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EXPRESSION OF INTEREST FOR CON-CURRENT AUDIT

Expression of Interest (Eoi) are invited from firms of Chartered Accountants which meet all the conditions and eligibility criteria hosted on the website www.nuapada.nic.in for carrying out the con-current audit of the District Health Society under NHM, Nuapada for the year 2014-15.

Sd/-
CDMO-cum-District Mission Director,
Nuapada


CDMO-cum-District Mission Director
ZSS, NRHM, Nuapada



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EXPRESSION OF INTEREST FOR CON-CURRENT AUDIT

HIRING SERVICES OF CHARTERED ACCOUNTANT FIRM FOR CON-CURRENT AUDIT OF DISTRICT HEALTH SOCIETY (DHS) - (FOR THE FINANCIAL YEAR 2014-15) UNDER NATIONAL HEALTH MISSION (NHM)

Govt of India (GoI) in partnership with the States is implementing the National Health Mission (NHM) which comprises of various programs, with the objective of improving medical facilities in the rural as well as urban areas and seeks to provide accessible, affordable and quality health care to the public, especially the vulnerable sections. To facilitate implementation of NHM, District Health Societies (DHS) have been registered to work under the administrative control of the Zilla Swasthya Samiti.

The Zilla Swasthya Samiti Nuapada invites **Expression of Interest (Eoi)** from firms of Chartered Accountants which meet all the conditions and eligibility criteria hosted on the website www.nuapada.nic.in, for carrying out the con-current audit of the District Health Societies under NHM, Odisha.

The firm interested for assignment of concurrent audit should apply to the **Chief District Medical Officer (CDMO), Nuapada** along with the technical and financial bids in the above mentioned address.

Important Dates:

- i. Pre-bid conference: **27.11.2014**
- ii. Last date for submission of Proposal to DHS: **02.12.2014 till 2 p.m.**
- iii. Date of opening of Technical bid: **02.12.2014 at 5 PM (In the presence of representative of firms)**

Venue for Pre-bid Conference: Pre-bid Conference would be held at the Conference Hall of the CDMO Nuapada of District Health Societies.

Sd/-
CDMO-cum-District Mission Director,
Nuapada

Terms of Reference (ToR)) for the Chartered Accountants firms applying for undertaking monthly concurrent audit at the District Health Societies level for the year 2014-15.

1. Background

The National Rural Health Mission (NRHM) now renamed as National Health Mission (NHM) of the Ministry of Health and Family Welfare, Government of India (GoI) has been under implementation in the State of Odisha since April 2005 to improve health care in the State. The NHM seeks to provide accessible, affordable and quality health care to the population especially to the vulnerable sections.

As required by the GoI, Concurrent audit of accounts and related records of various programmes under the National Health Mission is in vogue at the levels of the Odisha State Health and Family Welfare Society (State Health Society) including different cells functioning under different Directorates of Health and Family Welfare Department of Government of Odisha and the District Health Societies as well as the health units/facilities functioning at the Block and other periphery levels for systematic examination of financial transactions on a regular basis to ensure accuracy, authenticity, compliance with procedures and guidelines.

- 1.1** The emphasis under concurrent audit is not on test checking of receipt and payment transactions **but on hundred *per cent* check of the above transactions as well as adherence to the financial & programme management processes.** It is an ongoing appraisal of the financial health of an entity, i.e. to determine on monthly basis whether the financial management arrangements including internal control mechanisms are effectively working and identify areas of improvement to enhance efficiency and report the same to the stake holders every month.

For this, services of Independent Chartered Accountant firms is solicited to be appointed at Districts level to undertake monthly audits and report on vital parameters which would depict the true picture of financial and accounting health of the programmes under implementation.

