



## Odisha State Health & Family Welfare Society

Department. of Health & Family Welfare, Government, of Odisha  
Annex Building of SIH& FW, Nayapalli Unit-8. Bhubaneswar-751012  
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### **SELECTION OF STATUTORY AUDITORS - REQUEST FOR PROPOSAL**

The Odisha State Health & Family Welfare Society invites “Proposals for Statutory audit of accounts of State Health Society (SHS) and District Health Societies (DHSs)” **under National Health Mission (NHM) for the financial year 2015-16 from firms of Chartered Accountants (CA) empanelled with C& AG of India and eligible for major PSUs audit for the year 2015-16).**

The audit activity is apportioned into two segments viz (i) State level audit activities comprising audit of accounts of State level offices including issue of consolidated audit report of SHS & DHSs and audit activities of accounts relating to a group of 10 districts (Northern Division) to be done by one firm and (ii) audit activities of accounts of balance 20 districts (Central and Southern Divisions) of the State to be done by another firm. Divisions referred to above is Revenue Divisions of the State of Odisha.

**As two separate auditors are to be appointed for audit activities stated above; accordingly the desirous CA firms should submit proposal for activities mentioned either for serial (i) or serial (ii) above as per their choice. The details of group of districts are given in the RFP.**

**Detailed RFP:** Detailed Request for Proposal (RFP) comprising Background, Terms of Reference (ToR) and Guidelines for submitting the proposal can be either downloaded from the State’s website [www.nrhmorissa.gov.in](http://www.nrhmorissa.gov.in) or this can be collected from the O/o Mission Director, National Health Mission, Department. of Health & Family Welfare, Government of Odisha, Annex Building of SIH& FW, Nayapalli, Unit-8, Bhubaneswar-751012 between **12 March 2016 and 18 March 2016 (10.30 am to 05.00 pm)** on all working days.

#### **Important Dates:**

- i. Last date for collection of RFP from Office of SHS: 18 March 2016 (10.30 am to 05.00 pm)**
- ii. Date for pre-bid conference: 19 March 2016 (03.30 pm)**
- iii. Last date for submission of Proposal to SHS: 28 March 2016 (02.00 PM)**
- iv. Date of opening of technical bids: 28 March 2016 (03.00 pm)**

**Venue for the above activities:** Conference Hall of Mission Directorate, Bhubaneswar

Sd/-  
Mission Director,  
NHM, Odisha

# **Request for Proposal (RFP)**

**For Appointment of Statutory Auditor for State Health Society (SHS) and District Health Society (DHS) for Audit of all programmes under NHM including NCDs**

**[2015-16]**

## **REQUEST FOR PROPOSAL (RFP)**

Odisha Health & Family Welfare Society, Odisha, Bhubaneswar seeks to invite Proposal from **C& AG empanelled Chartered Accountant firms those are eligible for major PSU audits for the year 2015-16** for conducting the statutory audit of State and District Health Societies under the National Health Mission for 2015-16.

The details about the background of the auditee, the units to be covered in the audit, scope of work, terms of reference, and the eligibility criteria for selection of the C. A. firms are given in the following paragraphs.

### **Terms of Reference (ToR)**

National Rural Health Mission (NRHM) of the Ministry of Health & Family Welfare was launched on 12<sup>th</sup> April, 2005 by the Government of India to improve medical facilities in all the area in the country. The NHM seeks to provide accessible, affordable and quality health care to the population, especially the vulnerable sections. It also seeks to reduce the Maternal Mortality Ratio (MMR) in the country from 407 to 100 per 1,00,000 live births, Infant Mortality rate (IMR) from 60 to 30 per 1000 live births and the Total Fertility Rate (TFR) from 3.0 to 2.1 within the 7 year period of the Mission. It has now been termed as National Health Mission (NHM). NHM is overarching NUHM also and includes Non-Communicable Diseases (NCD) as well.

2. One of the visions of the Mission is to increase public spending on health from 0.9% to 2-3% of GDP, with the improved arrangement for community financing and risk pooling. The NHM has provided an umbrella under which the existing Reproductive and Child Health Programme (RCH) and various National Disease Control Programmes (NDCPs) have been repositioned. National Urban Health Mission (NUHM) has also been added as submission of National Health Mission.

3. At present the following Programmes/Schemes falls under the National Health Mission:

#### **A. NHM-RCH Flexible Pool:**

- **RCH Flexible Pool** (including Routine Immunization (RI), Pulse Polio Immunization (PIIP) & National Iodine Deficiency Disease Control Programme (NIDDCP)
- **Health System Strengthening** (including National Programme for Prevention and Control of Deafness (NPPCD), National Oral Health Programme (NOHP), National Programme for Palliative Care (NPPC), Assistance to State for Capacity building (Burn Injury), National Programme for Fluorosis(NPF).

