

कार्यालय:—परियोजना निदेशक, ग्रामीण जलापूर्ति एवं स्वच्छता परियोजना
झारखण्ड राज्य जल एवं स्वच्छता मिशन सोसाइटी (JSWSMS)
(प्रेयजल एवं स्वच्छता विभाग)
तृतीय तल, पानी टंकी परिसर, डोरडा थाना के बगल में, डोरडा, रॉयली-834001
Email ID: jharkhand.worldbankproject@gmail.com

GOVERNMENT OF JHARKHAND

Tender Notice No. 01/2019-20

dated 21.08.2019

JHARKHAND STATE WATER AND SANITATION MISSION SOCIETY (JSWSMS) DRINKING WATER & SANITATION DEPARTMENT

REQUEST FOR EXPRESSION OF INTEREST FOR HIRING OF INTERNAL AUDIT FIRM

Country – India, Name of the Project - Rural Water Supply and Sanitation Project-Low Income States (RWSSP-LIS) – (P132173) Loan No./Credit No./Grant No.: CR 5345-IN

Assignment Title: Hiring services of INTERNAL Auditor under RWSSP-LIS, Reference No. (as per Procurement Plan): IN – SPMU – JHARKHAND – 83918 – CS - LCS Date : 06.06.2019

2. The Government of India has entered into a project agreement for a credit from the International Development Association and intends to apply part of the proceeds of the credit to payments under the contract for hiring services of INTERNAL Auditor under Rural Water Supply and Sanitation Project – Low Income States (RWSSP – LIS), Jharkhand. The RWSSP – LIS project aims to improve the water supply & sanitation status of the selected rural communities of four states of Assam, Bihar, Uttar Pradesh & Jharkhand. To oversee the State level activities, the State Project Management Unit (SPMU) has already been constituted under JSWSMS, registered under Society Act 1860.

3. The **Government of Jharkhand** is implementing the World Bank assisted Rural Water Supply & Sanitation Project in 6 districts of the state namely Garhwa, Palamu, Dumka, East Singhbhum, Saraikela and Khunti over a period of six years starting from March'2014 to March'2020.

4. **State Project Management Unit**, Jharkhand State Water and Sanitation Mission Society, DWSD, Govt. of Jharkhand intends to hire Internal Audit firm (Consultant) & invites eligible Consulting firms (Consultants) to indicate their interest in providing the services of INTERNAL Audit **for the Financial year 2018-19 and Financial year 2019-20** covering SPMU 1, DPMUs 6, MVWSCs 9 (Approx.) ,VWSCs 200 (approx). Interested Consultants should provide information & furnish documents demonstrating that they have the required qualification & relevant experience to perform the services as described in the ToR.

5. A Consultant will be selected in accordance with the procedures set out, in the World Bank's Guidelines: Selection and Employment of Consultants by World Bank Borrower (January 2011 edition). A complete set of REOI Documents including the detailed ToRs can be downloaded from the website, dwsd.jharkhand.gov.in . Any update to the EoI documents shall also be hosted on website. The interested Consultants are requested to ensure that all updates are considered while submitting the EoI.

6. The attention of interested Consultants is drawn to paragraph 1.9 of the World Bank's Guidelines: *Selection and Employment of Consultants [under IBRD Loans and IDA Credits & Grants] by World Bank Borrowers, January 2011 ("Consultant Guidelines")*, setting forth the World Bank's policy on conflict of interest.

