

# CORRIGENDUM

## **Corrigendum to the RFP for the Appointment of Concurrent Auditor of State Health Society (SHS), Meghalaya for Financial Year 2023 - 24 under National Health Mission (NHM).**

The following clause is hereby Ammended:

RFP Clause	Amended Clause
Hiring Services of Chartered Accountant firm for Statutory Audit of State Health Society (SHS) & District Health Society (DHS) - (for the financial year 2023-24) under National Health Mission (NHM)	Hiring Services of Chartered Accountant/Cost Accountant firm for Concurrent Audit of State Health Society (SHS) & District Health Society (DHS) - (for the financial year 2023-24) under National Health Mission (NHM)
“Proposal for audit” from firms of Chartered Accountants empaneled with C& AG and eligible for conducting audit of major PSUs for the year 2023-24.	“Proposal for audit” from firms of Chartered Accountants/Cost Accountants empaneled with C& AG and eligible for conducting audit of major PSUs for the year 2023-24.

All interested parties are therefore requested to kindly download the RFP from the official website [www.nrhmmeghalaya.nic.in](http://www.nrhmmeghalaya.nic.in)

Yours Faithfully,

Sd/-  
Mission Director  
National Health Mission  
Meghalaya, Shillong.

# **Request for Proposal (RFP)**

**For Appointment of Concurrent Auditor for State Health Society (SHS) and District Health Society (DHS) for Audit of all programmes under Flexible Pool for RCH & Health System Strengthening, National Health Programme and Urban Health Mission**

[2023-24]

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

State Health Society Meghalaya, seeks to invite Proposal from the Comptroller & Auditor General of India (C&AG) *empaneled Chartered Accountant (CA)/Cost Accountants firms those are eligible for major Public Sector Undertakings (PSU) audits for the year 2022-23* for conducting the statutory audit of State and District Health Societies under the National Health Mission for the FY 2022-23.

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

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

1. National Rural Health Mission (NRHM) of the Ministry of Health & Family Welfare (MoHFW) was launched on 12<sup>th</sup> April, 2005 by the Government of India (GOI) to improve medical facilities in the country. Since 2013-14 onwards the NRHM programme has been subsumed under the umbrella programme of the National Health Mission (NHM). NHM is overarching NUHM and also includes Communicable and Non-Communicable Diseases (NCD) as well. The NHM seeks to provide accessible, affordable and quality health care to the population, especially the vulnerable sections.

2. The NHM has provided an umbrella under which the existing Reproductive and Child Health Programme (RCH) (including RCH, Routine Immunization (RI), Pulse Polio Immunization (PPI) and National Iodine Deficiency Disorder Control Programme (NIDDCP)), Health System Strengthening under NRHM (including Other Health System Strengthening, Ayushman Bharat –Health & Wellness Centre (AB-HWC) and Asha Benefit Package (ABP) including facilitator payment, various National Disease Control Programmes (NDCPs) and Non-Communicable Diseases (NCDs) have been repositioned. National Urban Health Mission (NUHM) comprising of Other Health System Strengthening and Ayushman Bharat –Health & Wellness Centre (AB-HWC) has also been added in National Health Mission. ECRP I, ECRP II and PM-ABHIM has also been added under NHM.

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

- **Till FY 2021-22, fund release under NHM was as under the following (5) pools/components:**
  1. NRHM-RCH Flexible Pool
    - A. RCH Flexible Pool
    - B. Health System Strengthening under NRHM
  2. National Urban Health Mission-Flexible Pool
  3. Flexible Pool for Communicable Diseases
  4. Flexible Pool for Non-Communicable Diseases, injury & Trauma
  5. Infrastructure Maintenance
  6. ECRP I
  7. ECRP II

## 8. PM-ABHIM

### 4. Institutional and Funding Arrangements:

For the implementation of the above programmes, MoHFW has required the creation of an Integrated Health Society at the 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 (DHSs) work in coordination with the District Medical and Health Officer (DM&HO). Program implementation is done through DM&HO's office, Blocks, Community Health Centres (CHCs), Primary Health Centres (PHCs), Sub- Centres (SCs), Rogi Kalyan Samities (RKS) and Village Health Sanitation&Nutrition Committees (VHSNC). 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.

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

Funds for the various programs under NHM are transferred from the Pay& Accounts Office of MoHFW to the State Treasuries and then from Treasuries to the Single Nodal Account of Single Nodal Agencies of SHS functioning in the State. Government of India transfer funds in the form of Grants-in-Aid to State treasuries through RBI on the basis of respective State Programme Implementation Plans (SPIPs) and approved Annual Work Plans which are prepared on the basis of District Health Action Plans (DHAPs) of each of the districts in the State. Under the umbrella of the integrated SHS/DHS each program has separate bank account, 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 units in MoHFW (GOI).

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

Some of the programs of NHM are also supported by development partners such as the Asian Development Bank (ADB), The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) /World Bank, 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 Annual Work Plan (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 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 District Health Societies (DHSs), State Health Societies (SHSs) 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, 2024.

(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 SHSs, DHSs and other participating implementing units such as Blocks, CHC, PHCs, Sub Centers, Village Health Nutrition and Sanitation Committees (VHNSCs) 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. 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. Criteria for Selection of Auditors**

**A) C&AG empaneled major audit firms:** A firms those are empaneled with C&AG for the year 2022-23 and eligible for conducting audit of PSUs only will be eligible for the audit of the NHM programmes. In this regard firms have to submit the details about the firm as per **Form T-2**.