#### **B. National Urban Health Mission (NUHM).**

#### **C. Flexible Pool for Communicable Disease:**

- National Vector Borne Disease Control Programme (NVBDCP)
- Revised National Tuberculosis Control Programme (RNTCP)
- National Leprosy Eradication Programme (NLEP)
- Integrated Disease Surveillance Project (IDSP)

D. Flexible Pool for Non-Communicable Disease, Injury & Trauma:

- National Programme for Control of Blindness (NPCB)
- National Mental Health Programme (NMHP)
- National Programme for Health Care of the Elderly (NPHCE)
- National Tobacco Control Programme (NTCP)
- National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS)

In addition , statutory audit of the following non-NHM programmes are to be carried out by the Statutory Auditor (s) for the year 2015-16

- Ayush,
- OHSP
- MNGO,
- 10031 Paraamedics,
- Swasthya Sanjog,
- MHU (Arogya Plus),
- NIPI,
- Empowered Action Group (EAG),
- Panchavyadhi,
- PNDDT,
- EC-SIP,
- OSDMA,
- OEMAS,
- NRHM IEC,
- Diseases Surveillance;
- IMNCI

#### **4. Institutional and Funding Arrangements:**

For the implementation of the above programmes, MOHFW has required the creation of an Integrated Health Society at State and District levels (registered as a legal entity at the State and District under Societies Registration Act, 1860). Such integrated State Health Society (SHS) works in close coordination with the Directorate of Health & Family Welfare and District Health Societies (DHS) work in coordination with the District Collector and District Chief Medical Officer (CMO). Program implementation is done through its District Chief Medical Officer's office, Blocks, Community Health Centres (CHCs), Primary Health Centres (PHCs), Sub- Centres (SCs), Rogi Kalyan Samities and Village Health & Nutrition Sanitation Committees. Certain activities may be managed at the State level such as drug procurement, IEC, civil works, training using specialized entities such as SIHFW, IEC Bureau, PWD, the Directorate of Health and Municipal Corporations for the urban health components. In addition funds are also released from SHS/ DHS to NGOs and private entities under public private participation (PPP) arrangements.

#### **Funding & Accounting Arrangements:**

Funds for the various programs are transferred from Pay & Accounts Office of MoHFW to the State Treasuries and then from Treasuries to the SHS functioning in the State. Government of India transfer funds in the form of Grants-in-Aid to SHS on the basis of respective State Programme Implementation Plan (SIPs) and approved Annual Work Plans which are prepared on the basis of District Health Action Plans (DHAP) of each of the districts in the State. Under the umbrella of the integrated SHS/DHS each program has separate bank accounts, maintains separate books of accounts and other financial records as per the requirements of each program and also submit separate financial activity reports at varying frequencies to the respective monitoring unit in MOHFW (GOI).

#### **5. Financing by Development Partners/ Donors:**

Some of the programs of NHM are also supported by development partners such as the World Bank, DFID, UNFPA, European Union, and GFATM etc. for which credit agreements have been entered into by GoI with the respective development partners. Compliance with specific fiduciary requirements of the development partners will additionally need to be reported by the auditors. Copies of the legal agreements and other project documents will be provided to the auditors, if needed, by SHS/ concerned Programme Division in the State.

## 6. Objective of audit services:

The objective of the audit is to ensure that MOHFW receives adequate, independent, professional audit assurance that the grant proceeds provided by MOHFW are used for purposes intended in line with approved PIPs and AWP of individual programs and that the annual financial statements are free from material mis-statements and the terms of the credit/ loan agreements of the development partners are complied with in all material respects.

The objective of the audit of the financial statements - individual financial Statements of State and District Health Society as well as the Consolidated Financial Statements of the State and District as a whole i.e. (Balance Sheet, Income & Expenditure, Receipt & Payment, together with relevant accounting policies, notes to accounts and schedules (Bank Reconciliation Statements, Statement of Funds Position, Reconciliation of Expenditures as per Audited financial statements with the expenditure reported as per the Financial Monitoring Report (FMR) is to enable the auditor to express a professional opinion as to whether:-

(1) the financial statements give a true and fair view of the Financial Position of the individual DHS,SHS and Consolidated District and State Health Societies at the end of each fiscal year and of the funds received and expenditure incurred for the accounting period ended March 31, 2015

(2) the funds were utilized for the purposes for which they were provided, and

(3) where programs are financed by development partners, the respective program expenditures are eligible for financing under the relevant grant/ credit agreement.

The books of accounts as maintained by the State and District Health Societies and other participating implementing units (Blocks, PHCs, sub centers and CHMOs etc) shall form the basis for preparation of the individual DHS and SHS financial statements as well as the consolidated financial statements for the state as a whole.

7. **Standards:** The audit will be carried out in accordance with **Engagement & Quality Control Standards (Audit & Assurance Standards)** issued by the Institute of Chartered Accountants of India in this regard. The auditor should accordingly consider materiality when planning and performing (except where a certain minimum coverage of implementing units is specified) the audit to reduce the risk to an acceptable level that is consistent with the objective of the audit. In addition the auditor should specifically consider the risk of material misstatements in the financial statements resulting from fraud.

8. **CA firms eligible for audit:** Chartered Accountants firms those are empaneled with C & AG for the year 2015-16 and eligible for doing major PSU audits only will be eligible for the audit

of the NHM programme. In this regards firm have to submit the details about the firm as per **Form T-2**.

**9. Audit Fees and TA/DA:** The firms those are interested to be appointed will have to quote consolidated audit fees including expenses on TA/DA. The firm quoting the minimum consolidated fees including towards TA/DA expenses will be awarded maximum 30 *per cent* of total marks under the “Quality Cost Based System (QCBS)<sup>1</sup>” for selection of Auditor for awarding the work of audit. In case the audit team request with the state for stay arrangement etc. then cost to the state for such stay arrangements etc. will be adjusted against the consolidated fees quoted. Bidding Firm should ensure that Audit Team shall have to visit 100% Districts and at least 40% blocks within each district. The Audit Fee should be quoted considering this aspect.

