financial Proposal. This information will be recorded in writing by the Client's representative.

Evaluation of Financial Proposals

Following the ranking of Technical Proposals, selection shall be based on Least Cost Method (LCM). The cost should be exclusive of GST. The firm whose quoted rate is found lowest will be invited to negotiate the contract.

- 14 Auditors' attendance at the opening of Financial Proposals is optional.
- 15 The tender committee will review the detailed content of each Financial Proposal. During the review of Financial Proposals, the Committee and any Client personnel and others involved in the evaluation process, will not be permitted to seek clarification or additional information from any Auditor, who has submitted a Financial Proposal. Financial Proposals will be reviewed to ensure these are:
- (i) complete, to see if all items of the corresponding Technical Proposal are priced; if not, for material omissions, the Client will price them by application of the highest unit cost and quantity of the omitted item as provided in the other Financial Proposals and add their cost to the offered price, and correct any arithmetical errors.
 - (ii) computational errors if there are errors these will be corrected;
 - (iii) other errors, such as activities which are shown as different time lines in technical proposal and different in financial; price for these will be based on the technical proposal.
- 16 The detailed contents of each Financial Proposal will be subsequently reviewed by the Client.
- 17 The method of selection shall be based on Least Cost Method (LCM). The Cost should be exclusive of GST and it will pay at a rate applicable at the time of billing.

Contract Negotiations and Award of Contract

- 1 The Auditor who is invited for contract negotiations will, as a pre-requisite for attendance at the negotiations, confirm availability of all experts named in its proposal except in the cases of absence on account of death or medical incapacity. Failure in satisfying such requirements may result in the Client proceeding to initiate the negotiation process with the next-ranked Auditor in case of QCBS method. Representatives conducting negotiations on behalf of the Auditor must have written authority to negotiate and conclude the Contract
- 2 Technical Negotiations: This will include a discussion of the Technical Proposal, the proposed

R

technical approach and methodology, work plan and schedule, and organization and personnel, and any suggestions made by the Auditor to improve the TOR. The Client and the Auditors will finalize the TOR, personnel schedule, work schedule, logistics, and reporting. These documents will then be incorporated in the Contract as "Description of Services." Special attention will be paid to clearly defining the inputs and facilities required from the Client to ensure satisfactory implementation of the assignment. The Client shall prepare minutes of negotiations which will be signed by the Client and the Auditor.

- 3 Negotiations will conclude with a review of the draft Contract. To complete negotiations the Client and the Auditor will initial the agreed Contract.
- 4 After completing negotiations the Client shall award the Contract to the selected Auditor and notify the other Auditors who could have been invited to negotiate a Contract that they were unsuccessful. When FBS, LCS or QCBS is used, after Contract signature the Client shall return the unopened Financial Proposals to the Auditors whose Technical Proposals have not secured the minimum qualifying mark, or were found to be technically non-responsive
- 5 The selected Auditor is expected to commence the Assignment on the date and at the location specified in the Data Sheet.

Duration of Assignment

The duration of assignment is initially for one year i.e. to express a professional opinion on the annual financial accounts of BRRDA, including the PIUs for financial years 2017-18 which may be extended further on satisfactory performance on the basis of mutual consent.

Payment Schedule

This is an output-based Contract payable 100% of contract value - On submission of final Audit report along with Audited Financial Statements

The Statutory Auditor shall submit separate Bills for Audit of Financial Statement and Consolidation of Financial Statement

The Bill should be in confirmation with fees agreed upon in signed contract.

Payments shall be made on submission of pre-receipted bills by the Auditors in quadruplicate.

