



**Government of Bihar (GOB)**  
**Old Secretariat, Patna – 800015**  
**Bihar Rural Development Society (BRDS)**  
**Rural Development Department (RDD)**

**Tender Notification for Appointment of Chartered Accountant**  
**Firm for Statutory Audit for 2011-12**  
**RFP # BRDS/Statutory Auditor/0812**

BRDS requires Chartered Accountant Firms for conducting Statutory Audit of Bihar Rural Development Society (BRDS) at state administrative units.

Interested agencies may download the detailed tender document from <http://rdd.bih.nic.in/>, seek clarifications, if any, by writing to us at: [procurement.brds@gmail.com](mailto:procurement.brds@gmail.com) by 6<sup>th</sup> September 2012. The clarification to the queries will be uploaded on the website. The firms shall submit their bids complete in all respect by 3.00 P.M on 20<sup>th</sup> September 2012 and will be opened on same day at 4.00 PM at the address mentioned in the tender notice.

CEO, BRDS,  
RDD, Patna

**BIHAR RURAL DEVELOPMENT SOCIETY (BRDS)**  
**Lump Sum**

**Appointment of Chartered Accountant Firms for conducting Statutory Audit of Bihar Rural Development Society (BRDS) under Rural Development Department at State Administrative Units**

Dear Sirs,

Subject: Appointment of Statutory auditors for the financial Year 2011-12

1. You are hereby invited to submit technical and financial proposals required for Statutory audit which could form the basis for future negotiations and ultimately a contract between your firm and Bihar Rural Development Society, Patna
2. The purpose of this assignment is to:  
  
Conduct Statutory Audit of Bihar Rural Development Society for the financial Year 2011-12, Patna
3. The following documents are enclosed to enable you to submit your proposal:
  - (a) Terms of reference (TOR) (Enclosure - 1);
  - (b) Supplementary information for Auditors, including a suggested format of curriculum vitae (Enclosure - 2); and
  - (c) A Sample Form of Contract for Auditors' Services under which the services will be performed ((Enclosure - 3).
4. The prospective consultant will have an opportunity to obtain clarification regarding the scope of the work, terms of reference, contract conditions and any other pertinent information by written communication till date 6<sup>th</sup> September 2012 and Time 5.00 P.M.
5. **The Submission of Proposals:** The proposals shall be submitted in two parts, viz., Technical and financial and should follow the form given in the "Supplementary Information for Auditors."
- 5.1 The "**Technical**" and "**Financial**" proposals must be submitted in two separate sealed envelopes (with respective marking in bold letters) following the formats/schedules given in the supplementary information for Auditors. The first envelope marked "**Technical proposal**" should have eligibility criteria and evaluation criteria which includes description of the firm/organization, the firm's general experience in the field of assignment, the qualification and competency of the personnel proposed for the assignment and the proposed work plan methodology and approach in response to suggested terms of reference. The first envelope should not contain any cost information whatsoever. The second envelope marked 'FINANCIAL PROPOSAL' must also be sealed with sealing wax and initialed twice across the seal and should contain the detailed price offer for the auditors' services.

You will provide detailed breakdown of costs and fees as follows:

- Staffing billing rate plus overheads;
- Travel and accommodation;
- Report reproduction; and
- others

Both the sealed envelopes should again be placed in a sealed cover which will be received in the office of the Bihar Rural Development Society up to **20<sup>th</sup> of September 2012, 3.00P.M.**

6. **Opening of proposal**

The proposals (first envelope containing technical proposal only) will be opened by the CEO or his authorized representative in his office at 4.00 P.M on 20<sup>th</sup> of September 2012. It may please be noted that the second envelope containing the detailed price offer will not be opened until technical evaluation has been completed and the result approved by procurement committee.

7. **Eligibility Criteria**

**Eligibility criteria** - Firms must qualify the following minimum criteria:

Sl. No.	Particulars	Minimum Criteria (Years / Number)
1.	The firm must be empanelled with C & AG / RBI etc for the year 2011-12. The particulars of the Firm's Head Office., Branch Office/s., Partners/Proprietor and paid Chartered Accountants should match with the certificate issued by ICAI, without which the application of the firm would not be considered.	Provide details
2	Number of Full Time Partner / Proprietor associated with the firm for not less than 3 years (As per Certificate of ICAI on or later 1 <sup>st</sup> Jan, 2012)	1
3.	Average annual Turnover of the firm in the last three financial years	Minimum Rs.50 Lakhs
4.	Minimum No. of years of Firm existence as per ICAI Certificate	5 Yrs.
5.	Minimum no. of audit assignments of Statutory Audit of Government departments, schemes and programmes / PSUs including audit in multilevel agency	3
6.	The firm should have either have their head office or branch office in Bihar. (the Proof of established office should be provided along with the phone numbers for verifying the same)	Address and phone numbers

**Note:**

- Any firm not qualifying these minimum criteria need not apply as their proposal shall be summarily rejected.
- Supporting Documents for Eligibility Criteria: The firm must submit required supporting documents to establish the minimum eligibility criteria.

