

Request for Expression of Interest (EoI) for short listing of organizations for providing **Field Level Financial Management & Accounting Services(FMAS)** to District Rural Development Agency (DRDAs), Bihar

Issued by,

**Bihar Rural Development Society (BRDS)**

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Office at Rural Development Department, Government of Bihar,  
Main Secretariat, Patna 800 015

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## **1. Background**

The Bihar Rural Development Society (BRDS) Government of Bihar (GOB) intends to procure the services of a suitable agency to strengthen the financial and fiduciary systems across its administrative units at the Office of Block Development Officer (BDO office), Office of Program Officer (PO office) and District Rural Development Agency (DRDA) in Bihar. BDO office and PO office is located at Block level and DRDA is located at district level.

BDO office is under the administrative jurisdiction of the Rural Development Department (RDD), GOB that implements and accounts for several programs and schemes of various departments of the state, including that of RDD.

Key RDD schemes and activities implemented and administered at the GP, Block and District levels are Indira Awaas Yojana (IAY), Swarnajayanthi Gram Swarozgar Yojana (SGSY), Mahatama Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and Below Poverty Line survey (BPL). PO office implements and accounts for the MGNREGS, and BDO office implements and accounts for IAY, SGSY and BPL.

At present, BDO office and PO office functions as the primary unit for recording transactions which originate from the Gram Panchayat, Panchayat Samiti or the BDO office. Transactions originating at district level related to schemes and activities of DRDA are recorded at DRDA. The accounting structure at the DRDA, and BDO office, PO office and Gram Panchayat, may be seen at Annexure 1 and 2 respectively.

All accounting is programmatic (apart from General administration related budgets / expenditure relating to each administrative unit) and is consolidated at the district level. District Statements of Expenditure / Utilization Certificates (UCs- duly audited annually through statutory audit) serve as the basis for reviewing financial & physical performance and for seeking additional funds.

For the accounting of its key flagship programs-MGNREGs, IAY and SSGSY, RDD-GOB in collaboration with the state National Informatics Center (NIC) has developed and deployed a double-entry based accounting software (Gfact). The utilization of this software as well as the functionality of the software needs strengthening. It is also proposed to enhance the features and functionality of Gfact to serve the complete accounting needs at the BDO office, PO office and DRDA.

The Act and operational guidelines of the scheme of RDD can be seen at <http://nrega.nic.in>, <http://rural.nic.in> and <http://rdd.bih.nic.in>. The financial and physical performance of the schemes of RDD in the last 2 years with information on volume of vouchers for the last financial year (district wise) may be seen at Annexure 3.

As may be seen from Annexure 1, accounting functions for schemes at the DRDA level is vested with the office of Director Accounts. Block houses the NREGA accountant / computer operator, who currently reports to the Program Officer, the nodal officer for MGNREGA at the Block level. Accounting at the Block level for IAY and SGSY is undertaken by Block level accountants called the nazir who reports to BDO, and Nazir also does accounting for schemes of other departments that are implemented by BDO office.

The department is also in the process of collaborating with Ministry of Finance (MOF)-GOI in 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.

BRDS is also in the process of recruiting the services of an agency to serve as the Nodal financial management and technical support agency (FMTSA) to support its initiative to strengthen and streamlining finance and accounts (F&A) functions across RDD, GOB. The EOI details for FMTSA may be seen at <http://rdd.bih.nic.in>.

## **2. Current Challenges and Key Objectives of the Assignment of FMAS**

Current challenges faced by DRDAs as well as the Block and Panchayat level units, in the Finance & Accounting function include -

- delay in finalization of accounts and all necessary reconciliations
- delay in submission of valid Statements of Expenditure (SOEs) / Utilization Certificates(UCs) to grant agencies
- inability to provide timely and relevant response to key stakeholders of the state and GOI
- inadequate or absence of regular monitoring, learning, feedback and redressal
- inability to analyze and provide regular / consistent / accurate strategic financial reports linked to program objectives to facilitate management decision
- lack of regular training, development and handholding support to F&A functionaries as well as other users of F&A outputs
- lack of regular internal audit systems to assess and redress irregularities/errors

- lack of systems of addressing audit – statutory and C&AG audit affecting funds release.
- lack of monitoring and guidance to the internalization of Gfact across the program delivery structure.
- lack of smooth and timely funds management.
- old unadjusted advances and unreconciled transactions.
- multiple books of accounts and record with limited inter-linkages and faulty / incomplete information availability

In short there is a need for a systematic and professional approach to financial & accounting management, which is expected to be provided by the FMAS while addressing the above challenges and other related issues.