Table- A
TECHNICAL EVALUATION CRITERIA AND SCORING SYSTEM

SNo	Criteria	Maximum Marks
1	Firms General organizational standing & Experience in Similar Assignments	
A	General organizational Standing of Firm	
(i)	Turnover	100
	40 Lacs to 100 Lacs	50
	> 100 Lacs to 200 Lacs	75
	> 200 Lacs	100
(ii)	No. of FCA Partners	100
	5 to 8	50
	9 to 10	75
	Above 10	100
(iii)	Firms with Head Office located in Patna	100
(iv)	No. of years of Firm existence as per ICAI Certificate	50
	More than equal to 10 Years upto 15Years	25
	More than 15 Years	50
B	Experience in Similar Geographical Areas (Similar geographical area means area of neighbouring states i.e Jharkhand, Uttarpradesh, Chattishgarh and West Bengal) Minimum no. of audit assignments of Statutory Audit of Government Programmes/ schemes/ Societies / Corporations/PSUs including audit in multilevel agency should not be less than 6	100
(i)	6 to 10 Similar assignments	50
(ii)	11 to 15 Similar assignments	75
(iii)	above 15 Similar assignments	100
C	Experience in Similar Projects: Experience in State Health Societies/Education Projects/Rural Development Societies /DUDA/ PRIs/Government Corporation etc. either of (A)Statutory Audit (B)Internal Audit (C) Compilation Assignment	200
(i)	Five or more than 5 upto 8 Similar Projects	100
(ii)	more than 9 upto 15 Similar Projects	150
(iii)	above 15 Similar Projects	200
2	Adequacy of the proposed methodology and work plan in responding to the Terms of Reference	150
A	Technical approach and methodology	50
B	Work Program	50
C	Organization and staffing	50
3	Qualification and Experience of Team Leader & Other Key Professionals	

SNo	Criteria	Maximum Marks
A	Team Leader/Audit manager/Partner (FCA with 7 years of Experience) –	100
(i)	Professional qualification (CA degree with 7 experience -20 marks and additional 5 marks for other specialised degree like- MBA(Finance), LLB, DISA or equivalent qualification)	30
(ii)	years of experience preferably in statutory audit of Government undertaking, societies, centrally sponsored schemes	50
(a)	3 to 5 Assignments	20
(b)	6 to 10 Assignments	30
(c)	Above 10 Assignments	50
(iii)	Association with the Firm	20
(a)	3 years to 5 years	10
(b)	More than 5 Years	20
B	Deputy Team Leader (CA with more than 3 years of experience, Maximum 25 Marks for each Deputy Team Leader)	100
(i)	Professional qualification (CA degree with 3 experience -10 marks and additional 5 marks for other specialised degree like- MBA(Finance), LLB, DISA equivalent qualification)	15
(ii)	years of experience preferably in statutory audit of Government undertaking, societies, centrally sponsored schemes	10
(a)	3 to 5 Assignments	5
(b)	Above 5 Assignments	10

Note:-

- i. **Statutory Branch Audit/concurrent audit/ internal audit and revenue audit of banks including public sector bank carried no marks . Therefore applicants need not to mention and enclose work orders / appointment letters related to those assignments.**
- ii. **Applicants need not to mention the assignments related to Tax audit and audit of private incorporations/ societies as these assignments also carries no marks.**

h

321

SECTION 4: TECHNICAL FORMS

R

FORM TECH-1: TECHNICAL PROPOSAL SUBMISSION FORM

[Location, Date]

To:

Additional Chief Executive officer cum secretary
Bihar Rural Roads Development Agency (BRRDA)
Rural Works Department, Bihar, Patna
3rd Floor, Land Development Bank,
Budh Marg. Patna-800001
Phone: (0612) 2233198, 2233063, Fax: (0612) 2233199
Email- acct.brrda@gmail.com.com

Dear Sir/Madam:

We, the undersigned, offer to undertake Statutory Audit Assignment of Bihar Rural Road Development Agency in accordance with your Request for Proposal dated [Insert Date] and our Proposal. We are hereby submitting our Proposal, which includes this Technical Proposal, and a Financial Proposal sealed under a separate envelope.