7. **Consultants fulfilling the eligibility Criteria mentioned below for short listing need only apply.** Any form of Joint Venture/ Consortium of Firms is not allowed for participation in the selection process :

i).The CA Firm should be an Indian firm having **independent legal existence**, registered

under the applicable act & should be in **Practice for a period of 10 Years** or more.

ii). CA Firms must be empanelled with CAG for "MAJOR AUDIT" for the current year. (Submit proof of CAG Empanelment for MAJOR AUDIT, Registration Certificate & Firm Status Card as on 01/01/2018 as per ICAI).

iii). Firms should have **average annual professional receipts of Rs. SEVENTY Lakhs** or above in each of the **last 3 financial** years 2015-2016, 2016-2017, 2017-2018 (Audited Balance sheet & Profit & loss account signed by the Chartered Accountant and ITRs to be submitted).

iv) The CA Firm should have experience of carrying out Internal Audit /Statutory Audit having **professional fee of not less than Rs 50,000/ (Rs Fifty Thousand)** of least **THREE ASSIGNMENTS related to Govt Departments/ Govt.bodies/ CentralPSUs/ StatePSUs/ Govt.Institutions/ Govt.Societies/ Government programs /Externally aided projects in India during the last six years.** (1st April 2013 to 31st March 2019). (Work order / LOI/LOA/Appointment letter / completion certificate issued by the Auditee organisation to be provided.). **Branch Audit of any Bank shall not be considered while taking into account the total number of assignments..**

v) Firm should have at least **SIX full time partners/Chartered Accountants** out of which one should be FCA.

vi. Have Head/Branch Office at Ranchi (Proof must be produced.) or Firm shall furnish an undertaking to establish office at Ranchi during Audit work.

vii. Have a valid GST Registration.

viii. The Consultant must submit the following **THREE** Declarations, in absence of which, the EOI shall be rejected.

a) Should have never been issued notice for failure to submit deliverables and cancellation of work order/ forfeiture of EMD etc by any Government/ semi Government/Autonomous entities. (A self-declaration to be submitted on the letter head of the firm)

b) **Declaration required that the** Applicant firm or it's partner or Senior Managers & above is independent of the entity to be audited.

c) Applicant firm should not have been barred from appointment by any government and/or semi government entities. (a self-declaration to be submitted on the letter head of the firm).

Note: To confirm that the Bidder fulfils the prescribed shortlisting criteria on technical parameters, the scanned documents in support of above are to be attached with EOI.

8. The attention of interested Consultants is drawn to paragraph 1.9 of the World Bank's *Guidelines: Selection and Employment of Consultants [under IBRD Loans and IDA Credits & Grants] by World Bank Borrowers*, January 2011 ("Consultant Guidelines"), setting forth the World Bank's policy on conflict of interest.

9. A Consultant will be selected in accordance with the **Least Cost Selection** method set out in the Consultant Guidelines.

10. The Client reserves the right to amend or withdraw any of the terms and conditions contained in the tender document or to accept or reject any or all the tender(s) without assigning any notice or reason thereof. The decision of the client in this regard shall be final and binding on all

11. Procedure for Submission of EOI : Detailed EOI along with documents confirming compliance with shortlisting requirements is to be submitted in sealed Envelope on or before 4 PM on 13th Sep 2019 at the address indicated below (by post/in person):

OFFICE OF THE PROJECT DIRECTOR, RURAL WATER SUPPLY & SANITATION PROJECT (JSWSMS),
Drinking Water and Sanitation Department) 3rd Floor, Water Tank Campus, Near Doranda Police
Station, Ranchi-834002

Email: jharkhand.worldbankproject@gmail.com

**The Project Director, JSWSM, DWSD, Govt. of Jharkhand reserves the right to reject all or any
of the EOI/proposals without assigning any reason thereof.**

*8 Jha
21/08/19*

(Sudhakant Jha)

Superintending Engineer

Rural Water Supply & Sanitation Project,
Drinking Water & Sanitation Department,
Government of Jharkhand, Ranchi

TERMS OF REFERENCE

[a] PROJECT BACK GROUND :

The Government of India has entered into a project agreement for a credit from the International Development Association. The Ministry of Drinking Water and Sanitation (MoDWS) and the World Bank have jointly developed the Rural Water Supply and Sanitation Project (The RWSSP – LIS) for the selected rural communities of four low Income states of Assam, Bihar, Uttar Pradesh & Jharkhand, with an objective to 'improve piped water supply and sanitation services for selected rural communities in the target states through decentralized delivery systems. To oversee the State level activities, the State Project Management Unit (SPMU) has been constituted under JSWSMS & is functional.