### **3. Indicative Scope of Work**

- a. Financial Advisory & Management Services at the level of DRDA ( including Blocks and Panchayat units ) as per defined rules and guidelines :
  - To establish and implement sound financial (including accounting, funds flow, timely & accurate accounting and adjustment of advances budgeting and fiduciary) management systems at the BDO office, PO office and DRDA.
  - Establish systems, guide implementation & oversee effective funds management and provide regular and exception reports on the same.
  - Establish and support implementation of professional systems for bills and all other payments. Undertake monthly monitoring and provide feedback to leadership for remedial action.
  - Provide domain inputs for strengthening Gfact application and CPSMS to the Head Quarter Unit (HQ) i.e. BRDS or its representative unit.
  - Provide timely performance reports on the schemes as well as performance of F&A function to key management teams.
  - Provide support to program leadership across the district (including all administrative units in the district under the jurisdiction of RDD, GOB ) to seek review / due approvals on delegation of powers to ensure delegation in alignment with roles and functions.
  - Supervise and guide all finance and accounting personnel / activities pertaining to the DRDA, BDO office, PO office and Gram Panchayat (GP) including those personnel provided by the FMAS agency.
  - Develop, establish and institutionalize systems for regular monitoring and learning to improve efficacy of F&A systems, across all administrative unit, Panchayat, office of BDO, office of PO and DRDA.
- b. Accounting Services Including –
  - Daily /Weekly / Bi-weekly posting of all bills and vouchers in Gfact of all schemes pertaining to Gram/other Panchayat entities, Block and DRDA including updation of all books of accounts through periodic onsite visits to Blocks. Manual accounting work required to be undertaken in respect of all schemes/F&A

activities pertaining to BDO office, PO office and DRDA in respect to those activities / schemes for which computerised accounting through Gfact is not possible until such time that Gfact is fully enabled. Such accounting work shall also require accounting of transactions in the Panchayat entities on periodic basis, based on agreed approach and methodologies, from time to time.

- Undertake and complete all Reconciliations including BRS in a timely manner before monthly closing of accounts, across all levels.
- Prepare monthly statement of accounts and financial performance / other MIS reports as per standard formats.
- Validate all opening balance and finalize all annual statement and books of account including closing balances.
- Establish and implement systems for year end closure in consultation with the HQ unit.
- Design, develop, support and ensure implementation of professional F&A systems across BDO offices and PO offices in all Blocks of the districts for all schemes (not limited to RDD) in consultation and under the guidance of HQ unit.
- Every month review manual accounting related records maintained by accounting / other staff at the GP, Block and DRDA schemes and provide guidance for streamlining the system as per professional norms for F&A function.
- Support preparation, updation and monitoring of Scheme Budgets.
- Support and implement due financial management, compliance and accounting process as per statutory requirement relating to Income tax, sales tax, service tax, TDS ( and other statutory requirements ) and filing of return on monthly basis with issuance of certificate to concerned authority/parties relating to the schemes, and ensure that these happen.
- Ensure proper accounting and record keeping of EPF and ESI as per its regulation and submission of reports, deposit on monthly basis.

c. Training & development

- Support Head Quarter (HQ) unit in Training Needs Analysis (TNA), developing training plans, training strategy, training content development and delivery of periodic training to all key stakeholders within the district.
- Undertake all necessary functions to develop capacity of accounting staff at Block and GP and program accounting staff of DRDA.
- Support HQ unit in developing measurable indicators and systems for training effectiveness.

d. Project management, liaison and coordination support

- Liaise, coordinate and establish monitoring / coordination systems with key programmatic stakeholders such as Post offices / Banking institutions / others who have significant impact on the performance of financial management systems within the district.
- Support Project Management & Coordination of implementation (along with other stakeholders) of Gfact and CPSMS.