We are submitting our Proposal in individual capacity without entering in association with/as a Joint Venture. We hereby declare that all the information and statements made in this Proposal are true and accept that any misinterpretation contained in it may lead to our disqualification.

If negotiations are held during the period of validity of the Proposal, i.e., before the date indicated in the Data Sheet, we undertake to negotiate on the basis of the proposed personnel. Our Proposal is binding upon us and subject to the modifications resulting from Contract negotiations.

We undertake, if our Proposal is accepted, to initiate the Statutory Audit work related to the assignment not later than the date indicated in the Data Sheet (*Please indicate date*).

We understand you are not bound to accept any Proposal you receive.

We remain,

Yours sincerely,

Authorized Signature [*In full and initials*]:

Name and Title of Signatory:

Name of Firm:

Address:

FORM TECH-2: AUDITOR'S ORGANIZATION AND EXPERIENCE

Sl. No.	Particulars	Information to be filled	Documents Enclosed & Reference Page No.
A. Firm's General Profile			
1	Name of the Firm:		
2	Addresses of the Firm:		
	Head Office	Phone No: Fax No: Mobile No of office-in-	Attach copy of certificate issued by ICAI as on 01.01.2018.
	Date of establishment of the firm		
	Date since H.O. at the existing Station		
	Branch Office 1,2,3..... (Particulars of each branch to be given)	Phone No: Fax No: Mobile of each Branch Office In-charge:	Same as above
	Establishment date of each Branch Office		-Do-
3	Firm's Income Tax PAN No.		Attach copy of PAN card
4	Firm's GST No.		Attach copy of Registration
B. Eligibility Information:			
1	Firm's Registration No. with ICAI		
2	Empanelment No. with C&AG		Attach proof of empanelment with C&AG as on 01.01.2018
3	No. of Years of Firm Existence & Date of establishment of Firm		Attach copy of certificate issued by ICAI as on 01.01.2018.
4	Turnover of the Firm in last three years		Attach balance sheet and P&L Account of the last three years.
5	Relevant Audit Experience of the Firm (as prescribed in Eligibility Criteria)	Name , nature and year of engagement in Statutory Audit of Government Programmes schemes and Societies / Corporations/PSUs including audit in multilevel agency	Copy of the Work Order/ Appointment letter & the Fee Charged

R

6	Details of Full time fellow Partners associated with the firm	<ul style="list-style-type: none">• Name of each partner,• Date of becoming ACA and FCA• Date of joining the firm,• Their Contact Mobile No., email and full Address	Attach copy of certificate issued by ICAI as on 01.01.2018.
---	---	---	---

Firm's Name: _____

Signature of Authorized Representative:

h

FORM TECH-3

A. DETAILS OF TEAM LEADER AND DEPUTY TEAM LEADER

(Please provide a self attested copy of Certificate of ICAI as on 01.01.2018 for each qualified staff)

S. No.	Name of Staff	Proposed position	Educational Qualifications	Length of Association with the Firm(in years)	Relevant Experience	Reference Page No of attached Resume
1						
2						
3						
4						
5						

B. DETAILS OF ASSISTANCE:

S. No.	Name of Staff	Length of Association with the Firm (in years)	Educational Qualifications	Length of Association with the Firm(in years)	Relevant Experience	Reference Page No of attached Resume
1						
2						
3						
4						
5						

R

FORM TECH-4 A

EXPERIENCE OF FIRM IN SIMILAR GEOGRAPHICAL AREA

(Similar geographical area means area of neighbouring states i.e Jharkhand, Uttarpradesh, Chattishgarh and West Bangal)

(Experience in State Health Societies/Education Projects/Rural Development Societies /DUDA/ PRIs/Government Corporation etc. either of (A)Statutory Audit (B)Internal Audit (C) Compilation Assignment)

Sl. No.	Name of Auditee Organization	Business of the Auditee	Nature of Assignment (Statutory Audit/Internal Audit/Compilation)	Location of the Auditee	Year of Engagement	Reference Page No of attached Work Order/ Appointment Letter