The firm or any partners of the firm should not be black listed by any PSUs or Govt. Co. or any other organisation in respect of any assignment or behaviour. Any partner/qualified employee of the firm whose name is included in the First or Second Schedule of the Chartered Accountants Act, 1949 will not be considered in the evaluation and the firm will provide an undertaking that such partner/employee will not be involved in the audit, directly or indirectly.

8. **Evaluation Criteria**

A two-stage procedure will be adopted in evaluating the proposals with the technical evaluation being completed prior to any financial proposals being opened. The technical proposals will be evaluated using the following criteria:

- The auditors' relevant experience for the assignment (10 points);
- The quality of the methodology proposed (20 points); and
- The qualifications & experience of the key staff proposed for the assignment (70 points).

Curriculum vitae of senior personnel in each discipline for assessing the qualifications and experience of the personnel proposed to be deployed for the audit should be included with the proposal (in the format of the sample curriculum vitae). These personnel will be rated in accordance with:

- (i) General qualifications - (40 points)
- (ii) Adequacy for the project (suitability to perform the duties for this assignment. These include education and training, length of experience on fields similar to those required as per terms of reference, type of positions held, time spent with the firm etc) - (60 points)

## 9. **Deciding Award of Contract**

Quality and competence of the Auditing service shall be considered as the paramount requirement. Lump sum least cost selection method will be followed for selection of auditor. The decision of the award of the contract would be as under:

- (a) Technical proposals scoring not less than 75 % of the total points will only be considered for financial evaluation.

The client shall notify those Auditors whose proposals did not meet the minimum qualifying mark or were considered non-responsive to the Letter of Invitation and Terms of Reference, indicating that their Financial Proposals will be returned unopened after completing the selection process. The Client shall simultaneously notify the Auditors that have secured the minimum qualifying mark, indicating the date and time set for opening of Financial Proposals. The notification may be sent by registered letter, cable, telex, facsimile, or electronic mail.

- (b) The Financial Proposals shall be opened publicly in the presence of the Auditors' representatives who choose to attend. The name of the auditor, the quality scores, and the proposed prices shall be read aloud and recorded when the Financial Proposals are opened. The Client shall prepare minutes of the public opening.
- (c) The evaluation committee will determine whether the Financial Proposals are complete [i.e., whether they have costed all items of the corresponding Technical Proposals; if not, the Client will cost them and add their cost to the initial price], correct any computational errors. The Client will select the lowest proposal ['evaluated' price] among those that passed the minimum technical score and invite them for negotiations. This will be a lump sum cost contract.
- (d) During negotiations the Auditor must be prepared to furnish the detailed cost break-up and other clarifications to the proposals submitted by him, as may be required to adjudge the reasonableness of his price proposals. If the negotiations with this Auditor are successful, the award will be made to him and all other Auditors notified. If negotiations fail, and if it is concluded that a contract with reasonable terms cannot be concluded with this Auditor, the Auditor quoting second lowest cost will be invited for negotiations. This process will be repeated till an agreed contract is concluded.

10. Please note that the Bihar Rural Development Society, Patna. is not bound to select any of the firms submitting proposals.
11. It is estimated that about 21 man days of services as indicated in the TOR, will be required for the assignment and generally you should base your financial proposal on this figure. However, you should feel free to submit your proposal on the basis of man-days considered necessary by you to undertake the assignment.
12. You are requested to hold your proposal valid for 90 days from the date of submission without change the personnel proposed for the assignment and your proposed price. The Bihar Rural Development Society, Patna will make its best efforts to select an Auditor firm within this period.

13. Please note that the cost of preparing a proposal and of negotiating a contract including visits to client office, if any is not reimbursable as a direct cost of the assignment.
14. We wish to remind you that any manufacturing or construction firm with which you might be associated with, will not be eligible to participate in bidding for any goods or works resulting from or associated with the project of which this auditing assignment forms a part.
15. Please note that the remuneration which you receive from the contract will be subject to normal tax liability in India. Kindly contact the concerned tax authorities for further information in this regard if required.

Yours faithfully,  
CEO, BRDS

Enclosures:

1. Terms of Reference.
2. Supplementary Information to Auditors.
3. Draft contract under which service will be performed.

## TERMS OF REFERENCE FOR EXTERNAL/ STATUTORY AUDITORS

### BACKGROUND

The Bihar Rural Development Society (BRDS), Govt. of Bihar (GoB), a recently constituted autonomous organization under the aegis of Rural Development Department (RDD) is the nodal department responsible for implementation and oversight of several flagship Centrally Sponsored Schemes (CSS) i.e MNREGA, IAY and SGSYS. These programs are financed by both GoI and GoB. The implementation is through various district and Block level institutions and in some programs (MNREGA) the funds and implementation is through PRIs. The detailed implementation arrangements and the flow of funds/ accounting and control framework is provided in Annexure IV.

Depending on the source of funds and program implementation arrangements, the funds flow to the state, districts, Block units and PRI institutions in some instances. This entails accounting and financial reporting by a large number of units, which coupled with weak accounting systems and accounting capacity, results in delay in compilation & consolidation of accounts and in preparation of program financial statements for audit. This in turn results in delay of submission of Utilization Certificate and audit reports to Ministry of Rural Development (GoI) impacting release of funds to GoB.

