

**Bihar Rural Development Society**  
**Rural Development Department**  
**Government of Bihar.**

**Expression of Interest is invited from eligible Chartered Accountants Firms, for conducting Audit of State Employment Guarantee Fund (SEGF), Bihar, maintained under Bihar Rural Development Society (BRDS).**

The Chartered Accountant Firms will be appointed as Auditor by the Bihar Rural Development Society.

The selection of auditors will be as per detailed Expression of Interest and Terms of Reference which may be downloaded from the website <http://rdd.bih.nic.in> / tenders / EOI-for-audit-of-state-fund-pdf. Short listing will be done strictly based on the criteria listed there in. The agency has to provide supporting documents for credentials claimed with each EOI. Short listed firm will be asked to submit technical and financial proposal separately. The EOI may be delivered at the following address by 21.07.2014 till 5.00pm in a sealed envelop. The envelop should bear the name of the assignment for which EOI is being submitted.

Address:-  
CEO, BRDS  
Bihar Rural Development Society,  
Rural Development Department,  
Old secretariat, Patna-800015.  
Bihar.

Sd/-  
(CEO)  
Bihar Rural Development Society  
Bihar, Patna

**Bihar Rural Development Society**  
**Rural Development Department**  
**Government of Bihar**

**EOI for appointment of Chartered Accountants' Firm for Audit of State Employment Guarantee Fund, Bihar maintained under Bihar Rural Development Society**

Applications are invited from eligible Chartered Accountants' Firms, for conducting Audit of State Employment Guarantee Fund (SEGF), Bihar, maintained under Bihar Rural Development Society (BRDS).

The Chartered Accountant Firms will be appointed as Auditor by the Bihar Rural Development Society.

The appointed auditors will conduct Audit of SEGF, Bihar with a purpose to:-

1. Verify all amounts received into SEGF, Bihar from 04/05/2011 (the date of establishment of SEGF, Bihar vide Notification no.RD-8(TH) – 3/2008- 4969- Patna Dated 04/05/11) to 31<sup>st</sup> March, 2014 from Central Government, State Government and miscellaneous receipts.
2. Verify all funds transferred to districts, Panchayat Samiti, Gram Panchayats and other Project Implementation Agencies by transactions through RTGS/ NEFT and other means and prepare statements for the concerned Financial Years, district wise. Compare the same with the Annual Audit Reports of the Districts.
3. Verify all transactions done through CPSMS-platform from the State Employment Guarantee Fund, Bihar.
4. Verify and validate the Accounts, in which the funds were transferred and utilized.
5. Prepare reconciliation of the fund-transfer transactions vis-à-vis the Accounts/ Records of DRDA, Blocks, Gram Panchayats and other Project Implementation Agencies.
6. Verify and prepare yearly statements of accounts for wage and material payments based on Audit reports. In the process, if accounts submitted by districts are found to be inconsistent with the maximum expenditure possible under wage or material component based on person days generated reported by the concerned districts, then the Auditor will seek proper explanation from concerned district to resolve the same.
7. Calculate extra liability of State due to difference in wage rate notified by the Central Government and the wage rate notified by the State Government for unskilled labour.
8. Any other related task assigned by BRDS.

Besides this, the auditors will also perform the following task:-

1. As per the Districts' Audit Reports of the last five years -
  - a. Verify the balances in SGRY and National Food for Work Scheme at the time of merger of these schemes into MGNREGA.

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- b. Verify the transfers from SGRY and National Food for Work Scheme into MGNREGA and the status of un-transferred balances, if any.
  - c. Verify the utilisation of transferred amounts.
  - d. Prepare yearly statements accordingly, District wise, Block wise, Panchayat wise and Project Implementation Agency wise.
2. As per the Audit Reports of the districts in which Bihar Rural Employment Guarantee Scheme (BREGS) was implemented:-
- a. Verify the fund transfer, utilisation and balances in BREGS in these Districts.
  - b. Verify the surrender/ deposit of balances into treasury, by concerned districts.
  - c. Verify the status of balances not surrendered/ deposited in treasury.
  - d. Prepare statements accordingly, District wise, Block wise, Panchayat wise and Other Project Implementation Agency wise.