FORM TECH-4 B

EXPERIENCE OF FIRM IN SIMILAR PROJECTS

(Experience in State Health Societies/Education Projects/Rural Development Societies /DUDA/ PRIs/Government Corporation etc. either of (A)Statutory Audit (B)Internal Audit (C) Compilation Assignment)

Sl. No.	Name of Auditee Organization	Business of the Auditee	Nature of Assignment (Statutory Audit/Internal Audit/Compilation)	Location of the Auditee	Year of Engagement	Reference Page No of attached Work Order/ Appointment Letter

f

25

FORM TECH-5

Description of Approach & Methodology Work Plan for performing the Audit of BRRDA HO & 108 PIUs

A. **Technical Approach :**

The firm should explain the understanding the objectives of the assignments, approach to the services, methodology for the carrying out the activities and obtaining the expected output, and the degree of the detail of such output.

B. **Work Plan along with the time required for each work/ assignment in the State/ District/ Blocks etc:**

The firm should propose the main activities of the assignment, their content and duration, phasing and inter-relations, milestones (including interim approval by the SHS), and delivery dates of the reports.

The proposed work plan should be consistent with the technical approach showing understanding of the TOR and ability to translate them in to a feasible working plan.

C. **Comments and Suggestions on the Terms of Reference**

Firm can present with justifications here, any modifications or improvements to the Terms of Reference which can significantly improve performance in carrying out the assignment (such as deletion of some activity which the firm considers unnecessary, adding other activities of significance, re-organizing the activities, additional human resource required at various levels etc. Such suggestions should be concise and to the point, and incorporated in the proposal.

FORM TECH-5A

WORK SCHEDULE

No.	Activity ¹	Months ²			
		1	2	3	4
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					

- 1 Indicate all main activities of the assignment, including delivery of reports/ deliverables as per Terms of Reference & Scope of Work (e.g.: inception, interim, and final reports), and other benchmarks such as Client approvals. For phased assignments indicate activities, delivery of reports, and benchmarks separately for each phase.
- 2 Duration of activities shall be indicated in the form of a bar chart.

SECTION 5: FINANCIAL PROPOSAL FORMS

R

FORM FIN-1: FINANCIAL PROPOSAL SUBMISSION FORM

[Location, Date]

To:

Additional Chief Executive Officer-cum-Secretary
Bihar Rural Roads Development Agency (BRRDA)
Rural Works Department, Bihar, Patna
3rd Floor, Land Development Bank,
Budh Marg. Patna-800001
Phone: (0612) 2233198, 2233063, Fax: (0612) 2233199
Email- acct.brrda@gmail.com

Dear Sir /Madam:

We, the undersigned, offer to provide the Auditing services for [Insert title of assignment] in accordance with your Request for Proposal dated [Insert Date] and our Technical Proposal. Our attached Financial Proposal is for the sum of [Insert amount(s) in words and figures¹]. This amount is exclusive of the local taxes, which shall be identified during negotiations and shall be added to the above amount.

Our Financial Proposal shall be binding upon us subject to the modifications resulting from Contract negotiations, up to expiration of the validity period of the Proposal, i.e. before the date indicated in Clause Reference 1.11 of the Data Sheet.

No fees, gratuities, rebates, gifts, commissions or other payments have been given or received in connection with this Proposal.

We understand you are not bound to accept any Proposal you receive.