In order to address these constraints RDD has an on-going reform initiatives including Business Process Re-engineering (BPR), HR & Institutional Reforms. On the financial management & accounting side the following initiatives have been taken: As Part of this reform the GoB in general and the RDD in particular is desirous of reforming the financial management and accounting systems both at program level (i.e vertical accounting & financial reporting program wise) and at institutional level (at State, District and Block level institutions). Towards this objective there have been and are various on-going initiatives to improve the quality and timeliness of accounting especially at the block level albeit with limited results. These include:

**GFact:** For the accounting of its key flagship programs (MGNREGS, IAY and SGSY), RDD-GOB in collaboration with the State National Informatics Center (NIC) has developed and deployed a double – entry based accounting software (Gfact). While this has functioned reasonably well there are certain glitches which need to be addressed.

**Central Plan Scheme Monitoring System (CPSMS) in collaboration with Controller General of Accounts (CGA), Dept of Expenditure, GoI:** The department is also collaborating with Ministry of Finance (MOF)-GOI and putting in place a Central Plan Scheme Monitoring System (CPSMS) which will allow for online validation of receipts' and payments with core banking applications as well as real time display of fund balances across all accounts of its various programs. This system is in the nascent stages of being upgraded to serve as an accounting system as well in addition to being a financial MIS.

### OBJECTIVES OF THE STATUTORY AUDIT

The key objectives of the Project external audit are to obtain a professional opinion from independent auditors whether –

1. The Project Financial Statement gives a true and fair view of the financial position of the Project at the end of the period under audit examination, and of the sources and applications of Project funds for that period;
2. The Project funds were utilized for the purposes for which they were provided;
3. Expenditures are eligible for financing under the Project legal agreements and these were exclusively financed through the Project funds and no other sources of funds have been received by BRDS for incurring these expenditures;
4. Procurement has been carried by BRDS in line with the agreed procedures as detailed in the Project legal agreements and the Procurement Manual;
5. The Project has an adequate internal control system (including its continuing implementation and effectiveness) and adheres to the provisions of the project legal agreements, the Financial Management, Procurement and Operations Manual in all material aspects.

### AUDIT STANDARDS

The audit will be carried out in accordance with the Auditing Standards promulgated by the Institute of Chartered Accountants of India. 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/loan proceeds for purposes other than as defined in the legal agreement remains with the borrower, the audit should be planned so as to have a reasonable expectation of detecting material misstatements in the project financial statements.

### **AUDIT SCOPE**

In conducting the audit, following shall be covered:

- All funds including fund received from different source 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 Financing Agreement and the Project Agreement.
- Effective project financial management systems', including internal controls, were in operation throughout the period under audit examination. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls, and any needs for revision; level of compliance with established policies, plans and procedures'; reliability of accounting systems, data and financial reports; methods of remedying weak controls or creating them where there are none; verification of assets and liabilities; and integrity, controls, security and effectiveness of the operation of the computerized system; and
- Counterpart funds have been provided and used in accordance with the relevant legal agreements and only for the purposes for which they were provided;
- All necessary supporting documents, records, and accounts have been kept in respect of all project transactions including expenditures reported via Interim unaudited Financial Reports (IUFs) where applicable. Clear linkages should exist between the books of account and reports, certification of IUFs and financial report reconciliation.
- The project accounts have been prepared in accordance with the accounting principles defined in the Project Financial Manual and give a true and fair view of the financial position of the project at the year end and of resources and expenditures for the year ended on that date; and
- Goods and services financed have been procured in accordance with the applicable procurement procedure - see Annexure III for the suggested checklist to be used.

Auditor will submit all Audit report which is applicable to the BRDS and required by/under statutory authority/World Bank/External agency/Income tax Act / Society registration act 1860/ Govt. of India/multiple funding agency.

### **PROGRAMME FINANCIAL STATEMENTS (PFS).**

Programme Financial Statements should include:

(A) Project-wise /Consolidated Receipts & Payments Account, Income & Expenditure Accounts and Balance Sheet of the society.

(B) Project wise Reconciliation of Claims to Total Applications of Funds.

(C) Other Statements or Schedules which may include:

- A separate list of cumulative project expenditures by Project Component/Sub-components;
- Project wise detailed list of assets created or purchased from respective project funds.

### **STATEMENTS OF EXPENDITURES AND FINANCIAL MANAGEMENT REPORTS**

An audit report on the project financial statements/consolidated Financial statement of the Society should be prepared in accordance with the Auditing Standards promulgated by the Institute of Chartered Accountants of India. An audit report of the Society under Income tax act will be submitted in three copies in addition of Audit report of the Society and multiple funds. Those standards require an audit opinion to be rendered related to the financial statements taken as a whole, indicating unambiguously whether it is unqualified or qualified and, if the latter,

whether it is qualified in certain respects or is adverse or a disclaimer of opinion. In addition, the audit opinion paragraph will specify whether, in the auditor's opinion,

- (1) the funds were utilized for the purposes for which they were provided,
- (2) Expenditure shown in the PFS of the Society are eligible under the financing /funding agreement and, where applicable,

A sample audit report wordings are shown at Annexure I

### **MANAGEMENT LETTER**

In addition to the audit report on the project financial statements, the auditor will prepare a management letter containing recommendations for improvements in internal control and other matters coming to the attention of the auditor during the audit examination, possibly including matters such as the following:

- observations on the accounting records, systems, and controls that were examined during the course of the audit
- deficiencies or weakness in systems and controls, together with specific recommendations for improvement
- compliance with financial covenants in the financing agreements
- matters that might have a significant impact on the implementation of the project
- any other matters that the auditor considers pertinent.