**Eligibility Criteria: -**

The Chartered Accountants' Firm must qualify the following minimum criteria: -

<b>Sl. No</b>	<b>Particulars and weightage</b>	<b>Minimum Criteria (Yrs. / Numbers)</b>	<b>Sub -Weightage</b>
1	The CA-Firms must be empanelled with C & AG - India for the year 2013-'14. 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 / Status of CA-Firm as on apply-date (to be down-loaded from The ICAI web-site), without which the application of the CA-Firm would not be considered. (Full marks – 10)	Provide details. Minimum 3 years of Firm existence as per ICAI Certificate.	>6 years = 10 5-6 years = 8 3-4 years = 5 <3 years = 0
2	Average Annual Turnover of the CA-Firm in the last three financial years. (Full marks – 10)	Minimum Rs.10 Lacs. (Ten lakhs)	>20 lakhs= 10 10.01- 20 lakhs = 8 Up to 10 lakhs= 5 <10 lakh = 0
3	Qualification of Key personnel/ partners- at least full time associated with the firm since last 3 years. (Full marks – 20)		>4 profiles =20 4 profiles =15 3 profiles = 10 2 profiles =5 <2 profiles =0
3	Minimum number of Audit assignments of Statutory Audits of Government Departments, Schemes and Programs / PSUs (Full marks – 50)	3	>5 assignments= 50 5 assignments=40 4 assignments = 30 3 assignments = 20 <3 assignment=0

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4	The CA-Firm should have either their head office (HO) or branch office (BO) in Bihar. ( The Proof of established office should be provided along with the phone numbers for verifying the same) (Full marks – 10)	Address and Phone Numbers.	Yes= 10 No = 0
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Note: -

- Any CA-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 minimum eligibility criteria.
- The firm or any partners of the firm should not be black listed by any PSU or Govt. Company or any other organization 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 evaluation and the firm will provide an undertaking that such partner/ employee will not be involved in the audit work, directly or indirectly.

**Selection and Audit Fee:-**

The Interested CA-Firms will be required to submit Technical and Financial proposals. The Financial proposals of CA-Firms that qualify in Technical Evaluation (at least 60 marks) will be considered. The CA-Firm having the least quote (L1) in its financial proposal will be awarded the contract.

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## TERM OF REFERENCE

### **I. INTRODUCTION: -**

The SEGF, Bihar is established in exercise of power vested under section 21 of Mahatma Gandhi National Rural Employment Guarantee Act, 2005. SEGF, Bihar is maintained under Bihar Rural Development Society (A Society registered under Society Registration Act, Bihar). Copy of the MGNREG Act is attached as Annexure- 1 of this ToR. Funds received from Central Government, State Government and miscellaneous receipts are transferred across administrative and functional units-viz. – Gram Panchayats, Blocks, Districts and the Project Implementation Agencies in all the 38-districts of the state of Bihar.

The Bihar Rural Development Society (BRDS) intends to appoint a suitable Chartered Accountant Firm for conducting Audit of State Employment Guarantee Fund (SEGF), Bihar since its establishment i.e. 04/05/2011 till 31<sup>st</sup> March, 2014.

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 came into force on 5<sup>th</sup> September 2005. Under the Act it was provided that the State Government shall, in such rural area in the State as may be notified by the Central Government, provide to every household whose rural adult members volunteer to do unskilled manual work not less than one hundred days of such work in a financial year in accordance with the Scheme made under the Act. The Scheme is funded as per provisions of section 22 of the Act.