1.2 The key objectives of the monthly concurrent Audit among others include

- To ensure voucher/ evidence based payments to improve transparency;
- To ensure accuracy and timeliness in maintenance of books of accounts;
- To ensure timeliness and accuracy of periodical financial statements;
- To improve accuracy and timeliness of financial reporting especially at sub-district levels;
- To ensure compliance with laid down systems, procedures and policies;
- To regularly track, follow up and settle advances on a priority basis;
- To assess and improve overall internal control systems.

2. Eligibility criteria

Interested Chartered Accountant firms with the following prerequisites may apply for appointment of Concurrent Auditor to take up monthly con-current audits at District Health Societies under NHM, Odisha:

Sl. No.	Criteria	Supporting documents to be furnished
1	The firm must have been empanelled with the Institute of Chartered Accountants of India (ICAI) for at least five years as on 01 January 2014 and should have at least equal years of auditing experience on that date.	Constitution certificate from ICAI as on 01.01.14.
2	The firm must have empanelled with the office of the Comptroller and Auditor General of India as on the above date.	Required document from C&AG, India.
3	The firm must have undertaken at least 5 (five) assignments in social and/or health sector(s) and 9 (nine) assignments in corporate sector during last three years (2010-11, 2011-12 & 2012-13).	Copies of appointment letter and the financial statements of organizations audited.
4	The firm should have an average turnover of Rs.10 lakh in the last 3 years i.e. 2010-11, 2011-12 and 2012-13.	Copies of Income Tax return acknowledgement, audited Balance sheet and P&L a/c for last 3 years to be furnished in support of turnover.

3. Method of selection of firm

The selection will be done using Quality & Cost Based System (QCBS) process, 70 per cent weightage would be given to the technical evaluation and 30 per cent weightage would be given to financial bid.

- The firms should submit their Technical and Financial bids in separate sealed envelopes and both the envelopes are to be packed inside one sealed envelope **indicating 'Technical Proposal' and 'Financial Proposal' on top of the respective envelopes. The Financial Proposal is also to be marked as 'DO NOT OPEN WITH TECHNICAL PROPOSAL'. Similarly, the outer envelope is to be superscripted with 'Request for Proposal for Concurrent Audit 2014-15 - TO BE OPENED ONLY IN THE PRESENCE OF THE AUDIT COMMITTEE'.**

4.1 Technical bid

The firm should submit Technical bids having criteria on the following areas basing on which evaluation of bids will be made:

Sl No.	Criteria	Maximum Marks	Supporting documents to be furnished in proof of claim
1.	No. of Patners (FCA) FCA @ 2 marks	10	Certificate from ICAI as on 01.01.14
2	No. of Patners (ACA) ACA @ 1 mark	5	Certificate from ICAI as on 01.01.14
3	Years of experience of the firm 0.5 marks per year	10	Certificate from ICAI as on 01.01.14
4	Average years of Partners association with the firm Less than one year - 0 mark one to 5 years - 2 marks 6 to 10 years - 4 marks 11 to 15 years - 6 marks 16 to 20 years - 8 marks > 20 years - 10 marks	10	Certificate from ICAI as on 01.01.14 and copy of Partnership Deed
5	No. of Staffs:		
i	Qualified (CA / Cost Accountant) -@ 2 marks per staff	10	Certificate from concerned Institute and copy of the attendance register for January & February 2014. (Please assign Annexure number to each certificate and the attendance sheet enclosed)
ii	Semi Qualified (Inter CA / Cost Accountant) 1 to 5 staff - 2 marks 6 to 10 staff - 4 marks > 10 staff - 5 marks	5	
iii	Other staff (Article staff and Audit Assistants) 1 to 5 staff - 1 marks 6 to 10 staff - 2 marks 11 to 15 staff - 3 marks 16 to 20 staff-4 marks More than 20 staff-5 marks	5	
6	Nature of Experience Turnover / Project Cost / Years of Experience & Project audited		
i	NRHM Audit	15	Offer letter and certificate of completion of assignment of audit of the unit(s) from the head of the organization. (Please assign Annexure number to each offer letter etc. enclosed).