A sample covering letter that could be used to transmit a management letter is shown at *Annexure II*

### **PERIOD, TIMING AND SAMPLE COVERAGE OF STATUTORY AUDIT**

The statutory audit will be done for financial year 2011- 12.

The audit will be carried out on for BRDS – Head office running from Rural development Department, Government OF Bihar.

Timing: The audit would be carried out and the report should be provided to the BRDS-SMU latest by 30<sup>th</sup> October 2012, to facilitate approval and placement before the Executive Committee and General body.

Period of Appointment: The auditor would be appointed for financial year 2011-12, year ending March 31.

**Review of the final draft Report-** Final draft report may be reviewed to assess whether auditor delivered all reports and documents specified in the contract, in the form and manner and within the time period as specified; Assess whether the reports and documents are easily understandable or not; Has the auditor satisfied the expectations of service quality, such as adequacy, applicability, effectiveness, innovativeness and impartiality; to examine whether auditors are covering the scope of work and achieving the objectives of assignment set forth in the description of service mentioned.

### **TERMS OF PAYMENT**

The mode of payments to be made in consideration of the work to be performed by the Auditor shall be as follows:

100% of contract value - On submission of final report.

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



### KEY PERSONNEL

The list of key personnel and whose CVs and experience would be evaluated is as follows :

S. No.	Key Professionals	Description of Services to be provided	Experience	No. of persons	Total Expected Mandays
1	Partner/ Audit Manager	Overall coordination, & planning, team leadership, reporting, liaison with client , Responsibility to lead the audit teams, planning and execution of the audits, discussion with officials and report writing and finalization.	Qualified Chartered Accountant with at least 7 years experience as a partner with ability to lead the team & expertise in the area of statutory audit planning, execution and reporting.	1	5
2	Team member	Audit of all programme of BRDS	CA (Inter)-Pass with 2 years of experience in Accounting ,audit and report writing	2	16
Total Expected Man days					21

The audit firm should provide CVs of key personnel who are expected to be engaged in audit work for evaluation purpose by BRDS.

### 7 GENERAL

The auditor should be given access to all legal documents, correspondence, books of accounts, Financial management manual, Community Operations Manual, Project Implementation Plan, Project Appraisal Document (PAD), financial and administrative rules, FM Manual, Government orders and office orders and any other information associated with the project and as deemed necessary by the auditor. Confirmation should also be obtained wherever required and appended to the Report

**Annexure I**  
**MODEL AUDIT REPORT**

Addressee-

**Introductory Paragraph**

We have audited the accompanying financial statements of the BRDS Project [under \_\_\_\_ as of March 31, 20XX [any other additional years necessary] for the year(s) then ended. Our responsibility is to express an opinion on these financial statements based on our audit.

**Scope Paragraph**

We conducted our audit in accordance with Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

**Opinion Paragraph**

In our opinion, the financial statements give a true and fair view of the Sources and Application of Funds and the financial position of BRDS Project for the year ended March 31, 20XX, in accordance with relevant national standards. We are also satisfied that the procurement procedure prescribed in the Procurement Manual under BRDS has been followed.

[Name and Address of Audit Firm]

[Date — Completion Date of Audit]

[Auditor's Address]

[Date]

## Annexure II

### Example of a Management Letter

(Audit firm Letterhead)

(Date)

To Project Management,

In connection with our audit of the financial statements of the BRDS Project for the Year ended \_\_\_\_\_, we familiarized ourselves with Project documents the internal guidelines and circulars applicable during the period under audit. We also reviewed the business of the Project and evaluated the accounting systems and related internal controls of the Project in order to plan and perform our audit.

This Letter to Project Management includes observations noted during the course of our audit examination in the following areas:

- Matters having a significant impact on the implementation of the Project
- Opportunities for strengthening financial management records, systems and controls, together with recommendations for improvement
- Status of maintenance of Project books and records
- Accuracy of Project financial statements
- Compliance with prescribed procurement procedures
- Status of prior audit recommendations

The matters contained in this Management Letter are intended solely for the information of Project management, for such timely consideration and action as Project management may deem appropriate. They have all been considered by us in formulating the audit opinion expressed on the project financial statements in our audit report dated \_\_\_\_\_ and they do not alter the opinion expressed in that audit report.

We wish to take this opportunity to thank Project Management for the courtesies and cooperation extended to our auditors.