The Act was extended to all districts in phases. In the first phase (2<sup>nd</sup> February, 2006) it came into force in the following Districts in Bihar:-

- i. Araria
- ii. Aurangabad
- iii. Bhojpur
- iv. Darbhanga
- v. Gaya
- vi. Jamui
- vii. Jehanabad
- viii. Kaimur (Bhabhua)
- ix. Katihar
- x. Kishanganj
- xi. Lakhisarai
- xii. Madhubani
- xiii. Munger
- xiv. Muzaffarpur
- xv. Nalanda
- xvi. Nawadah
- xvii. Patna
- xviii. Purnia

- xix. Rohtas
- xx. Samastipur
- xxi. Sheohar
- xxii. Supaul
- xxiii. Vaishali

The State Government notified Mahatma Gandhi National Rural Employment Guarantee Scheme, Bihar in these districts. The Centrally sponsored Scheme of Rural Employment viz. Sampoorna Rojgar Guarantee Yojana (SGRY) and National Food for Work (NFFW) were merged into Mahatma Gandhi National Rural Employment Guarantee Scheme, Bihar in these districts. Copies of notifications to this effect are attached as **Annexure- 2** to this ToR.

In the remaining 15 districts the State Government notified a similar Scheme called Bihar Rural Employment Guarantee Scheme that was funded completely by State resources. Copy of the notification is annexed to this ToR and marked as **Annexure- 3**.

In the next phase, the Act came into force in all the districts of Bihar. The Centrally sponsored Scheme of Rural Employment viz. Sampoorna Rojgar Guarantee Yojana (SGRY) and National Food for Work (NFFW) in these districts were merged into Mahatma Gandhi National Rural Employment Guarantee Scheme, Bihar. Copies of notifications to this effect are attached as **Annexure- 4** to this ToR.

The BREGS also was closed in these districts w.e.f from 31<sup>st</sup> March 2007. Copy of notification to this effect is attached as **Annexure- 5** to this ToR.

The State Employment Guarantee Fund, Bihar was established on 04/05/2011. Copy of notification attached as **Annexure- 6** to this ToR. Before the establishment of the Fund, the central fund and state share was being released directly to the Districts. With establishment of the Fund the funds from centre and State are being released in the State Fund and are further released to Districts (DRDA), Blocks and Panchayats. The directions issued, from time to time, regarding the fund flow are annexed to this ToR as **Annexure- 7 series**.

The wage rate at the time of commencement of Scheme was as per Wages notified in exercise of power vested under section 3 of the Minimum Wages Act, 1948. The Central Government started to notify Wage rates for unskilled labourers, for the States, which were different from wages notified by States under the Minimum Wages Act, 1948. Bihar Government retained the Minimum Wages rates, notified from time to time till it became Rs.144/- in November 2011. Further revisions were stopped due to growing difference in wages and commensurate load on State exchequer. This rate was revised to Rs.138/- w.e.f 01<sup>st</sup> April 2013 to bring it at level of wage rate notified by the Central government. The State Government decided to keep the wage rate notified under Minimum Wages Act, 1948 as the wage rate payable under MGNREGA and notification to this effect was issued on

23.07.2013. Copy attached as **Annexure- 8** to this ToR. The extra liability on expenditure is to be borne by State Government.

**II.AUDIT OBJECTIVES: -**

The Rural Development Department and BRDS undertakes monitoring of performance of the Scheme, approves and authenticates financial reports of the districts as well as their funding requests. The RDD establishes systems and procedures for efficient financial, accounting and fiduciary management across the state for RDD programs.

The Objective of the Audit by an external independent agency is to ensure through the auditor's professional opinion on the financial position of the State Employment Guarantee Funds (SEGF), its receipts, disbursements and expenses down the line, pertaining to the schemes under audit.