- Undertake validation tests from functionality perspective of Gfact and coordinate user tests for better user centric features
  - Support HQ in follow up and coordination with Government of India (GOI) on behalf of the state for timely funds release, as may be needed.
  - Collaborate and coordinate with HQ and Nodal FMTSA in making F&A effective.
- e. Assurance Functions relating to –
- Support DRDA in establishing robust concurrent internal audit systems in consultation with HQ unit.
  - Undertake periodic internal inspection / field audits to assess performance issues and redress the same.
  - Establish systems and during the course of this assignment, undertake all activities relating to timely closure of annual statutory as well as government audit, including clearance of any arrears. The closure of statutory audit without any pending objections is a key performance requirement.
  - Support district and state in clearance of pending audit objections..
  - Any other required to strengthen accountability and credibility of the organization.
- f. Timely F&A reports.
- g. Establish Transition and Exit Management Systems
- for smooth hand-over and transition of role and services of FMAS as per guidelines issued by HQ.
- h. **Geographical scope** includes 38 DRDAs, 534 BDO office and 534 PO office spread over 534 blocks, and 8463 Gram Panchayats / other Panchayat entities although the primary unit of accounting as indicated earlier is the Block. This means that all original accounting records at all these levels will need to be accounted for by the FMAS either through Gfact and / or manual systems in case Gfact is not fully supportive. The detailed approach and methodology will be outlined in the RFP. The RFP will also specify the group of DRDAs for which proposal will need to be submitted.
- i. **Functional Scope**, It is iterated (in addition to what is detailed above under paragraph 3) that the scope of work will include a combination of computerised accounting as well as manual accounting for all the F&A functions in the BDO office, PO office (pertaining to MGNREGA) and DRDA.
- j. BRDS may extend the scope of work for the services in terms of additional schemes, based on performance review and as per terms to be decided at a the appropriate juncture at the RFP stage or at a later date during the course of the contract.

#### **4. Minimum Eligibility Criteria** for submission of EOI.

- a. The Bidder(s) should be a Chartered Accountant Firm registered and operational as a legal entity under applicable laws in India for a minimum period of 5 years as on July 01, 2010 as evidenced by the Certificate of Incorporation, Annual Audit Certificates or any other documents submitted to a regulatory authority in India.
- b. The average annual turnover from similar activities should be at least Rs. 15 lakh in the last three consecutive financial years, as on 31 March 2010. Documentary proof in the form of audited financial statements to be enclosed.
- c. The Firm should have at least one partner with 10 years seniority or more and the other partner(s) with at least 5 years of seniority or more in case of joint bid.
- d. Partners of the Bidder shall be Fellow Members of ICAI.
- e. The bidder(s) Firm should be registered with ICAI. Suitable documentary evidence to be attached.
- f. The bidder shall not bid as a consortium but may associate with other firms to address the scope of work. However, bidder shall be fully responsible for all deliverables and shall show due diligence in choosing associate partners of credibility and competence. Letters of association to be enclosed.
- g. Affirmation regarding blacklisting / non-conviction under criminal laws of India as required in the EOI transmittal letter.
- h. Bidder should have proven experience of providing similar services (of the specified scope) satisfactorily for at least one district. Client testimonials and detailed work order with TOR to be attached and mandatory.

#### **5. Qualification Criteria** (as applicable for the last 5 years as on July 01, 2010) for short listing of Bidders

- a. Financial Strength of Bidder's Firm with due documentary evidence.
- b. Number of full time partners based in Bihar office of the Firm with due undertaking by the legal representative of Firm.
- c. Details of Full time Staff of the Firm indicating their qualification.
- d. Depth and scale of experience of Bidders in providing similar services to DRDAs.
- e. Depth and scale of experience of Bidders in providing similar services for district level government agencies in the development sector in Bihar.
- f. Depth and scale of experience in implementing FMIS systems across government agencies in the districts in the development sector.