The Project is being implemented in SIX districts of JHARKHAND, namely Garhwa, Palamu, Dumka, East Singhbhum, Saraikela and Khunti for FY 2018-19 & a few more districts in addition to six for FY 2019-20 for and it is intended to apply part of the proceeds of the credit to payments under the contract for hiring services of INTERNAL Auditor under Rural Water Supply and Sanitation Project –Jharkhand, registered under Society Act 1860.

The Project is being implemented over a period of six years starting from March'2014 to March'2020. To ensure effective implementation of the project JSWSMS intends to appoint Auditor firms for carrying out INTERNAL Audit of JSWSMS for **Financial year 2018-19 and Financial year 2019-20 .**

JSWSM is a registered society under the Society Registration Act 1860. This Programme would be implemented through a special window of assistance under NRDWP. NRDWP is a flagship programme of MoDWS of India.

The project (Rural Water Supply & Sanitation Project ,(RWSSP-LIS) cost will be funded through a combination external financing (World Bank) GOI financing from out of NRDWP funding & the State Govt. funding. Overall World Bank will financing 50%, GOI 33%, state Govt. contribution 16% & community contribution will be 1% of the total project The purpose for which the funds are intended is to improve the piped water coverage integrated with sanitation services through decentralized services delivery system **Project is to be implemented over a period of 6 year**

An integrated scheme cycle approach is being followed for planning, implementing and managing the water supply and sanitation schemes in the project villages supported by capacity building and IEC programs. The project has aimed to promote improved access to water supply facilities created through various types of schemes namely

- i) Single Village Schemes (SVSs)
- ii) Multi Village Schemes (MVSs) and
- iii) Large Multi Village Schemes (LMVSs).

SVSs and MVSs will provide piped water supply to households taking into consideration the availability and quality of local water sources, along with catchment area management programs as required for improving source sustainability. The sanitation component will have four focus areas **a) Household sanitation (household toilets); b) Institutional sanitation (schools, Anganwadi, community/public toilets) c) Environmental sanitation (SLWM, including soak-pits, drains and lane improvements for disposal of sullage and wastewater, and solid waste management for village-wide cleanliness); and d) IEC/behavior change communication (BCC) activities for improved**

hygiene practices including incentives for achieving 'open defecation free' status.

Project Cost and Source of Funding-The Project covers selected districts of state consisting of GPs and & habitations. The total Project cost for Jharkhand is Rs. 900 Crores over the six year period Component wise percentage Expenditure is Total Capacity Building and Sector Development 11% ,Infrastructure Investment 83%, Project Management 7%, Total 100% ,

(b). IMPLEMENTATION ARRANGEMENTS

In order to execute the implementation of the Project in the State, the State Project Management Units (SPMU) has been established at the State level. The SPMU functions within overall guidance of JHARKHAND State Water Sanitation Mission Society (JSWSMS) which is a registered society under the Society Registration Act 1860, while District Project Management Unit (DPMU) will be located within District Water Sanitation Mission (DWSM). The project will promote decentralized service delivery arrangements with increased participation by the PRIs and communities and enhanced accountability at all levels. The decentralization of RWSS service delivery will lead to entrusting responsibility to the DWSM and the ZilaPrashid (ZP) for Multi Village Schemes (MVSs) and to the Gram Panchayat Water and Sanitation Committee (GPWSC) for Single Village Schemes (SVSs) and the intra-village component of the MVSs. This Project is to be implemented over a period of 6 years.

c. OBJECTIVES OF AUDIT

The objective of internal audit is to provide management with an independent, objective and professional assessment that implementing entity's internal control systems are operating satisfactorily. Internal audit will provide project management with information on financial risk management and controls to enable the management to take timely corrective actions, wherever necessary. The internal auditor would recommend cost-effective methods for strengthening controls to prevent or detect significant financial irregularities or losses due to insufficient attention to economy, efficiency and effectiveness in the use of project funds.