Yours truly,

(Name and Title)

### **Annexure III**

#### **Suggested Procurement audit check list related to Goods/Works**

Once contracts for goods/works have been selected for detailed audit review the following check list / post review check list may be followed:

- 1) Date of audit.
- 2) Procurement by State/District/any other organization receiving project funds.
- 3) Description of items procured, quantity and estimated value.
- 4) Whether procedure laid down in the Manual was observed while procuring goods and works?
- 5) If not, any other, justification was available?
- 6) Whether bid was advertised/placed in public domain?
- 7) Whether sufficient time was given to bidders for preparing and submitting the bids?
- 8) Whether the bids were opened at the notified time in the presence of bidders?
- 9) Whether the bids were evaluated in terms of the provisions of the bid documents and the evaluation report was available?
- 10) Whether contract was awarded to the lowest evaluated responsive bidder fulfilling the qualification requirements indicated in the tender document?
- 11) Whether the contract was awarded within original bid validity period?
- 12) Whether the signed copy of the contract/purchase order was available?
- 13) Whether articles received/work completed in time?
- 14) Whether payment released timely to the supplier/contractor or valid reasons for delay?
- 15) Whether the assets procured are accounted for?
- 16) Whether any complaint was received regarding the procurement and was addressed?
- 17) Whether procurement related complaint handling mechanism as envisaged in the Project Implementation Plan is available?
- 18) Whether any procurement related irregularities reported in the previous audit report have been complied with?
- 19) Whether Performance Security was Sought?

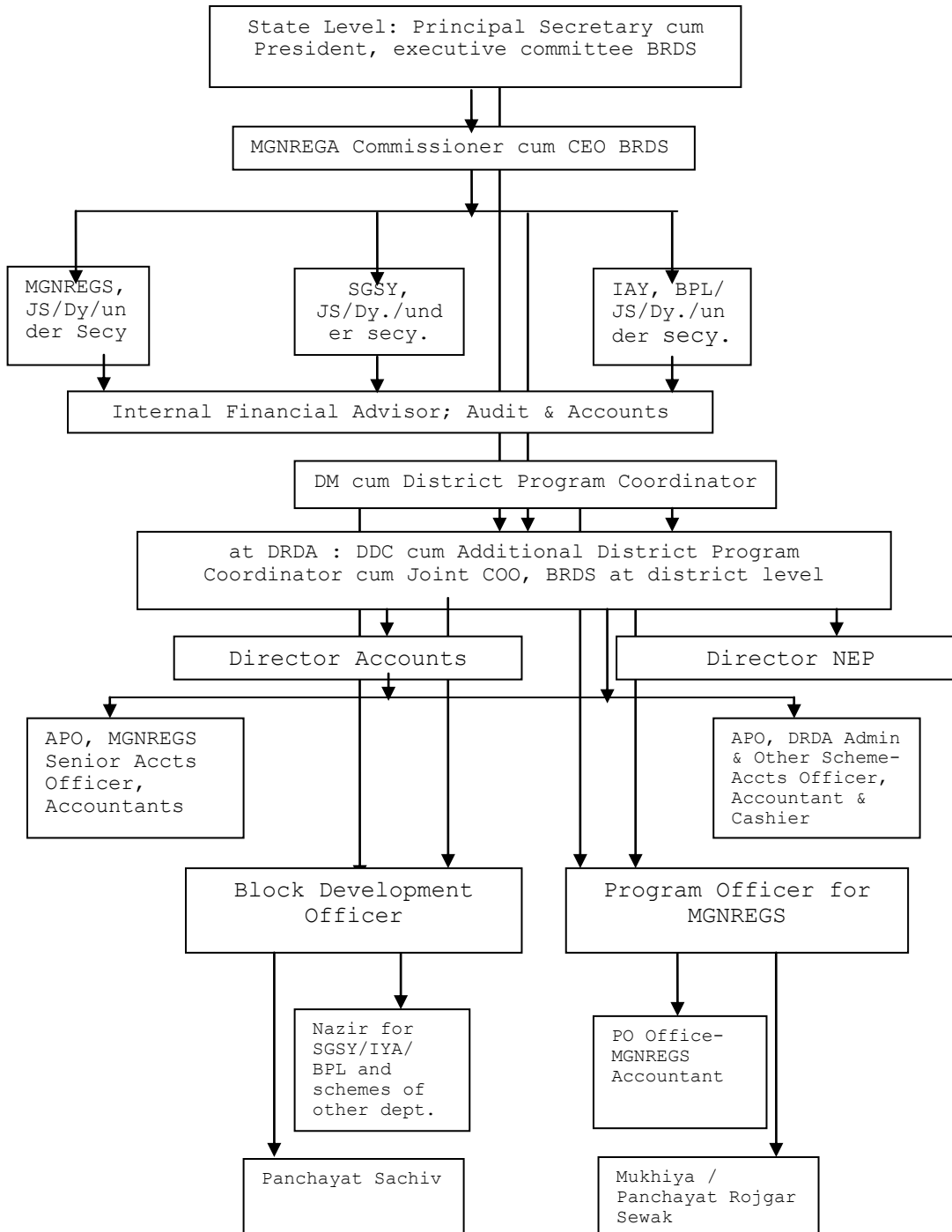
#### **Procurement audit check list related to Service Contract**