## **6. Submission of EOI**

- a.* Eligible firms may submit EOI in the prescribed form (see Annexure 5) by the due date including the following documentation enclosed in a sealed envelope superscribed ***“EOI for providing Field Level FMAS to DRDAs, Bihar” in person at the following address : Bihar Rural Development Society, Rural Development Department, Government of Bihar, Main Secretariat, Patna 800015***
- b.* ***It shall be the responsibility of the bidder to obtain due acknowledgement of submission of EOI***
- c.* EOI Fee : All EOIs are to be submitted with a EOI fee of Rs. 5000 in the form of a Demand Draft drawn in favour of Bihar Rural Development Society, payable in Patna.
- d.* Closing date and time : September 20, 2010, 4:00 PM
- e.* Language of Proposal : English
- f.* EOI copies : Two hard copies and one soft copy in CD duly labelled, sealed and delivered as noted 5 (a).

## **7. Other Relevant Information.**

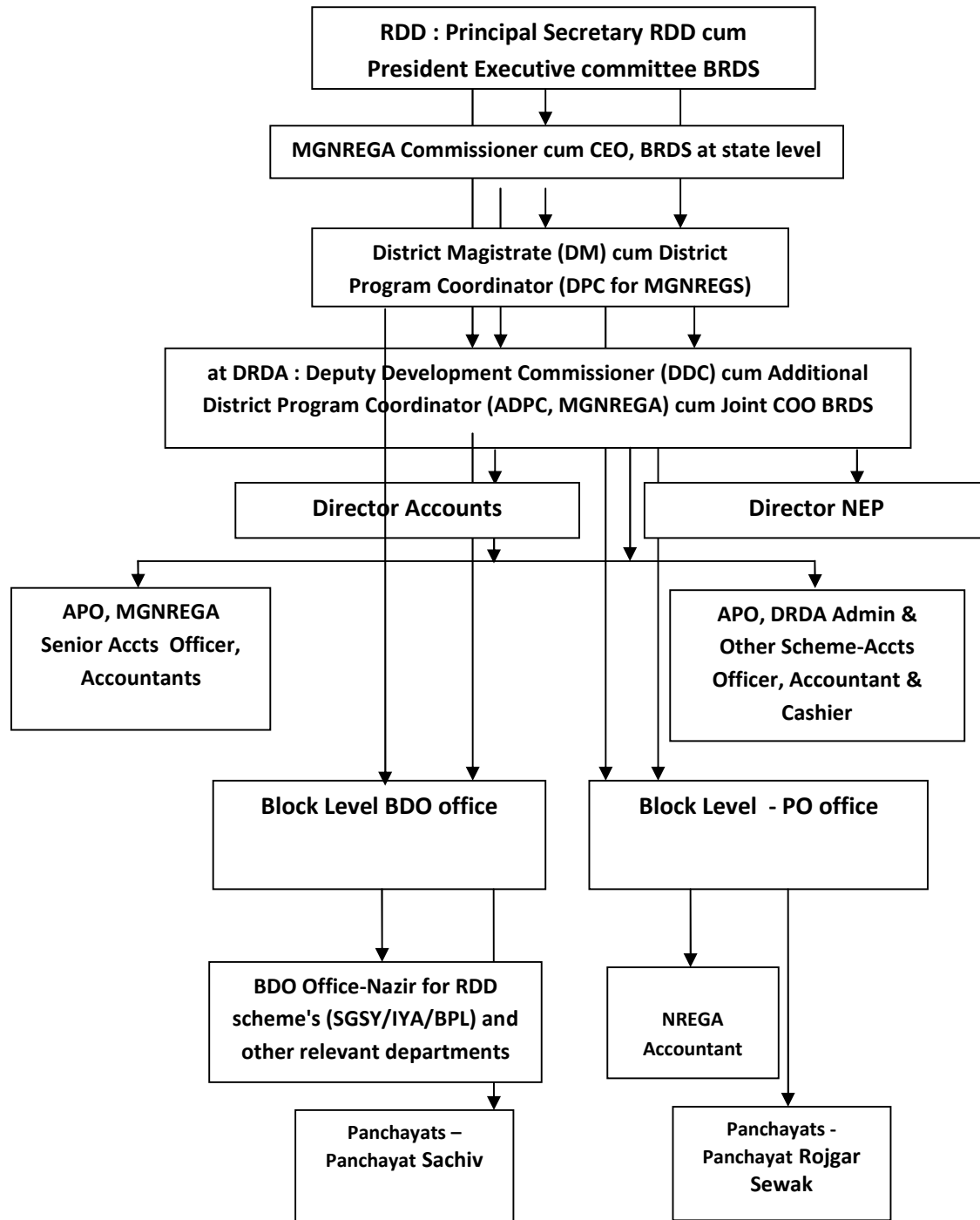
EOI that are incomplete, submitted late unaccompanied by EOI fees or in any others found deficient are liable to be rejected.