**10. Scope & Coverage of audit:** In conducting the audit special attention should be paid to the following:

- a) An assessment of adequacy of the project financial systems, including financial controls. This should include aspects such as adequacy and effectiveness of accounting, financial and operational controls; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports; methods of remedying weak controls ; verification of assets and liabilities and a specific report on this aspect would be provided by the auditor annually as part of the management letter;
- b) Funds have been spent in accordance with the condition laid down by the Department of Health & Family Welfare, Government of India from time to time with due attention to economy and efficiency, and only for the purpose for which the financing was provided. Counterpart contribution from State Government, where required has been provided.
- c) Goods and services financed have been procured in accordance with the relevant procurement guidelines issued by the GoI/ State Government. However, for various programmes, special attention must be paid to the requirements of the agreement between GoI and development partners (RNTCP, IDSP and NVBDCP etc.). Such requirements are available within the State/ District’s concerned Program Officers. For such externally funded programmes, auditor must satisfy that all expenditure, including procurement of goods and services have been carried out as per the procurement manual of the individual programmes and guidelines issued by the Programme Divisions of GoI and have all the necessary supporting documentation.

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<sup>1</sup> QCBS: Under the QCBS the selection will be done through quality cost based system with weightage of 70 percent to technical proposal and 30 percent to financial proposal - Refer paragraph 17 on details of selection procedure under QCBS.

- d) All necessary supporting documents, records and accounts have been kept in respect of the project.
- f) **Sample Coverage of sub district Implementing Units:** Audit will cover 100% District Health Societies (DHSs) each being a legally registered society and at least 40% of the Block Level CHC/PHC (*at least 50% of such blocks should be new and remaining may be those covered in the audit of last year*). The sample shall be selected in a manner that Block level PHC/CHC in each district is included in the sample coverage. All the vouchers pertaining to the health facilities will be available at the respective health facility (DH, CHC/PHCs) for the purpose of audit. Audit shall also cover audit of expenses related to NHM incurred through Rogi Kalyan Samities (RKS) at each level i.e. PHC/ CHC/ DH.
- g) The Statutory Auditor may review the concurrent audit reports / quarterly executive summaries and may consider material observations / findings while forming his opinion on overall internal control and truth & fairness of accounts/financial statements.

## 11. Project Financial Statements

A format of such financial statements and relevant schedules showing the consolidation of all the programmes is given at (**APPENDIX A - FORMAT of FINANCIAL STATEMENTS**) and also on the website of MoHFW at [www.nhm.gov.in](http://www.nhm.gov.in).

Project Financial Statement (SHS, DHS and Consolidated) shall include the following:

- i. Audit Opinion as per **APPENDIX-C**.
- ii. Balance sheet showing accumulated funds of the project balances other assets of the project, and liabilities, if any.
- iii. Income & Expenditure account for the year ending on 31<sup>st</sup> March....,
- iv. Receipt and Payment Account for the year ending on 31<sup>st</sup> March....,
- v. Other Schedules to the Balance sheet as appropriate, but which shall include
  - Statement of Fixed Assets in the form of a Schedule,
  - Schedule of Loans and Advances (Age-wise analysis)
  - Schedule of all Cash & Bank Balances (supported by bank reconciliation statements)
  - Program wise statement of expenditure

- vi. Notes on Accounts showing the accounting policies followed in the preparation of accounts in the State Health Society and District Health Societies and any other significant observation of the auditor.
- v. Auditor shall have to specify the significant observations, including internal control weaknesses for each program and also specify the institution to which these relates to enable/ facilitate appropriate follow up action.
- vii. Sanction wise Utilization Certificates (UCs) as per Form 19-A of GFR 2005; duly tallied with the Income & Expenditure and expenditure on Fixed Asset during the financial year (which have been shown as capitalized) **[Attach a statement showing the details of expenditures clubbed in the Utilisation Certificate tallying with the Income & Expenditure Account and Schedules forming part of it].**
- A separate utilisation certificate for state share contribution has to be issued.**
- viii. Action Taken Report on the previous year's audit observations.
- ix. Reconciliation of the FMR Expenditures of the last quarter i.e 31<sup>st</sup> March with expenditure as per the Annual Audited Financial Statements in the FMR format only for the financial year covered by audit period identifying the variance and the reasons for the same. This has to be certified by the auditor.
- x. **Representation by Management:** The DHS and SHS management should sign the financial statements and provide a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements and an assertion that the project funds have been expended in accordance with the intended purposes as reflected in the financial statements.

## **12. Financial Monitoring Reports (FMR)**

In addition to the primary opinion on the financial statements, the auditor is required to audit last quarter FMR (quarter ending March) submitted to MOHFW. The auditor should apply such tests as the auditor considers necessary under the circumstances to satisfy the audit objective. Where ineligible expenditures are identified as having been included in the financial reports, these should be separately noted by the auditors. The audit report should include a separate paragraph commenting on the accuracy and propriety of expenditures included in the financial statements and FMRs including whether procurement procedures have been followed, and the extent to which the GoI can rely on Quarterly FMRs.

In addition to the audit reports, the auditor will prepare a “Management Letter” as per **Appendix-D**, in which the auditor should summarise the observation on the internal control issues (other than those which materially affect his opinion on the financial statements) as under:

- Give comments and observations on the accounting records, systems and internal controls that were examined during the course of the audit;
- Identify specific deficiencies and area of weakness in the system and internal controls and make recommendations for their improvement;
- Report on the level of compliance with the financial internal control.
- Report procurements which has not been carried out as per the procurement manual/ guidelines of the state for the individual programmes such as; RCH-II, RNTCP, IDSP etc.
- Communicate matters that have come to the attention during the audit which might have significant impact on the implementation of the project; and
- Bring to Society’s attention any other matter that the auditor considers pertinent.