ii	No. of assignments: Experience of audit in relation to Social Sector other than NRHM in last three years 5 to 6 nos. – 3.5 mark 7 to 8 nos. - 7 mark >8 nos. - 10 mark	10	Offer letter and self attested certificate of completion of assignment of audit for each unit (Please assign Annexure number to each offer letter etc., enclosed).
iii	Experience of audit in Commercial Sector in last three years 9 to 10 nos. – 3.5 marks 11 to 12 nos. - 7 marks >12 nos. - 10 marks	10	Offer letter and self attested certificate of completion of assignment of audit for each unit (Please assign Annexure number to each offer letter etc., enclosed).
7	Average Turnover of the firms in last 3 years (2010-11, 2011-12 & 2012-13) > Rs.10 lakh and upto Rs.20 lakh - 2 marks > Rs 20 lakh and upto Rs.30 lakh - 4 marks > Rs.30 lakh and upto Rs.40 lakh - 6 marks > Rs.40 lakh - 10 marks	10	Attach copies of audited Balance Sheets and P & L Accounts of the last three years i.e 2010-11, 2011-12 and 2012-13.
Total		100	

4.1.1 The firm has to furnish necessary documents (self attested) along with the bio-data in support of the above.

4.2 Financial bid

4.2.1 A firm has to secure at least **60 per cent** of marks out of 100 in Technical bid to qualify for opening the financial bid.

4.2.2 In the case of District Concurrent Auditor the fees of the auditors is @ Rs.1500/-per month per block excluding Tax (**maximum limit**). **Firms applying for assignment of District concurrent audit are to submit the financial bid in a separate envelop stating the cost per block per month.**

4.2.3 The audit fees pertaining to a month shall be released only after successful completion of the assignment for that month. However, firms belonging to outside the district or the firms having office not within the District Head Quarters shall be paid TA/DA and accommodation cost as per the norms of the Society.

5. Maximum assignment during the year (2014-15)

5.1 A firm cannot be assigned audit of more than 2 (two) Health societies of the State including the State Health Society. A Firm selected as statutory auditor of the State and District Health Societies of Odisha for the financial year 2013-14 and accepted the offer shall not accept assignment of concurrent auditor for the State Health Society for the financial year 2014-15.

5.2 **A successful bidder who has been offered the assignment has to intimate the District Health Society of its acceptance of the offer in writing within 7 (seven) days of the offer letter. Failure to accept the offer within the above stipulated days will be treated as the firm has no interest in accepting the offer and the next successful bidder would be offered the assignment. A firm has to sign the agreement within three days thereafter with the concerned Health Society. In other words, a firm has to sign the agreement within 10 days of the offer letter. Failure to sign the agreement within the above stipulated period would entail the firm of forfeiting the offer and the next successful bidder would be offered the assignment.**

5.3 A Successful bidder has to furnish an undertaking along with the acceptance letter of the offer(s) stating that the total number of assignments of concurrent audit for the financial year 2014-15 does not exceed two health societies in the State.

6. Deployment of staff for audit

The firm must provide **at least** one inter CA/ICWA qualified personnel and 2 (two) audit assistants every month for the said assignment and the monthly audits must be supervised by a full time partner of the firm.

7. Adherence to Time line

7.1 The audit shall be carried out on monthly basis at both state and district level as the case may be. The auditor shall start the concurrent audit of the accounts and other connected records of the assigned Health Society relating to a month by 8th of the following month and complete the same latest by 24th of that month as per the prescribed format of Gol. On completion of audit for a month in each unit, the auditors are to discuss the audit findings with the in charge head of the audited unit as well as with the CDMO concerned in case of units functioning under District Health Society for addressing the deficiencies on the spot. This discussion should precede the submission of audit report for the month.