This EOI (including any of the follow through process) may be modified or cancelled, at any time by the client without assigning any reasons and without any obligation to the bidder(s)

## **8. For further inquiries please contact, upto September 15, 2010**

## Annexure – 1

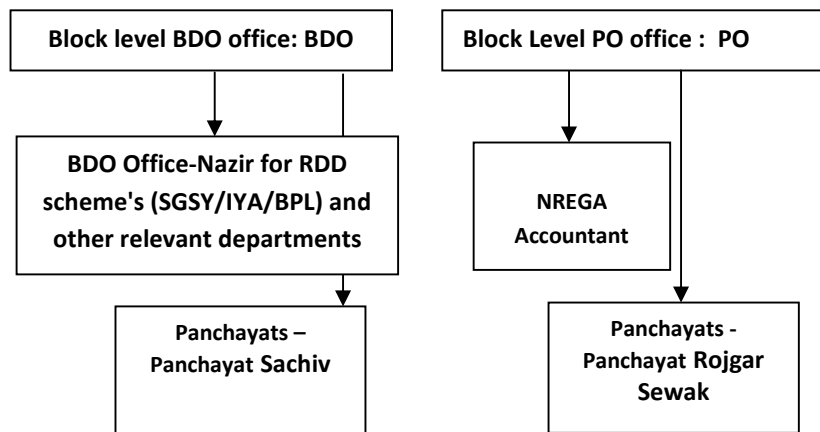
### Organisation Structure of Accounting Departments for the Scheme for the DRDA





**Annexure 2:**

**Organisation Structure of Accounting Departments for the Scheme for the BDO office and PO office at Block**



### Annexure 3 :

Approximate number of vouchers in districts under schemes of RDD which are SGSY, IAY & MGNREGS. Physical and financial performance report for the financial year 2008-09 and 2009-10

	<b>District</b>	<b>No. Blocks</b>	<b>Approximate. Number of Vouchers</b>
1	Madhubani	21	5000
2	Saharsa	10	5000
3	Supaul	11	5000
4	Madhepura	13	5000
5	Sitamarhi	17	5000
6	Patna	23	15000
7	Nalanda	20	10000
8	Vaishali	16	8000
9	Nawada	14	7000
10	Jahanabad	7	3500
11	Jamui	10	5000
12	Sheikhpura	6	3000
13	Darbhanga	18	9000
14	Katihar	16	8000
15	Purnea	14	7000
16	Araria	9	4500
17	Kishanganj	7	3500
18	Bhagalpur	16	8000
19	Lakhisarai	7	3500
20	Banka	11	5500
21	Munger	9	4500
22	Rohtash	19	9500
23	Aurangabad	11	5500
24	Gaya	24	12000
25	Arwal	5	2500
26	Kaimur	11	5500
27	Muzaffarpur	16	8000
28	West Champaran	18	9000
29	East Champaran	27	13500
30	Sheohar	5	2500
31	Samastipur	20	10500
32	Begusarai	18	9000
33	Khagaria	7	3500
34	Saran	20	10000
35	Buxar	11	5500
36	Bhojpur	14	7000
37	Siwan	19	9500
38	Gopal Ganj	14	9000
	<b>TOTAL BIHAR</b>	<b>534</b>	<b>262000</b>