**The observations in the management letter must be accompanied by the implications, suggested recommendations from the auditors and management comments/ response on the Observations/ recommendations have to be obtained and reported along with the Audit report.**

### **13. Reporting and Timing**

The final Audit Report should be submitted by **31<sup>st</sup> July**, (i.e. within four months of the end of the financial year), to the State Health Society and the State Society should then promptly forward **3 copies (Spiral Bound) and also soft copy in MS Excel / MS Word and Scanned (Both) is also to be submitted in mail or CD** of the audited financial statements and audit report along with the **final Utilisation Certificates signed by the State and Auditor both**, to GoI with their comments, if any.

In case State has opted to appoint **multiple auditors** for a group of districts and State, in such cases the Auditor appointed for a group of districts, shall have to issue a separate audit report for each district and provide a soft copy of also (Word/ Excell). Audit Reports for all districts in such cases shall have to be issued by **30<sup>th</sup> June, 2016** so that consolidated report of the state is not delayed and issued by **31<sup>st</sup> July, 2016**.

#### 14. Additional Instructions to Auditors

- a. Audit Report of the State Health Society (SHS) shall include audit of all the transactions at the State level as well as all the transactions in the District Health Societies (DHSs) within the State.
- b. Audit for the financial year will include all the components under NHM.
- c. The auditor appointed shall be **required to issue separate Consolidated Audit Report for the State and each District, comprising all programmes under NHM (RCH, Mision (HSS), RI, PPIP, NUHM, NDCPs & NCDs). Auditor appointed for the state, in case of multiple auditor, shall prepare a consolidated Report for the State. However, in case of RNTCP and IDSP, a separate audit report with required annexures and schedules shall also have to be issued by the State / District Level Auditor. The relevant formats for Audit Report as issued by RNTCP Division are given as Appendix-...**
- d. All state level report shall have to be issued in three sets (Two sets to MoHFW and one set for State). Consolidated Report is to be sent to NHM-Finance Division and individual reports of individual programmes along with UCs to the respective programme divisions of the Ministry).
- e. Financial Statements and relevant schedules shall be prepared in accordance with the format provided by Ministry of Health and Family Welfare, GoI (**APPENDIX-A - FORMAT of FINANCIAL STATEMENTS**). However, specific programme requirements (in accordance with the agreement with the GoI and Development Partners) may also be incorporated in the separate schedule of the programme.
- f. Auditor shall certify all the Utilization Certificates in the prescribed format (Form 19A of GFR, 2005) of GOI for all programmes of NHM. The Utilisation Certificate shall be furnished sanction wise and Utilisation Certificate shall be issued for each sanction issued during the respective financial year. The Utilization Certificates should be jointly signed by the Mission Director, State Programme Officers in charge of concerned Programme and the Auditor.
- g. The auditor shall also append the Checklist (**APPENDIX-B - CHECKLIST FOR AUDITOR**)
- h. The auditor shall certify the FMR on the basis of audited expenditures with all the line activities for the last quarter (quarter ending March 2016) showing cumulative and head wise expenditure for the complete financial year) along with the Audited Statement of Accounts. Auditor shall certify a comparative statement showing expenditure as per FMR and as per Audit Report. Auditor must also document the reason for variances between the

FMR figures and audited figures in cases where the variances are significant e.g. more than 15% from the audited figures at each component level.

- i. Audit Opinion as per the Model Format provided at **APPENDIX – C**.
- j. Management Letter as per **APPENDIX – D** along with the comments/reply of the Mission Director, State Health Society.

**15. Re-appointment of Auditor:** As the auditor once appointed can continue for two more years, subject to the satisfaction of the performance by the state and the State which wishes to re-appoint the same auditor shall have to seek the approval of the Executive Committee after obtaining the consent of the auditor and confirming that the said firm is in the panel of C&AG and eligible for conducting major PSU audits for the year for which firm is being re-appointed. Further, any comments/remarks/observation of the Ministry in this regard shall have to be considered while re-appointing the same auditor.

**16. General Provision:** The State should ensure that the Auditor must be appointed for all the disease control programmes under NHM and Uniform Accounting system is being followed for all the disease control programmes under NHM. The State should also ensure that the auditor should follow the latest formats given in the RFP.

The auditor shall be given access to any information relevant for the purpose of conducting the audit, in addition to all financial and procurement records, SPIPs, AWP, MOU/LOU signed between MOHFW and the State/ SHS, instructions issued by MOHFW regarding scheme guidelines (e.g. JSY etc.), administrative orders issued by the SHS/ DOHFW/ Directorate of Health including cost norms etc. Where programs are financed by Development Partners copies of the legal agreement, project appraisal document should be made available to the auditors.

### **Guidelines for Submitting the Proposals:**

Agencies are required to submit the proposal as per the guidelines and formats detailed out in the following paras:

- i. The original and all copies of the Technical Proposal shall be placed in a sealed envelope clearly marked “**TECHNICAL PROPOSAL**” Similarly, the original Financial Proposal shall be placed in a separate sealed envelope clearly marked “**FINANCIAL PROPOSAL**” followed by the name of the assignment, and with a warning “**DO NOT OPEN WITH THE TECHNICAL PROPOSAL.**” The envelopes containing the Technical and Financial Proposals shall be placed into an outer envelope and sealed. This outer envelope shall bear the submission address, reference number and title of the Assignment, and be clearly marked “**DO NOT OPEN, EXCEPT IN PRESENCE OF THE OFFICIAL APPOINTED.**” The

Society shall not be responsible for misplacement, loss or premature opening if the outer envelope is not sealed and/or marked as stipulated. This circumstance may provide a case for Proposal's/ bid's rejection. If the Financial Proposal is not submitted in a separate sealed envelope duly marked as indicated above, this shall constitute grounds for declaring the Proposal non-responsive/ invalid.