Once service contracts have been selected for detailed audit review the following check list may be followed:

- 1) Date of audit
- 2) Procurement by State/District/any other organization receiving project funds
- 3) Whether the Terms of Reference covering the scope of work, time schedule, out put required, etc were prepared?
- 4) Whether the Expressions of Interest were checked against advertisement and short list of service providers/consultants prepared?
- 5) Whether the Request for Proposals (RFPs) were issued to short listed service providers/consultants?
- 6) Whether sufficient time was given to service providers/consultants for preparing and submitting the proposals?
- 7) Whether the proposals were invited in two separate envelopes, one containing technical and another for financial proposals?
- 8) Whether the evaluation was done in two stages, first the evaluation of technical proposals and then opening of the financial proposals of only technically qualified service providers/consultants and reports are available thereof?

- 9) Whether the contract was awarded within the validity period of the original proposal?
- 10) Whether the signed copy of the contract was available?
- 11) Whether the services were completed within the prescribed time limit or valid reasons for delayed completion?
- 12) Whether payment was released timely to the service providers/consultants or valid reasons for delay?
- 13) In the case of single source selection, if there was justification for the purpose and a no objection issued by a competent authority?
- 14) Whether any complaint was received regarding the procurement and was addressed?
- 15) Whether procurement related complaint handling mechanism is available?
- 16) Whether any procurement related irregularities reported in the previous audit report have been complied with?

**Annexure- IV -Organization Structure that has interface with Accounting and Financial Management Functions**



**SUPPLEMENTARY INFORMATION FOR AUDITORS**

**Proposals**

(1) Proposals should include the following information:

(a) Eligibility Criteria :- format given in Form F-8.

Sl. No.	Particulars	Minimum Criteria (Years / Number)
1.	The firm must be empanelled with C & AG / RBI etc for the year 2011-12. The particulars of the Firm's Head Office., Branch Office/s., Partners/Proprietor and paid Chartered Accountants should match with the certificate issued by ICAI, without which the application of the firm would not be considered.	Provide details
2.	Number of Full Time Partner / Proprietor associated with the firm for not less than 3 years (As per Certificate of ICAI on or later 1 <sup>st</sup> Jan, 2012)	1
3.	Average annual Turnover of the firm in the last three financial years	Minimum Rs.50 Lakhs
4.	Minimum No. of years of Firm existence as per ICAI Certificate	5 Yrs.
5.	Minimum no. of audit assignments of Statutory Audit of Government departments, schemes and programmes / PSUs including audit in multilevel agency	3
6.	The firm should have either have their head office or branch office in Bihar. (the Proof of established office should be provided along with the phone numbers for verifying the same .)	Address and phone numbers

(b) Technical Proposal

- (i) A brief description of the firm/organization and an outline of recent experience on assignments/ projects of similar nature executed during the last 3 years in the format given in Form F-2.
- (ii) Any comments or suggestions of the Auditor on the Terms of Reference (TOR).
- (iii) A description of the manner in which Auditors would plan to execute the work. Work plan time schedule in Form F-3 and approach or methodology proposed for carrying out the required work.
- (iv) The composition of the team of personnel which the Auditor would propose to provide and the tasks which would be assigned to each team member in Form F-4.
- (v) Curriculum Vitae of the individual key staff members to be assigned to the work and of the team leader who would be responsible for supervision of the team. The curriculum vitae should follow the attached Format (F-5) duly signed by the concerned personnel.
- (vi) The Auditor's comments, if any, on the data, services and facilities to be provided by Bihar Rural Development Society, Patna indicated in the Terms of Reference (TOR).

(vii) The Auditor's Work program and time schedule for key personnel in Form No.F-7.

(b) Financial Proposals

The financial proposals should include the Schedule of Price Bid in Form No.F-6 with cost break-up for the work program indicated in Form F-7.

(2) Two copies of the proposals should be submitted to Bihar Rural Development Society, Patna.

(3) Contract Negotiations

The aim of the negotiation is to reach an agreement on all points with the Auditor and initial a draft contract by the conclusion of negotiations. Negotiations commence with a discussion of Auditor's proposal, the proposed work plan, staffing and any suggestions you may have made to improve the Terms of Reference. Agreement will then be reached on the final Terms of Reference, the staffing and the bar chart, which will indicate personnel, periods in the field and office, man-months, and reporting schedule.

(4) Review of Man-Months Rates. Bihar Rural Development Society is charged with the custody of government funds and is expected to exercise prudence in the expenditure of these funds. Bihar Rural Development Society is, therefore, concerned with the reasonableness of a firm's financial proposal and, during negotiations, expects to be able to review data backing up a Auditor's man-months rates. Auditors submitting proposals for contracts should be prepared to support such data.

(5) Contracts with Team Members. Bearing in mind that rates are negotiable, firms are advised against making firm financial arrangements with prospective team members prior to negotiations.