d.Scope

Internal audit should play a role in assisting management in bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the internal control system. In conducting the audit, special attention should be paid to assessing whether adequate controls have been established and complied with to ensure:

- a. All project funds have been used in accordance with the conditions of the relevant legal agreements and only for the purposes for which the financing was provided;
- b. Project assets are adequately safeguarded and used solely for their intended purposes; and
- c. All necessary supporting documents, records, and accounts have been kept in respect of all project transactions; including expenditures reported in the Interim Unaudited Financial Reports (IUFR).
- d. Procurements for the Project have been done in accordance with the agreed Procurement procedures and guidelines.
- e. The monthly/quarterly expenditure statement submitted by the districts indicating the approved budget provision and expenditure during the month, cumulative expenditure against the activity/sub activity during the year should be reviewed in the internal audit.
- f. The procurement procedure adopted for the civil work, goods and consultancy services should be reviewed by the internal auditor and it should be ensured that correct procedure as per World Bank procurement guideline have been followed for each procurement.
- g. It should be ensured that record of the all procurement, agreements, work/purchase order, invoices, receipts, stock register etc. Are properly maintained, duly linked and retained

including expenditure reported via IUFR. The auditor should also review contract management and whether business standards for payments to contractors are being adhered to.

- i) The internal auditor should ensure that the adequate records are maintained regarding the assets created and assets acquired by the project including description, detail of cost, and identification in location of the assets. The internal auditor should carry out physical verification of a sample of assets created out of the project and comments its utilization.
- ii) Bank reconciliation have been carried out on monthly basis.
- iii) Routine errors of omission and commission noted during course of internal audit may be rectified and correct.
- iv) The auditor should ensure that assets procured or created under the project exist; adequate records are maintained and assets are adequately safe-guarded and are actually used for their intended purposes.

e..COVERAGE

Specific areas of coverage of the audit will include the SPMU/DPMUs/MV-WSCs/VWSCs etc.

The internal audit will include such tests and controls as the Internal Auditor considers necessary under the circumstances. Specific areas of coverage of the internal audit will include the following.

- An assessment of the effectiveness of and degree of compliance with the financial controls laid down in the guideline of FM and Procurement Manuals. Whether funds have been used with due regard to economy, efficiency and effectiveness and for the purposes for which they were provided.
- Whether realistic annual work plans and procurement plans are prepared and the approval process of AWPs followed as intended. Whether there are links between the AWP and Procurement Plan.
- Whether expenditures are incurred as per approved plans and variances if any are monitored, analysed and the learning used for preparing plans for subsequent years.
- Timeliness of flow funds to the spending units. Whether the fund flow arrangements are creating any bottlenecks for implementation and if so the possible remedies.
- Whether the selection criteria for selection of GPs have been complied with
- Whether there is appropriate documentation of check measurement/ inspection of works by technical agencies/SOs.
- Whether contract payments have been made as per the terms of the contract. In doing so the auditors should consider the reports of the technical supervision consultants.
- Whether an appropriate system of accounting and financial reporting exists by which expenditures are properly recorded and eligible expenditures are claimed from the Bank in a timely manner. Whether adequate supporting documentation is being maintained for all project expenditures.
- Whether an adequate system is in place to ensure that goods, works and services are being procured in accordance with guidelines prescribed in the Procurement Manual.
- Whether there is an appropriate contract management system commensurate to the size and nature of the sub-project executed by the Technical Agencies/GPWSC/MVSWSC/VWSC. Whether payments are being made to contractors/suppliers/consultants after due verification of deliverables and within the stipulated time limits in accordance with the contract documents by all implementing agencies.
- Whether appropriate controls as laid down in the FM/Procurement Manual are complied with for variation in contracts.
- Whether Bank balances are reconciled with the books by the SPMU/DPMU.
- All necessary supporting document, records and accounts have been kept in respect of all mission activities and that clear synchronizations exist between accounting records accounts book and periodical financial reports i.e. IUFR.

- Anything else that the auditor considers pertinent.