- ii. Single Proposal (Multiple Firms):** In case States decides to appoint more than one C.A. firm as auditor, the Bidding **CA** firm may submit proposal for State and also for one Group of districts.

It is decided that the Statutory Audit of accounts 2015-16 of the National Health Mission, Odisha at the State and Districts level is apportioned into two segments viz., assignment of audit of accounts of (i) Sate level activities and ten districts to one auditor and (ii) 20 district level activities to another auditor as mentioned in the **Table 1** below:

**Table -1: Activity wise segment and responsibiliyties of Auditor**

<b>Sl No</b>	<b>Activity segment wise</b>	<b>Name of the Auditor and responsibilities</b>
(1)	(2)	(3)
<b>(i)</b>	Audit of accounts of all programmes under NHM and non-NHM programmes, at State Programme Management Unit (SPMU) and other State level offices and consolidation of accounts of the State Health Society including the Statelevel offices & all the District Health Societis and audit of accounts of 10 districts observing all the aspects of the ToR.	Referred to as <b>State Auditor</b> who is responsible for the work mentioned at the previous column (col. 2 of this row) and issuing Consolidated Statutory Audit Report of all NHM and Non-NHM programmes mentioned at paragraph 3 above and audit of accounts of a group of 10 districts (Northern Division) detailed at Annexure -1 and issue of Audit Reports of all the programmes mentioned at paragraph 3 above of each of the 10 districts by observing the reporting time line indicated at paragraph 13 above.
<b>(ii)</b>	Audit of accounts of all the NHM and non-NHM programmes of the 20 districts (Central and Southern Divisions) as mentioned <b>at Annexure 1</b> by observing all aspects mentioned in the ToR.	The Auditor hereinafter is referred to as <b>Auditor - Central and Southern Division districts</b> . The Auditor selected is responsible for completion of work mentioned in the previous column (col. 2 of this row) and issuing Audit Reports of all NHM and Non-NHM programmes mentioned at paragraph 3 above for each district under the respective Divisions and furnish the same to the State Auditor for consolidation at State level by observing the reporting time line indicated at paragraph 13 above. The Auditor is to extend

		full cooperation to the State Auditor mentioned above in consolidation of Audit Reports at the State level.
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**Note:** Division refers to Revenue Divisions of the State.

Since the State decided to appoint more than one CA firm as Auditor, a bidding CA firm may submit proposal for activities meant **either for (i) State Auditor or (ii) Auditor - Central and Southern Division districts.**

***Note: The bidding firms are required to clearly indicate the proposal for which segment the bid is submitted in the letter of transmittal as well as on the outer envelope.***

- iii. All agencies must comply with the Technical Specification, General Conditions and Format/Requirements for Technical and Financial proposal.
- iv. The Technical Proposal shall be marked “ORIGINAL” or “COPY” as appropriate. All required copies of the Technical Proposal are to be made from the original. If there are discrepancies between the original and the copies of the Technical Proposal, the original governs.
- v. Financial proposals submitted by the firm should be valid for 6 months from the date of submission of the proposal by the firm.
- vi. Each page, Form, Annexure and Appendices of the Technical and Financial proposals must be signed by the authorised signatory of the firm. **The letter of authorisation for signing each page, form, annexures and appendices of the technical and financial proposals and all other documents etc. from the partner of the firm in favour of the signatory in original must accompany the bid documents submitted if the signatory is not the authorised one.**
- vii. All blank spaces in the financial proposal must be filled in completely where indicated, either typed or written in ink.
- viii. **State Health Society (SHS) reserves the right to accept or reject any proposal without giving any explanation and can change the evaluation criteria as per its requirements in the interest of the organisation.**
- ix. **The aspect of the required constitution of the audit teams to be deployed for undertaking the job would be discussed in the entry level conference by the NHM Directorate, Odisha with the Auditors after appointment on a designated date. If the required constitution of the team is not deployed the state may take appropriate**

**action as it deems fit (including blacklisting of the firm) against the firm, keeping the Ministry informed.**

- x. A firm cannot undertake the audit assignments of more than three states in a year. The audit assignment must be opted for as awarded by States chronologically i.e. on First come first served basis. If a CA Firm appointed in more than 3 state then they have to withdraw their name so as to keep it up to 3 States/ UTs only. As a state may opt to appoint multiple auditors, therefore, if a firm appoints for audited of a group of district any state then for the purpose of ceiling of 3 states, group of state shall take as a state.
- xi. The firm shall give an undertaking that the team members are proficient in the State's official language (both oral and written).**
- xii. Firm shall have to depute appropriate no. of audit teams for timely submission of Audit Report and to attain quality of audit.**
- xiii. Each team shall have to be headed by a qualified chartered accountant.

**Technical & Financial Proposal will consist:**

- i. Letter of Transmittal (*Form T-1*)
- ii. Details of the Firm along with Details of Partners (*Form T-2*)
- iii. Financial Bid (*Form F-1*)

**Letter of Transmittal**

To,

The Mission Director,  
National Health Mission  
Odisha State Health & Family Welfare Society,  
Annexe Building of SIH&FW , Unit-8, Nayapalli  
Bhubaneswar - 751012, Odisha

Madam,

We, the undersigned, offer to provide the audit services for [*Name of State Health Society*] in accordance with your Request for Proposal dated [*Insert Date*]. We are hereby submitting our Proposals for **selection of State Auditor and the Auditor - Northern Division districts / Auditor - Central and Southern Division districts (strike out which ever is not applicable)**, having details about the firm and proposed audit fees as under.