**IV.AUDIT SCOPE: -**

The Auditor shall be required to carry out the following tasks: -

1. Verify all amounts received in State Employment Guarantee Fund (SEGF), since establishment to 31<sup>st</sup> March, 2014 from Central Government, State Government and other miscellaneous receipts.
2. Verify all funds transferred to districts, Panchayat Samiti, Gram Panchayats and other Project Implementation Agencies, by transactions through RTGS/ NEFT and prepare statements district wise and financial year wise. Compare the same with Audit reports of the districts.
3. Verify all transactions done through CPSMS - platform from the State Employment Guarantee Fund – Bihar
4. Verify and validate the Accounts, in which the funds were transferred and utilized
5. Prepare reconciliation of the fund transfer transactions vis-à-vis the Accounts/ Records of DRDA, Blocks, Gram Panchayats and other Project Implementation Agencies.
6. Verify and prepare statements of accounts for wage and material payments based on Audit reports. In the process if accounts submitted by districts are found to be inconsistent with the maximum expenditure possible under wage or material component based on person days generated reported by the concerned districts, then the Auditor will seek proper explanation from concerned district to resolve the same.
7. Calculate extra liability of State due to difference in wage rate notified by the Central Government and the wage rate notified by the State Government for unskilled labour.

Besides this, the auditors shall also perform the following tasks:-

1. As per the Districts' Audit Reports of the last five financial years -

- a. Verify the balances in SGRY and National Food for Work Scheme at the time of merger of these schemes into MGNREGA.
  - b. Verify the transfers from SGRY and National Food for Work Scheme into MGNREGA and the status of un-transferred balances, if any.
  - c. Verify the utilisation of the amounts transferred.
  - d. Prepare statements accordingly, District wise, Block wise, Panchayat wise and Project Implementation Agency wise.
2. As per the Audit Reports of the districts in which Bihar Rural Employment Guarantee Scheme (BREGS) was implemented:-
- a. Verify the fund transfer, utilisation and balances in Bihar Rural Employment Guarantee Scheme (BREGS) in these Districts.
  - b. Verify the surrender/ deposit of balances into treasury, by concerned districts.
  - c. Verify the status of balances not surrendered/ deposited in treasury.
  - d. Prepare statements accordingly, District wise, Block wise, Panchayat wise and Other Project Implementation Agency wise.

#### **IV.AUDIT REPORT: -**

After completion of the assignment, the Auditor will submit the Audit Report. A model Auditor's Report is given under Form –I. The various Reconciliation Statements will form part of the Audit Report along with a certificate regarding the Verification of all the transactions through CPSMS and Validation of the accounts, in which the funds were transferred and utilized.

Prior to submission of final Report, the Auditor will share and discuss the Draft-Report with the BRDS (RDD) authorities.

#### **V.MANAGEMENT LETTER: -**

In addition to the Audit Report, the auditor shall submit a Management letter (Please see ANNEXURE-II), requiring the auditors to prescribe recommendations for improvements in Internal Control and other specific matters coming to attention of Auditor during the course of Audit examination, this possibly shall include matters such as: -

- Deficiencies or weakness in the system,
- The issues, which remain un-attended over the year and its impact on the Fund-positions over the period,
- Feed back on overall functioning of the present system,
- Any other matter, the auditor deems fit to be known to the competent authorities



**VI. KEY PROFESSIONALS / PERSONS REQUIRED FOR THE PURPOSE OF AUDIT: -**

S.No.	Key Professional / Number(s)	Description of Services required	Experience	Period
1	Chartered Accountant-1	Overall co-ordination, planning, team-leadership, reporting, planning and execution of the assignment.	Qualified CA with at least 3-yrs' experience.	Over the assignment period.
2	Semi-Qualified Team members-4	Must work in close coordination with their team-leader and RDD personnel.	Semi-Qualified CA with at least 2-yrs' experience.	Over the assignment period.

**VII. REPORTING AND TIMELINESS: -**

The final Audit Report should be submitted within 30- days of award of the assignment. The Audit Report along with all the annexure, statements and certificates must be submitted in 3-hard copies and 1-soft copy to BRDS (RDD).

**SAMPLE AUDIT REPORT**

**Form- I.**

**On the letter-head of the CA-Firm**

[Appropriate Addressee]

We have audited the State Employment Guarantee Fund (SEGF) – Bihar, which comprises the fund statements and accompanying annexure for the period ----- to-----.