Financial and Physical performance report of the schemes SGSY, IAY and MGNREGS for the financial year 2008-09 and 2009-10 are in the Zip folder labeled “Annexure 3 – FMAS ToR”

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**Annexure 4- Expression of Interest Form for submission by the Bidder**

**Section A - EOI Transmittal Letter**

**On Letterhead**

**From:**

**To**

<< input name / design and address >>

**Date :**

**Subject : Submission of EOI for providing Field Level Financial Management & Accounting Services (FMAS) to DRDAs, Bihar**

**Reference : Request for EOI No << input >> dated << input >>**

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**Sir / Madam**

**We are pleased to submit our EOI with reference to your above mentioned requirement.**

**Please find enclosed the EOI fee << input details >>**

**We affirm that all information provided herein are true to the best of our knowledge and also affirm that this proposal has duly signed by the authorized legal signatory of the organization and documentary evidence regarding the authority of signatory is enclosed at Annexure << input >>**

**We also hereby affirm that our firm or that of our associates have not been blacklisted by any government organization in India. We also further affirm that none of our Partners / other representatives of our organization or that of our**

**associates entities identified for participation in this assignment have been convicted under any of the laws of India.**

**We attach due letters of association from our proposed associates at Annexure <<  
*input*>>**

**SD/-**

**Authorized Signatory (name, designation)**

**Annexure 5 - Expression of Interest Form for submission by the Bidder**

**Section B.1 – Compliance with Minimum Eligibility Criteria by the Bidder**

<b>S. No</b>	<b>Eligibility Criteria (Pl. copy items under para 4 of the EOI)</b>	<b>Y/N</b>	<b>Details(if any)</b>	<b>Documentary evidence with page reference(as applicable &amp; specified in para 4)</b>

**Section B. 2 – Summary Details of Conformance to Qualification Criteria**

<b>S. No</b>	<b>Qualification Criteria (Pl. copy items under para 5 of the EOI)</b>	<b>Brief details of conformance with qualification Criteria (Should be borne out by the detailed credentials shown in Section C.3 of this Annexure)</b>

**Annexure 6 - Expression of Interest Form for submission by the Bidder**

**Section C – Organization Profile and Credentials**

<b>1. Your contact details</b>	
Name of organization	
Address and other contact details of the organization submitting the EoI	
Name, designation and address of the authorized legal representative and signatory of the EoI	
Name, designation, address and other contact details of the Contact person to whom all correspondence is to be addressed in respect of this EoI	
Address and contact details of Head Office in India.	

<b>2. Your Organization Details –</b>	
Legal Nature of your Organization	
Core area(s) of Business	
Date of Incorporation in India as a legal entity.	
Name and Headquarter address of Parent Organization.	
Average Annual turnover from similar activities for the last 3 financial years.	
Do you have an existing office in Bihar ? If so, address.	
Is the organization proposing to associate with other firms. If Yes, please list the same and give details as under Section C (2) for the associate firms in a separate annexure. Along with reasons for association /proposed role of associate partner	

<b>3. Details of relevant Credentials in the last 3 years (Please provide information in the format specified herein separately to validate your credentials in respect of items under para 5 of the EOI . Credentials to be relevant to the subject matter of EoI and limited to the work done in the last 3 years, in descending chronological order)</b>	
Project Title	
Name and address of the Client	
Key Client Contact : Name, designation and contact details.(Pls. attach client	

testimonials,)	
Brief description of the Project	
Key Project Deliverables	
Duration, Period. and Cost of the Project	
Geographical scope of the Project	
Role of your organization. Describe also whether lead role or associate role.	
Name and designation of key project staff from your organization	
Details of above key staff proposed as part of this EOI.	
Current Status of the Project.	
Any Other relevant Information	

**4. Other relevant information.**

- (i) What is the time required to mobilize human resources if you are awarded the contract ?
- (ii) Any other relevant information.