We hereby declare that all the information and statements made in this Proposal are true and accept that any misinterpretation contained in it may lead to our disqualification.

The Fees quoted by us is valid till six months from the date of submission of the proposal. We confirm that this proposal will remain binding upon us and may be accepted by you at any time before the expiry date.

Prices have been arrived independently without consultation, communication, agreement or understanding (for the purpose of restricting competition) with any competitor.

We agree to bear all costs incurred by us in connection with the preparation and submission of the proposal and to bear any further pre-contract costs.

**We understand that Odisha State Health and Family Welfare Society is not bound to accept the lowest or any proposal or to give any reason for award, or for the rejection of any proposal.**

I confirm that I have authority of [*Insert Name of the C.A. Firm*] to submit the proposal and to negotiate on its behalf.

Yours faithfully,

( )

**Particulars/Details of the Firm**

<b>Sl. No.</b>	<b>PARTICULARS</b>	<b>Supporting Documents required to be submitted along with this Form</b>
1	Name of the Firm	
2	Addresses of the Firm:	
	Head Office (HO)	Phone No: Fax No: Mobile No. of Head Office In-charge:
	Date of establishment of the firm	
	Date since when is H.O. at the existing Station	
	Branch Office 1,2,3..... (Particulars of each branch to be given)	Phone No: Fax No: Mobile of each Branch Office In-charge:
	Mention the date of each branch offices since when existed at the existing place	
3	Firm Income Tax PAN No.	Attach copy of PAN card
4	Firm Service Tax Registration No.	Attach copy of Registration
5	Firm's Registration No. with ICAI	Attach a copy of certificate downloaded from ICAI Website showing the name & address of H.O., B.O. and partners etc.
6	Empanelment No. with C & A G	Attach proof of empanelment with C&AG for the year under Audit (2015-16) confirming that the firm is eligible for major PSU audits.
7	No. of Years of Firm Existence & Date of establishment of Firm	Attach copy of Partnership Deed
8	Turnover of the Firm in last three years 2012-13, 2013-14, and 2014-15	Attach a copy of Balance Sheet and P & L Account of the last three years 2012-13, 2013-14, and 2014-15 or a C.A. Certificate give Break-up of Audit Fee and Other Fees Received.
9	Audit Experience of the Firm: 1. Number of Assignments in Commercial/Statutory Audit 2. Number of Assignments of Externally Aided Projects/ Social Sector Project (excluding audit of Charitable Institutions & NGOs)	Copy of the Offer Letter & the Fee Charged for each assignment. <b>Note: (i) Please refer Annexure - 2 enclosed to the RFP/ToR for furnishing the required information as well as the evidences.</b>

	3. Experience in the NHM audit.	<p><b>(ii) Please assign Annexure No. to each evidence enclosed to the bid documents.</b></p> <p>(Relevant evidences to be given of the turnover and fee)</p>
10	<p><b>Details of Partners:</b> Provide following details:</p> <ul style="list-style-type: none"> <li>• Number of Full Time Fellow Partners associated with the firm.</li> <li>• Name of each partner,</li> <li>• Date of becoming ACA and FCA</li> <li>• Date of joining the firm,</li> <li>• Membership No.,</li> <li>• Qualification</li> <li>• Experience</li> <li>• Whether the partners is engaged full time or part time with the firm.</li> <li>• Their Contact Mobile No., email and full Address</li> </ul>	<p>Attested copy of Certificate of ICAI not before 1.1.2016</p>

**Note: The firm shall give an undertaking that the team members are proficient in the State's official language (both oral and written).**

**FORMAT FOR FINANCIAL BID**

**(Please provide the break-up of Firm's quoted fees for each work and unit)**

Particulars	Total Amount (in Rupees)
<p><b>AUDIT FEE</b></p> <p>a. Audit fess ----- (Including cost of TA/DA)</p> <p>b. Service Tax -----</p> <p>c. Total Fees -----</p> <p><b><u>Note: Percentage of funds involved shall not be a basis of quoting the Audit Fee.</u></b></p>	<p>Both in Numeric and in Words.</p> <p>Rs. _____/-</p> <p>(Rupees _____).</p>

**Note: In case of change in the rate of Service Tax the revised Service Tax shall be paid.**

## **17. Selection Process of the Auditor:**

For the purpose of the appointment of the Statutory Auditor for 2015-16, following points should be taken into account:

Open advertisement (as per Format for Advertisement as at Form-A) in leading newspapers at State level and National level for inviting proposals from CAG empanelled Chartered Accountant firms for statutory audit of State and District Health Societies should be issued first. A copy of the advertisement shall also be e-mailed to the Institute of Chartered Accountants of India (ICAI) for webhosting on ICAI website at secretary@icai.in & secretary@icai.org. (Format of the advertisement is enclosed) – A copy of the advertisement shall have to be sent to FMG in MOHFW. Advertisement along with the detailed RFP shall also to be uploaded on the state's NHM website.

A pre-bid conference shall be held (date to be indicated in the advertisement) wherein clarifications that the potential bidders shall be clarified.