We remain,

Yours sincerely,

Authorized Signature [In full and initials]:
Name and Title of Signatory:
Name of Firm:
Address:

R

FORM FIN-2: SUMMARY BY COSTS

**Project Title : Statutory Auditor of Bihar Rural Roads Development Agency
(BRRDA), Rural Works Department, Government of Bihar, Patna**

S.No	Description of Services	Fee		
		Audit Fee	Compilation	Total
[A]	Manpower Cost [As per 2A]			
[B]	Overhead Cost [As per 2B]			
	Total [A+B]			
[D]	Add: GST as per prevailing Rate			
[D]	Total Audit fee including GST			

Note:

- (i) While quoting financial offers, applicant firms are requested to read Section 2, 2A and Section 3 of RFP Document.
- (ii) During Evaluation of Financial proposals, the quoted Consultancy excluding GST shall be considered.
- (iii) The client shall pay the Auditor, GST on prevailing rates as applicable on the consultancy charges.

h

FIN 2A: MANPOWER COST

Project Title: Statutory Auditor of Bihar Rural Roads Development Agency (BRRDA), Rural Works Department, Government of Bihar, Patna

Sl. No	Name	Position	Input Month	Rate (INR)	Cost (INR)	Audit Fees	Compilation Cost
1							
2							
3							
4							
5							
TOTAL (2A)							

FIN 2B: OVERHEAD COST

Sl. No	Cost Element	Input	Rate (INR)	Cost (INR)	Audit Fees	Compilation Cost
1						
2						
3						
4						
5						
TOTAL (2B)						

B

SECTION 6: STANDARD CONTRACT

R

12

Agreement between Bihar Rural Road Development Agency and..... (Name of Auditor Firm) in respect of Statutory Audit of BRRDA including its PIUs.

1. This CONTRACT is made the [day] of the [month], [year], between the ----
--- (Name of BRRDA and office address) [hereinafter called the "Employer"], of the first part and, [name of the Auditor Firm] (hereinafter called the "Auditor Firm").

WHEREAS

The Firm having represented to the "Employer" that he has the required professional skills, personnel and technical resources, has offered to provide in response to the Tender Notice dated _____ issued by the Employer ; and The "Employer" has accepted the offer of the Auditor Firm to provide the services on the terms and conditions set forth in this Contract.

2. Set out below are the terms and conditions under which Auditor Firm has agreed to carry out for BRRDA the above-mentioned assignment specified in the attached Terms of Reference (TOR).
3. For administrative purposes, Additional Chief Executive Officer of Bihar Rural Roads Development Agency (BRRDA) has been assigned to administer the assignment and to provide of Auditor Firm with all relevant information needed to carry out the assignment. The services will be required for about _____ years commencing from _____ to _____. Performance of the agency would be reviewed at the end of each year based on definite measurable indicators and the contract may be terminated after giving one month notice if performance of the agency is found unsatisfactory.
4. The Employer may find it necessary to postpone or cancel the assignment and/or shorten or extend its duration. In such case, every effort will be made to give you, as early as possible, notice of any changes. In the event of termination, the Auditor Firm shall be paid for the services

rendered for carrying out the assignment to the date of termination, and the Auditor Firm will provide the BRRDA with any reports or parts thereof, or any other information and documentation gathered under this Agreement prior to the date of termination.

5. The services to be performed, the estimated time to be spent, and the reports to be submitted will be in accordance with the attached Description of Services.
6. This Agreement, its meaning and interpretation and the relation between the parties shall be governed by the laws of State Government.
7. This Agreement will become effective upon confirmation of this letter by Auditor Firm and will terminate on _____, or such other date as mutually agreed between the BRRDA and the Auditor Firm.
8. Payments for the services for every year will not exceed the total amount of Rs. _____. The BRRDA will pay the firm within 30 days of receipt of pre-receipted bills duly verified by the designated officer of the BRRDA in duplicate for respective stages as follows:

The above remuneration includes all the costs related to carrying out the services, including overhead and any taxes imposed on [Name of Consultant].

In case the number of PIUs is increased or decreased, the amount of audit fees shall be determined pro rata.