7.2 After completion of audit as above, the auditor has to submit two copies of the audit report containing audit observations / findings as per the scope of audit mentioned below to the Chief District Medical Officer-cum-District Mission Director Nuapada, NHM in the Case of District Health Societies latest by 30th /31st of that month or on the last working day of that month. As for example, the audit of accounts and other related records of the month of April should start on 8th May, complete the audit by 24th May and submit the audit observations along with the Audit Report latest by 31st May and so on. However, the

financial statements after certification has to be submitted quarterly latest by 5th August (first quarter), 5th November (second quarter), 5th February (third quarter) and 5th May of the succeeding year (fourth quarter) positively. The CDMO has to furnish a copy of the audit report of a month to the Mission Directorate latest by 10th of the following month i.e., for April on 10th June and for the month of June on 10th August and so on.

8 Scope of audit

The responsibilities of the concurrent auditors should include reporting on the adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with financial norms and procedures of the operational guidelines for Financial Management issued by the Ministry of Health and Family Welfare, Government of India. The concurrent audit should be carried out both at the State as well as Districts level.

8.1 The Scope of the work of “District Concurrent Auditor” is as follows:

- Check and Review of the DHS Accounts including the accounts of the Rogi Kalyan Samitis (RKS) and periphery units and expenditure incurred by them.
- Audit of Financial Statements of DHS quarterly.
- Certification of the Statement of Expenditure.
- Filling in the checklist provided.
- Check of the Bank Reconciliation Statements;
- Check of the procurement records with reference to the instructions of Government of Odisha and other applicable instructions.
- Check of maintenance of advance registers, adjustment of advances timely. Review and analysis of the age-wise and party-wise Advance Report.
- Maintenance of all accounts records, registers and returns as prescribed in the Financial Management Guidelines issued by Ministry of Health and Family Welfare, Government of India including cash and stock books, bank pass books, ledgers, journal books, log books of vehicles and vouchers guard file; cheques issue registers, sanction order files/registers, Register of assets, register of stocks and store, Advance registers, age wise analysis of advances, bank reconciliation statements, vouchers, maintenance of voucher guard file, procurement records, Quarterly Executive Summary, report on monthly visit to periphery units by District and Block teams, follow-up on observation of monthly visits, follow-up on concurrent and statutory audit observations etc.
- Check of TDS (Income Tax and Professional Tax etc.,) and submission of returns in time.
- Comparison between financial and physical performance and analysis.
- Visits to sample blocks (in a way to cover all the blocks in a year) and periphery units and submit a certificate from the concerned Medical Officer along with its report.
- Vetting of the district ATRs and providing observations thereon.
- Any other evaluation work, as desired by the District Audit Committee.

9. Mandatory visit to health facilities in a month for audit of accounts and related records:

9.1 The firms assigned with the audit of **District Health Society** have to cover at least 1/3rd of

the CHCs in the district and at least 1(one) PHC (N), 1 (one) Sub-Centre and related RKS and 1(one) GKS of the CHCs visited every month **on rotation basis** and cover all the Blocks in the District at least once in the year. Such coverage every month is compulsory and any deficiency thereof would be treated as breach of contract / agreement. Failure to visit Blocks and other periphery units as stipulated above by the District Concurrent Auditor for any two months during the financial year would attract termination of assignment thereafter and the next successful bidder would be offered the assignment from that stage of audit. A firm whose assignment is terminated, its request for proposal will not be entertained in the next financial year.