The Executive Committee of the SHS will form a Standing Committee on Audit (SCA) with suitable representation from programme and finance wings. The SCA should invariably headed by the Director-Finance or other person nominated by the Mission Director. This Standing Committee will also act as the Selection Committee for the selection of auditors. The Standing Committee on Audit will subsequently monitor the audit process and the follow up on audit paras and Action Taken Reports on those audit paras. After the selection of auditor by SCA the same shall also will have to be approved in the meeting of Executive Committee of the SHS.

The detailed scheduled in regards to the tendering process shall be as under-

**Advertisement:** Advertisement should be made latest by the 7<sup>th</sup> March, 2016 so the process of appointment of auditor is completed before 31<sup>st</sup> March, 2015.

**Date for collection of RFP:** Within 10 days of advertisement i.e. 17.3.2016.

**Date of pre-bid conference:** Next day of the last date for collection of the RFP 18.3.2016.

**Last date and time for submission of Proposal:** Within one week from the date of pre-bid conference 24.3.2016.

**Date and time of opening of Tender:** On the day of closing of submission of proposal and after 2 hours of the closing time i.e. 24.3.2016.

The dates stated above have undergone changes. Please refer to the advertisement published in the print (local/national news papers) and the electronic media (website of the *nrhmorissa.gov.in*).

The selection process of auditor shall be subject to review by Financial Management Group, MOHFW, GOI / Office of Chief Controller of Accounts, MOHFW, GOI / Audit parties of the AG or any authorized person of the Ministry of Health and Family Welfare, Government of India.

The selection will be done through **quality cost based system (QCBS)** with weightage of 70 *per cent* to technical proposal and 30 *per cent* to financial proposal. The technical evaluation shall be made based on the criteria as mentioned in the **Table -2** below:

**Table-2 : Technical evaluation criteria**

Sl. No	Criteria	Maximum marks	Proof to be attached
1.	No. of Partners (FCA) FCA @ 2.5 marks	12.5	Certificate from ICAI as on 1.1.2016. If number of FCAs exceed the maximum limit the same would be counted against number of ACAs provided the number of ACAs are less than the maximum limit.  <b>Note: Assign Annexure number to the evidence enclosed</b>
2.	No. of Partners (ACA) ACA @ 2 marks	10	
3.	Years of Experience 0.5 marks per year	10	Registration certificate with ICAI as 1.1.2016  <b>Note: Assign/ Indicate Annexure number to the evidence enclosed to the bid documents.</b>
4.	Average years of Partners association with the Firm > 1yr - 0 mark 1 to 5 yrs - 2 marks 6 to 10 yrs - 4 marks 11 to 15 yrs - 6 marks 16 to 20 yrs - 8 marks > 20 yrs - 10 marks	10	Certificate from ICAI as on 01.01.2016 and copy of <i>partnership deed</i> .  <b>Note: Assign/ indicate Annexure number to the evidence enclosed to the bid documents.</b>

5.	<b>Number of Staff:</b>		
(i)	Qualified (CA/Cost Accountant) - 1.5 mark per staff	7.5	Copy of qualification certificates from respective Institute(s) and certified copy of attendance sheet for December 2015 of the firm.  <b>Note: Assign/ indicate Annexure number to the evidence (each qualification certificate) enclosed to the bid documents.</b>
(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 saff/Auditor) 1 to 7 staff - 2 marks 8 to 14 staff - 4 marks >15 staff -5 marks	5	
6.	<b>Nature of Experience Turnover / Project Cost / Years of Experience &amp; Project audited</b>		
(i)	NRHM/NHM Audit (Statutory / Concurrent)	7	Copy of assignment letter and fee charged for each assignment.
(ii)	Social Sector (Govt. / Others) in last 3 years (2012-13, 2013-14 & 2014-15) 1 to 3 nos. - 2 marks 4 to 6 nos. - 4 marks 7 to 9 nos. - 6 marks >9 nos. - 8 marks	8	Copy of assignment letter of each assignment.
(iii)	<b>Commercial Sector in last 3 years (2012-13, 2013-14 and 2014-15) the turnover of the audited organization (other than branch audit of banking organizations / insurance / finance companies) should not be less than Rs.50.00 crore in each year)</b> 1 to 2 nos. - 2 mark 3 to 4 nos. - 4 mark 5 to 6 nos. - 6 mark 7 to 8 nos. - 8 marks >8 nos. - 10 marks	10	Copy of (i) offer letter and (ii) copy of audited Financial Statements viz; Balance Sheets and Profit and loss Accounts of the audited organisation.
7.	<b>Average Turnover of the CA Firms in last 3 years (2012-13, 2013-14 and 2014-15)</b> Up to Rs.50 lakhs - 0 mark	10	<b>Attach copies of balance sheets and profit &amp; Loss Accounts of the respective years.</b>

	> Rs.50 lakhs but < Rs.75 lakhs - 3 marks > Rs.75 lakhs but < Rs.100 lakhs - 6 marks > Rs.100 lakhs - 10 marks		
<b>8.</b>	<b>Head office in Odisha</b> If Yes - 3 marks If No - 0 marks	3	Certificate from ICAI as on 01.01.2015
	<b>Head office and or Branch Office in Bhubaneswar</b> If Yes - 2 marks If No - 0 marks	2	<b>Self declaration with detailed address and contact numbers</b>
	<b>Total</b>	<b>100</b>	

A firm has to secure at least 70 *per cent* of marks in the technical bid in order to participate in the financial bid.