The audit will cover all consultancy and other contracts that may be entered into by the implementation agency. Internal audit should be carried out in accordance with the auditing standards prescribed by the ICAI and will include such test and controls as the auditor considers necessary under the circumstances.

f. PERIOD, TIMING AND SAMPLE COVERAGE OF INTERNAL AUDIT

Period: The INTERNAL audit will be carried out on yearly basis for the Financial year 2018-19 and bi-annual internal audit for Financial year 2019-20 subject to renewal of Contract on yearly basis based on review of the performance by the management of SPMU/JSWSMS. The audit should prepare financial proposal on the figure based on the volume of work as stated below. Expenditure for FY 2017-18 is about Rs 70.00Crores for JSWSMS. The audit will be carried out for the following:

SPMU	1
DPMU	6
MVWSC	9 (approx.)
VWSC	200 (approx.)

Timing : As per the Project Appraisal Document issued by World Bank for this period (Ref Page 37, para 9 & 10 relating to Internal Cointrol framework & Internal Audit) & Project Implementation Plan (Ref: Annexure 25, page 24) , bi-annual Internal Audit is to be conducted by CA Firm. Internal Audit will cover the entire project at all levels ie SPMU, DPMU, VWSC,MVWSC. The Auditor will draw up Audit plan at the beginning of the financial year in consultation with the respective management.

g. Reporting

The auditor will be required to submit work plans to SPMU for conducting audit at SPMU/DPMU/ /MV-WSC/VWSC etc. Auditor should make the audit programme plan SPMU in coordination with the accounts & finance team of SPMU. Information about any discrepancies can be shared with the management for rectification. During the audit the internal Audit team shall interact with management staff for any clarification. The Internal Auditor will provide a report to the project management highlighting findings within 15 days of completing the audit to enable the management to take timely corrective action. Copies of the Internal Audit Report together with actions taken by management to address the audit observations will be submitted to the Bank

h. Data Services and facilities to be provided by JSWSM

The internal auditor shall be given access to all relevant documents (Loan Agreement and Project Agreements, Minutes of Negotiation, Project Appraisal Document, Project Implementation Plan, Bank Procurement Guidelines, M&E assessments, technical assessment, Aide-memoires and relevant correspondences, and any other information associated with the project and deemed necessary by the auditor. It is highly desirable that the auditors become familiar with Bank's Guidelines on Disbursements, Procurements and Financial Reporting. These documents will be provided to the Internal Auditor by the SPMU/DPMU.

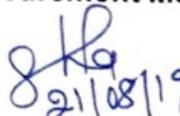
i.Qualification of Auditing Staff-Chartered Accountant Firm should involve at least 2 persons, one of them should be a Fellow Chartered Accountant Partner with at least Five Years of Experience and one support Staff having minimum qualification of B.Com with at-least five years of Experience or CA (INTER) with three years' experience.

j .Review of the final draft Report -The draft audit observations will be discussed with the respective DPMUs and SPMU, their written responses considered by the auditors before

finalization of the audit observations and issuance of the final audit report. The firm shall ensure that the services have been provided as per scope of work & all the reports and documents specified in the Terms of Reference have been delivered to the Client.

k. Minimum Fee : Disclosure of minimum fees in RFP Document: In compliance of the guidelines issued by ICAI under Guideline No-1-CA(7)/03/2016 Dt 7/4/2016, the minimum professional fees for this assignment has been fixed as **Rs 1,72,000/ (Rs One lakh seventy two thousand only(Rs Seventy-two thousand for FY 2018-19 & Rs 1.00 lakh for FY 2019-20)** inclusive of all charges & inclusive of all out of pocket expenses such as Travelling Expense/Conveyance, Hotel Expense, Fooding Expense and other miscellaneous expenses. GST shall be payable extra as applicable .Any bid with a quote less than the prescribed minimum fee shall be rejected.

i. Procurement Method : Least cost selection method.


8/8/19

(Sudhakant Jha)

Superintending Engineer
RWSSP, JSWSMS
Drinking Water & Sanitation Department
Jharkhand, Ranchi .