(6) Nomination of Experts

Having selected a firm partly on the basis of an evaluation of personnel presented in the firm's proposal, Bihar Rural Development Society expects to negotiate a contract on the basis of the experts named in the proposal and, prior to contract negotiations, will require guarantees that these experts shall, in fact, be made available. As the expected date of mobilization is given in the letter inviting proposals, Bihar Rural Development Society will not consider substitution after contract negotiations, except in cases of unexpected delays on the starting date or incapacity of an expert for reasons of health, or leaving the firm. The desire of a firm to use an expert on another project shall not be accepted for substitution of personnel.

(7) Terms of Payment

The mode of payments to be made in consideration of the work to be performed by the Auditor shall be as follows:

100% of contract value - On submission of final report.

Note: All payments shall be made on submission of pre-receipted bills by the Auditors in quadruplicate for respective stages.





**FORM F-1**

From

To

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sir:

Appointment of Statutory auditors for the financial year [REDACTED]

I/We \_\_\_\_\_ Auditor/auditing firm/organization herewith enclose Technical and Financial Proposal for selection of my/our firm as Auditor for — — — — —.

We undertake that, in competing for (and, if the award is made to us, in executing) the above contract, we will strictly observe the laws against fraud and corruption in force in India namely “Prevention of Corruption Act 1988”.

Yours faithfully,

Signature: \_\_\_\_\_  
Full name \_\_\_\_\_  
and address: \_\_\_\_\_

( Authorized Representative)

**FORM F-2**

**ASSIGNMENTS OF SIMILAR NATURE SUCCESSFULLY COMPLETED DURING LAST 3 YEARS**

1. Brief Description of the Firm/Organization:
  
2. Outline of recent experience on assignments of similar nature:

<u>Sl.No.</u>	<u>Name of assign-ment</u>	<u>Name of project</u>	<u>Owner or sponsoring authority</u>	<u>Cost of assign-ment</u>	<u>Date of commencement</u>	<u>Date of completion</u>	<u>Was assign-ment satisfac-torily completed</u>
1	2	3	4	5	6	7	8

Note: Please attach certificates from the employer by way of documentary proof.

**FORM F-3**

**WORK PLAN TIME SCHEDULE**

A. Field and Head office Audit Program

Sl. No.	Item	Detailed Audit Program
---------	------	------------------------

B. Compilation and submission of reports- As indicated in TOR

C. A short note on the line of approach and methodology outlining various steps for performing the Audit.

D. Comments or suggestions on "Terms of Reference."

**FORM NO.F-4**

**Composition of the Team Personnel and the task which would be assigned to each Team Member**

1. Technical/Managerial Staff

Sl.No.	Name	Position	Task assignment
--------	------	----------	-----------------

2. Support Staff

Sl.No.	Name	Position	Task assignment
--------	------	----------	-----------------



**Please provide relevant details in the CV**  
**FORM F-5**

**FORMAT OF CURRICULUM VITAE (CV) FOR**  
**PROPOSED KEY PROFESSIONAL STAFF**

Proposed Position: \_\_\_\_\_

Name of Firm: \_\_\_\_\_

Name of Staff: \_\_\_\_\_

Profession: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

Years with Firm/Entity: \_\_\_\_\_ Nationality: \_\_\_\_\_

Membership in Professional Societies: \_\_\_\_\_

Detailed Tasks Assigned: \_\_\_\_\_

**Key Qualifications:**

*[Give an outline of staff member's experience and training most pertinent to tasks on assignment. Describe degree of responsibility held by staff member on relevant previous assignments and give dates and locations. Use about half a page.]*

**Education:**

*[Summarize college/university and other specialized education of staff member, giving names of schools, dates attended, and degrees obtained. Use about one quarter of a page.]*

**Employment Record:**

*[Starting with present position, list in reverse order every employment held. List all positions held by staff member since graduation, giving dates, names of employing organizations, titles of positions held, and locations of assignments. For experience in last ten years, also give types of activities performed and client references, where appropriate. Use about two pages.]*

**Languages:**

[For each language indicate proficiency: excellent, good, fair, or poor; in speaking, reading, and writing ]

---

**Certification:**

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.

\_\_\_\_\_ **Date:** \_\_\_\_\_  
[Signature of staff member and authorized representative of the Firm] Day/Month/Year

**Full name of staff member:** \_\_\_\_\_

**Full name of the authorized representative:** \_\_\_\_\_

**FORM NO.F-6**

**SCHEDULE OF PRICE BID**

<u>Items</u>	<u>Amount</u>	
	<u>In figures</u>	<u>In words</u>
1. Auditing fee for _____ (Total)		
2. Service Tax @.....%		

Signature of Auditor

(Authorized representative)

As per the TOR, the auditor will be appointed for a period of one year for the financial year 2011- 12.