9. The [Name of Consultant] tor Firm will be responsible for appropriate insurance coverage. In this regard, the [Name of Consultant] shall maintain workers compensation, employment liability insurance for their staff on the assignment. The Auditor Firm shall also maintain comprehensive general liability insurance, including contractual liability coverage adequate to cover the indemnity of obligation against all damages, costs, and charges and expenses for injury to any person or damage to any property arising out of, or in connection with, the services which result from the fault of the [Name of Consultant]or its staff. The

R

[Name of Consultant] shall provide the BRRDA with certification thereof upon request.

- 10. The [Name of Consultant] shall indemnify and hold harmless the Employer against any and all claims, demands, and/or judgments of any nature brought against the Employer arising out of the services by the [Name of Consultant] under this Agreement. The obligation under this paragraph shall survive the termination of this Agreement.
- 11. The [Name of Consultant] agrees that, during the term of this Contract and after its termination, the Auditor Firm and any entity affiliated with the [Name of Consultant], shall be disqualified from providing goods, works or services (other than the Services and any continuation thereof) for any project resulting from or closely related to the Services.
- 12. All final plans, reports and other documents or software submitted by the [Name of Consultant] in the performance of the Services shall become and remain the property of BRRDA. The [Name of Consultant] may retain a copy of such documents but shall not use them for purposes unrelated to this Contract without the prior written approval of the BRRDA.
- 13. The [Name of Consultant] undertake to carry out the assignment in accordance with the highest standard of professional and ethical competence and integrity, having due regards to the nature and purpose of the assignment, and to ensure that the staff assigned to perform the services under this Agreement, will conduct themselves in a manner consistent herewith.
- 14. The [Name of Consultant] will not assign this Contract or sub-contract or any portion of it without the BRRDA prior written consent.
- 15. The [Name of Consultant] shall pay the taxes, duties fee, levies and other impositions levied under the applicable law and the BRRDA shall perform

such duties, in regard to the deduction of such tax, as may be lawfully imposed.

16. The [Name of Consultant] also agree that all knowledge and information not within the public domain which may be acquired during the carrying out of this Agreement, shall be, for all time and for all purpose, regarded as strictly confidential and held in confidence, and shall not be directly or indirectly disclosed to any person whatsoever, except with the BRRDA written permission.
17. Given that submission of audit report by stipulated time is of utmost importance, the [Name of Consultant] agrees to pay to BRRDA penalty of 2% of contract value for each month or part of month of delay beyond 30th September each year.
18. Settlement of disputes:
 - (i) The parties use their best efforts to settle amicably all disputes arising out of or in connection with this agreement or the interpretation thereof.
 - (ii) Any dispute between the parties as to matters arising pursuant to this agreement, which cannot be settled amicably within thirty (30) days after receipt, by one party of the other party's request for such amicable settlement may be submitted by either party for settlement in accordance with the provisions specified in clause 17 (iii) hereof.
 - (iii) If any dispute or difference of any kind whatsoever shall arise in connection with or out of this Contract and which is not amicably settled between the [Name of Consultant] and BRRDA shall be referred to adjudication/ arbitration in accordance with Arbitration & Conciliation Act, 1996.

br

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be signed in their respective names as of the day and year first above written.

In the presence of

(Signature & Designation of the authorized representative of BRRDA)

(Witnesses)

- (i)
- (ii)

In presence of

(Name/Signature of the authorized representative of Auditor Firm)

(Witnesses)

- (i)
- (ii)

br

191

Section 4: TERMS OF REFERENCE

[As per RFP]

Pr

Section 5: SCHEDULE OF PRICES

[As per RFP]

h

121

Section 6 : MINUTES OF CONTRACT NEGOTIATIONS

fr

APPENDICES

h

Resume

Name:

Address:

DOB:

ACA Date:

Mob. No.:

e-mail:

Professional & Technical Qualification:

S.No.	Degree	Board/University	Year of Passing	Remark

Working Experience:

S.No.	Name of Assignment	Organisation/ Department Name	Duration of Assignment	Role	Remark

Brief Description of Technical Expertise:

Date:

Signature

Place:

hr