For selection of Auditor under the QCBS the marks secured by a firm in the technical bid evaluation shall be converted to 70 *per cent*. For example if a firm secures 90 marks in the technical bid, the same would be converted to 70 *per cent* by using the method  $90/100 \times 70$ . In the financial evaluation, lowest quotation in Financial bid i.e the L-1 firm would be awarded the full mark i.e 30. The L2, L3....etc. shall be awarded marks in proportion to the marks awarded to the L1 firm by using the method - amount quoted by L1 firm/amount quoted by the L2 firm  $\times 30$  and so on. The firm having scored the highest marks in the technical and financial evaluations put together shall be selected.

The State at the time of selection of the Statutory Auditor must ensure that the firm was not engaged as Concurrent Auditor of the State during the year for which the audit was engaged or if he has been appointed for the year 2015-16.

The selection will be done by selecting the firm having lowest quotation in Financial Bid (L-1).

On completion of selection process, the firm selected shall be awarded the contract of audit of SHS & DHS by issuing the Letter of Award (LOA). The firm should execute a Contract with the State Health Society (SHS) within 2 weeks of the award of the issuance of LOA.

In case the bidding firm is found not suitable for audit on any reasonable ground like information by the Ministry/ ICAI/ any State etc. State may reject such proposal without giving any reason.

**Form – A (Format of Advertisement)**

Government of .....  
Health & Family Welfare Department  
State Health Society

**SELECTION OF AUDITORS - REQUEST FOR PROPOSAL**

**HIRING SERVICES OF CHARTERED ACCOUNTANT FIRM FOR STATUTORY  
AUDIT OF STATE HEALTH SOCIETY (SHS) & DISTRICT HEALTH SOCIETY (DHS)  
- (FOR THE FINANCIAL YEAR 2015-16) under National Health Mission (NHM)**

Govt of India (GoI) in partnership with the States is implementing the National Health Mission which comprises of various programs, with the objective of improving medical facilities in the areas and seeks to provide accessible, affordable and quality health care to the population, especially the vulnerable sections. To facilitate implementation of NHM, State and District level entities (Health Societies) have been registered which work under the administrative control of the Department of Health & Family Welfare. The .....(Name of State) State Health Society, invites “Proposal for audit” from **firms of Chartered Accountants empanelled with C& AG and eligible for major PSUs audit for the year 2015-16.**

**Detailed RFP:** Detailed Request for Proposal (RFP) comprising Background, Terms of Reference (ToR) and Guidelines for submitting the proposal can be either downloaded from the state’s website [www.nhm.gov.in](http://www.nhm.gov.in) or this can be collected from the O/o Mission Director .....SHS between ..... and .....

**Important Dates:**

- i. Last date for collection of RFP from Office of SHS: .....
  - ii. Date for pre-bid conference: .....
  - iii. Last date for submission of Proposal to SHS: .....
  - iv. Date of opening of financial bid: .....
- Venue for Pre-bid Conference: Pre-bid Conference would be held at .....

**Mission Director,  
State Health Society.....  
Address:**

Mission Director,  
SHS of ....., Government of .....,  
Email id:  
FAX: & Phone:

## Annexure-1

### Statement showing details of Division wise Districts and Blocks

Northern Division			Southern Division			Central Division		
Sl.No	District	No of Blocks	Sl.No	District	No of Blocks	Sl.No	District	No of Blocks
1	Angul	8	1	Boudh	3	1	Balasore	12
2	Baragarh	12	2	Gajapati	7	2	Bhadrak	7
3	Bolangir	14	3	Ganjam	22	3	Jajpur	10
4	Deogarh	3	4	Kalahandi	13	4	Mayurbhanj	26
5	Dhenkanal	8	5	Kandhamal	12	5	Jagatsingpur	8
6	Jharsuguda	5	6	Koraput	14	6	Kendrapada	9
7	Keonjhar	13	7	Malkangiri	7	7	Khurda	10
8	Sambalpur	9	8	Nawarangapur	10	8	Nayagarh	8
9	Sonepur	6	9	Rayagada	11	9	Puri	11
10	Sundergarh	17	10	Nuapada	5	10	Cuttack	14
	<b>Total</b>	<b>95</b>			<b>104</b>			<b>115</b>

## Annexure-2

Ref: Item 6 (ii) and (iii) in Table -2 under paragraph 17 -Selection process of the Auditor

**Name of the Chartered Accountants firm:**

Statement showing details of the units audited by the firm in the social sector and corporate/commercial sectors (other than audit of branch/ division accounts of banking, insurance and Financial companies etc.), types of audit, year of accounts audited during last three years (2012-13, 2013-14 and 2014-15).

Sl No.	Name and address including telephone Number(s) and e-mail id of the accounts of the unit audited	Whether copy of audit assignment letter enclosed* indicating letter No and date of the management (Yes/No)	Type of Unit (Social, Corporate or commercial Sector)	Type of audit carried out i.e Statutory/ Internal	Year of accounts audited	Whether Financial Statements enclosed*
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.						1. Balance sheet: Annexure No * 2. Profit & Loss A/c : Annexure No*
2.						3. Balance sheet: Annexure No * 4. Profit & Loss A/c : Annexure No*
3.						5. Balance sheet: Annexure No * 6. Profit & Loss A/c : Annexure No*

\*Please indicate the Annexure number

Certified that the information on the details of types of audit i.e statutory or internal audits carried out by the firm in respect of the audit of accounts of the units belonging to the social / corporate / commercial sectors furnished above is true and at any time if any of the above information found incorrect/false, that I shall be held responsible for the same for taking any legal action that may deem fit including disqualification.

Name and Signature of Partner

Seal of the firm