**Cost Estimate of Services**

**Remuneration of Staff**

<u>Staff</u>	<u>Name</u>	<u>Daily (Monthly) Rate</u> <u>(in currency)</u>	<u>Working Days</u> <u>(Months)</u>	<u>Total Cost</u> <u>(in currency)</u>
a) Partner/ Audit Manager	_____			
b) Team member	_____			
c)	_____			

Sub-Total (Staff) \_\_\_\_\_

**Details of Out-of-Pocket Expenses:**

- a) Travelling
- b) Report production
- c) Other overheads
- d) --

Sub-Total (Out-of-Pocket) \_\_\_\_\_

**TOTAL** \_\_\_\_\_

**AUDITING SERVICES**  
**TAX @ .....%** \_\_\_\_\_

**GRAND TOTAL** \_\_\_\_\_





**FORM F-7**

**WORK PROGRAM AND TIME SCHEDULE FOR KEY PERSONNEL**

Days

Name

Position

Days

Work plan

Total

**Form F-8 -Eligibility Criteria**

Sl. No.	Particulars	(Years / Number/ Details)
1.	The firm must be empanelled with C & AG / RBI etc for the year 2011-12. The particulars of the Firm's Head Office., Branch Office/s., Partners/Proprietor and paid Chartered Accountants should match with the certificate issued by ICAI, without which the application of the firm would not be considered.	
2.	Number of Full Time Partner / Proprietor associated with the firm for not less than 3 years (As per Certificate of ICAI on or later 1 <sup>st</sup> Jan, 2012)	
3.	Average annual Turnover of the firm in the last three financial years	
4.	Minimum No. of years of Firm existence as per ICAI Certificate	
5.	Minimum no. of audit assignments of Statutory Audit of Government departments, schemes and programmes / PSUs including audit in multilevel agency.	
6.	The firm should have either have their head office or branch office in Bihar. (the Proof of established office should be provided along with the phone numbers for verifying the same .)	

## Auditing Services

### Draft Letter of Contract for Small Assignments Carried out by Auditors

Subject: (Name of Assignment)

(Name of Auditor)

1. Set out below are the terms and conditions under which (Name of Auditor) has agreed to carry out for (Name of Client) the above-mentioned assignment specified in the attached Terms of Reference.
2. For administrative purposes (Name of responsible staff of Client) has been assigned to administer the assignment and to provide [Name of Auditor] with all relevant information needed to carry out the assignment. The services will be required in (Name of Project) for about \_\_\_\_\_ days/months, during the period from \_\_\_\_\_ to \_\_\_\_\_ .
3. The (Name of Client) 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 (Name of Auditors) shall be paid for the services rendered for carrying out the assignment to the date of termination, and the [Name of Auditor] will provide the (Name of Client) with any reports or parts thereof, or any other information and documentation gathered under this Contract prior to the date of termination.
4. 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.
5. This Contract, its meaning and interpretation and the relation between the parties shall be governed by the laws of Union of India
6. This Contract will become effective upon confirmation of this letter on behalf of (Name of Auditor) and will terminate on \_\_\_\_\_, or such other date as mutually agreed between the (Name of Client) and the (Name of Auditors).
7. Payments for the services will not exceed a total amount of Rs. \_\_\_\_\_.

The (Name of Client) will pay (Name of Auditor), within 30 days of receipt of invoice as follows:

100% of contract value - On submission of final report.

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

8. The [Name of Auditors] will be responsible for appropriate insurance coverage. In this regard, the [Name of Auditors] shall maintain workers compensation, employment liability insurance for their staff on the assignment. The Auditors 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 Auditors] or its staff. The [Name of Auditors] shall provide the (Name of Client) with certification thereof upon request.
9. The [Name of Auditors] shall indemnify and hold harmless the (Name of Client) against any and all claims, demands, and/or judgements of any nature brought against the (Name of Borrower) arising out of the services by the [Name of Auditors] under this Contract. The obligation under this paragraph shall survive the termination of this Contract.
10. The Auditor agrees that, during the term of this Contract and after its termination, the Auditor and any entity affiliated with the Auditor, 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.

11. All final plans, drawings, specifications, designs, reports and other documents or software submitted by the [Name of Auditors] in the performance of the Services shall become and remain the [property of the Client]. The Auditors 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 Client.

12. The Auditor undertake to carry out the assignment in accordance with the highest standard of professional and ethical competence and integrity, having due regard to the nature and purpose of the assignment, and to ensure that the staff assigned to perform the services under this Contract, will conduct themselves in a manner consistent herewith.

13. The Auditor will not assign this Contract or sub-contract or any portion of it without the Client’s prior written consent.

14. The [Name of Auditors] shall pay the taxes, duties fee, levies and other impositions levied under the Applicable law and the Client shall perform such duties in this regard to the deduction of such tax as may be lawfully imposed.

15. The [Name of Auditors] also agree that all knowledge and information not within the public domain which may be acquired during the carrying out of this Contract, 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 (Name of Client) written permission.

16. Any dispute arising out of the Contract, which cannot be amicably settled between the parties, shall be referred to adjudication/arbitration in accordance with Arbitration & Conciliation Act 1996.

Place:  
 Date: ..... (Signature of Authorized Representative  
 ..... on behalf of Auditor)  
 .....  
 ..... (Signature & Name of the Client's Representative)

**LIST OF ANNEXURES**

- Annex A: Terms of Reference and Scope of Services
- Annex B: Consultant’s Personnel
- Annex C: Consultant’s Reporting Obligations