**Management's Responsibility for the Fund Statements: -**

Management is responsible for the maintenance of the State Employment Guarantee Fund (SEGF) – Bihar. This responsibility includes design; implementation and maintenance of Internal Control relevant to the preparation of Fund Statements, that gives true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility:-**

Our responsibility is to express an opinion on the Fund Statements, based on our audit. We conducted our audit in accordance with the standards of the Auditing issued by The Institute of Chartered Accountants of India (ICAI). We complied with the ethical requirements and plans and perform the audit to obtain reasonable assurance about whether the Fund Statements are free from material misstatement.

**Our audit involved:-**

1. Verification of all amounts received in State Employment Guarantee Fund (SEGF), since establishment to 31<sup>st</sup> March, 2014 from Central Government, State Government and other miscellaneous receipts
2. Verification of all funds transferred to districts, Panchayat Samiti, Gram Panchayats and other Project Implementation Agencies, by transactions through RTGS/ NEFT and prepare statements district wise and financial year wise. Compare the same with Audit reports of the districts.
3. Verification of all transactions done through CPSMS - platform from the State Employment Guarantee Fund – Bihar
4. Verification and validation of the Accounts, in which the funds were transferred and utilized
5. Reconciliation of the fund transfer transactions vis-à-vis the Accounts/ Records of DRDA, Blocks, Gram Panchayats and other Project Implementation Agencies.
6. Verification and preparation of statements of accounts for wage and material payments based on Audit reports
7. Calculation of extra liability of State, due to difference in wage rate notified by the Central Government and the wage rate notified by the State Government for unskilled labour.
8. As per the Districts' Audit Reports of the last five years -
  - a. Verification of the balances in SGRY and National Food for Work Scheme at the time of merger of these schemes into MGNREGA.
  - b. Verification of the transfers from SGRY and National Food for Work Scheme into MGNREGA and the status of un-transferred balances, if any.
  - c. Verification of the utilisation of the amounts transferred.

- d. Preparation of statements, District wise, Block wise, Panchayat wise and Project Implementation Agency wise, accordingly.
9. As per the Audit Reports of the districts in which Bihar Rural Employment Guarantee Scheme (BREGS) was implemented:-
- a. Verification of the fund transfer, utilisation and balances in Bihar Rural Employment Guarantee Scheme (BREGS) in these Districts.
  - b. Verification of the surrender/ deposit of balances into treasury, by concerned districts.
  - c. Verification of the status of balances not surrendered/ deposited in treasury.
  - d. Preparation of the statements accordingly, District wise, Block wise, Panchayat wise and Other Project Implementation Agency wise.

**OPINION: -**

In our opinion and to the best of our information and explanations given to us, the underlying fund statements give a true and fair view in conformity with accounting principles generally accepted in India.

Place -

Date -

For-----

Chartered Accountants

(Name, Membership Number and Signature of the Partner)

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**SAMPLE MANAGEMENT LETTER**  
**On the letter head of the CA Firm**

**ANNEXURE-II**

In connection with our Audit of the State Employment Guarantee Fund, Bihar from---  
----- to the the period-----, we familiarized ourselves with the internal guidelines and  
the letters issued by the RDD-Govt. of Bihar during the period under audit.

This letter, to the RDD-Govt. of Bihar, includes our observations and suggestions  
noted during the course of our audit: -

- 1. :- Deficiencies or weakness in the system: -
  
  
  
  
  
  
  
  
  
  
- 2. :- The issues, which remain un attended over the years and its impact over the  
fund positions over the period: -
  
  
  
  
  
  
  
  
  
  
- 3. :- Feedback on overall functioning of the system: -
  
  
  
  
  
  
  
  
  
  
- 5. Any other matter: -

Place -

Date -

For-----  
Chartered Accountants  
(Name, Membership  
Number and Signature of  
the Partner)

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