- 9.2** The auditors have to sign the attendance register at district/block level with entry and exit timing on all the working days they have visited. The dates of visit to each of the audited unit need to be mentioned in the Audit Report and copy of certificate from the medical officer in charge of the Health facility is to be appended to the Audit Report.
- 10.** The auditor has to certify reconciliation of activity wise expenditure reported in the FMR and financial statements and ask for the compliance if there is any discrepancy between two figures.
- 11.** The auditor before taking up audit for a particular month must ensure compliance to the observation of the previous month and action taken on them.
- 12. The coverage of audit and reporting there on Districts level shall include following programs.**
- A. NHM-RCH Flexi Pool:**
- RCH Flexi Pool
 - Mission Flexi Pool
 - Routine Immunisation
 - Pulse Polio Immunisation
 - National IDD Control Programme
- B. National Urban Health Mission (NUHM)**
- C. Cells in Directorate of Health Services dealing with Communicable Diseases and other units like:**
- National Vector Borne Disease Control Programme (NVBDCP)
 - Revised National Tuberculosis Control Programme (RNTCP)
 - National Leprosy Eradication Programme (NLEP)
 - Integrated Disease Surveillance Project (IDSP)
 - Procurement of Drugs and Equipment by SDMU out of NHM fund
- D. Cells in the Directorate of Public Health dealing with other non communicable diseases like:**
- National Programme for Control of Blindness (NPCB)
 - Non-Communicable Disease, Injury & Trauma:
 - National Mental Health Programme (NMHP)
 - National Programme for Health Care of the Elderly (NPHCE)

- National Programme for Prevention and Control of Deafness (NPPCD)
 - National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS)
 - Any other New Initiative under Non-Communicable Disease Injuries and Trauma.
 - **Rogi Kalyan samitis, Gaon Kalyan Samitis**
- E. Audit and reporting on any other area as may be entrusted to the auditor by the District Audit Committees at the districts level.**

13. Reporting requirements

13.1 Management letter: The Concurrent Auditor is required to incorporate the audit findings every month in a letter addressed to the management which need immediate management attention to improve financial management and other internal controls such as the administrative, operational, procurement, etc. Management Letter shall cover following matters:

- a) All deficiencies observed on the maintenance of accounts including classification of expenditure, income recognition, process compliance, documentation, if any.
- b) Specific areas of deficiency in the internal control system and recommendations for improvement.
- c) Any other matter that could have come to the attention during the audit which might have significant impact on the performance of the unit audited.
- d) Any other matter that the auditor considers significant for the management.
- e) Recommendations and suggestions including management compliance.

13.2.1. Contents of Audit Report:

13.2.2. Concurrent audit report of a **District Health Society** should contain the following financial statements and documents:

- Duly filled in Checklist provided in the guidelines;
- Financial statements as prescribed;
- Audited Trial Balance;
- Audited Receipts and Payments Account;
- Income and Expenditure Account;
- Balance Sheet;
- Audited Statement of Expenditure (SoE);
- Bank Reconciliation;
- List of outstanding advances;
- Observations and recommendations of Auditor(including observations on blocks visited);
- Action taken by District Health Society on the previous audit observation along with his observation on the same.

14. Penalty for delay in submission of Audit Reports

The district units must furnish the books of accounts and relevant records and

Financial Statements before the auditor in due time. In case of failure, the District Auditor must inform in writing the same to the CDMO with a copy to the Mission Directorate.

- 14.1.** If for any reason beyond the control of auditor, in respect of the conducting or completion of audit gets delayed, then the firm has to communicate the same to the CDMO-cum-District Mission Director concerned and Mission Director, NHM, Odisha Bhubaneswar stating the specific reason.
- 14.2.** In order to ensure timeliness in submission of audit reports on the part of the auditor, if the District Health Society feels that in spite of timely providing all information, documents and updated books of accounts, there was delay in carrying out of monthly audits and submission of Audit Report for any month relating to the financial year then the District would deduct from the audit fees payable for the month at the rate of 5 (five) *per cent* per week of delay from the stipulated date of submission of Audit Report if the delay is attributable to the Auditor. However, submission of Audit Report of the month after 4 (four) weeks from the stipulated date of submission entails forfeiture of audit fee payable for that month and delayed submission of Audit Report as above for any two months relating to the financial year would attract action for termination of assignment thereafter and the next successful bidder would be offered assignment from that stage of audit. A firm whose assignment is terminated, its request for proposal will not be entertained in the next financial year.