**B) Selection through Open Tender System:** The selection of the Auditor should be through an Open Tender basis.

**C) Preference of firms having Head Office (H.O.)/Local Branch office in the State Capital:** The firms having Head Office /Local Branch Office in the State capital of the same State for which the proposal is given will be given preference at the time of finalizing the financial bid. Such office must exist within the State for not less than three years as per the Institute of Chartered Accountants of India (ICAI) Certificate.

**D) Firms have to give an undertaking that the audit team members are proficient in State's official language (both oral and written).**

**E) CA firms eligible for audit:** CA firms those are empaneled with C&AG for the year 2022-23 and eligible for conducting audit of major PSUs only will be eligible for the audit of the NHM programmes. Further, CA firms eligible for conducting audit of PSUs in 2022-23 and having their Head Office / Branch offices in designated State may be given additional weight-age in the

evaluation of Technical proposal. On clearance of Technical proposal, the auditor will be finalized on the basis of Financial Bids. In this regard, firms have to submit the details about the firm as per Form T-2.

**F) Disclosure of Minimum Fees in the RFP document:** The Minimum audit fees is fixed as under:

Group I		Group II		Group III		Group IV		Group V	
State/District	Block	District	Block	District	Block	District	Block	District	Block
SPMU		SWKH	2	WKH	4	WGH	6	NGH	2
								EGH	3
RB	3	EKH	8	WJH	3	SWGH	2	SGH	4
				EJH	2				
<b>2</b>	<b>3</b>	<b>2</b>	<b>10</b>	<b>3</b>	<b>9</b>	<b>2</b>	<b>8</b>	<b>3</b>	<b>9</b>

SPMU: Rs. 70,000/- per quarter exclusive of taxes.

DPMU: Rs. 25,000/- per quarter per District Programme Management Unit exclusive of taxes.

Block: Rs. 10,000/- per quarter per Block Programme Management Unit exclusive of taxes.

*Note: (A) The BPMU fees is inclusive of all the health facilities under the block.*

*(B) SPMU/Districts have been divided into five groups for the purpose of this RFP as per table above. Bidder has to submit the bid for a group as a whole. One bidder will be assigned maximum two groups. All districts in a group will be assigned to one firm who is eligible as per the requirement of this RFP.*

*(C) Bidder who opt for Group I are not allowed to quote for other groups.*

**G) 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 and Taxes. In case the audit team requests 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 100% blocks within each district. The audit fee should be quoted considering this aspect.

**H) Re-appointment of Auditor:** The auditor once appointed can continue for only two more years subject to the satisfaction of the performance by the State. In case where extension/continuation of same auditor is sought for this extended duration beyond the initial year of appointment, yearly approval of Executive Committee shall be taken after obtaining the consent of the auditor and confirming that the said firm is in the panel of C&AG and eligible for conducting audit of major PSUs for the year for which firm is being re-appointed. In no case shall continuation beyond this additional period of 2 years be granted. Further, any comments/remarks/observation of the Ministry in this regard shall have to be considered while re-appointing the same auditor.

**I)** In case same audit fee is quoted by two or more CA firms, the selection of auditor shall be done considering the following factors (priority-wise): -

- (i) Past Experience in handling Government Contracts & Conduct of the firm; and
- (ii) Turnover of the firm.

**9. The other major points related to Concurrent Audit are as follows:**

- a) To ensure timely completion of audit, State should ensure that the books of accounts are ready at all places before the start of audit. Further, timely availability of information to the auditors should be ensured for completion of audit on time.
- b) In the pre-bid conference to be held, the participant firms should clearly be explained about the requirements of audit as regards to the number of districts, blocks, and physical visit of the team at each location, number of implementing agencies from whom Utilization Certificates (UCs) /Statement of Expenditure (SOEs) received and incorporated in Annual Financial Statements etc. so that a quality audit is not compromised.
- c) After the completion of audit, State should organize an exit conference of the auditors to discuss the audit observations.
- d) A copy of the working papers of the auditors shall be retained by the Director (Finance)/ State Finance Manager (SFM) in the State.
- e) The State should get the audit of all the District Health Societies completed by 05<sup>th</sup> June, 2024 and the Audit Report issued before 30<sup>th</sup> June 2024.
- f) The consolidation of audit reports of all the districts with State along with all the necessary requirements such as, Accounting Policies, Notes on Accounts and Management Letter is to be completed by the State in time and final report submitted by 31<sup>st</sup> July 2024.

**Objective of the Concurrent Audit**

- ◆ 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 & improve overall internal control systems.

**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 (NTEP, 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.

- d) All necessary supporting documents, records and accounts have been kept in respect of the project.
- e) **Sample Coverage of sub district Implementing Units:** Audit will cover 100% District Health Societies (DHSs) each being a legally registered society and 100% 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 (RKSs) at each level i.e. PHC/ CHC/ DH.

**The Scope of work of “State Concurrent Auditor” is as follows:**

- Audit of the SHS accounts and expenditure incurred by SHS.
- Verification of Quarterly FMRs & SOFP with Books of Accounts.
- Audit of advances at the SHS level.
- Finalization of SHS Report/FMR/SOFP and Provisional Utilization Certificates (Appendix A) Format of Financial Statements.
- Monitoring timely submission of the District concurrent audit reports.
- Detailed analysis and compilation of the District concurrent audit reports.
- Vetting of the State Action Taken Reports and providing observations thereon.
- Follow up & monitoring over the ATRs prepared by districts on the observations made in the audit.
- Review and analysis of the Age wise and Party wise Advances Report.
- Comparison between financial and physical performance and analysis.
- Preparation of Quarterly Executive Summary to be sent to GoI in the prescribed format.
- Other Reports: Credit Summary, Expenditure Summary, SOR & Delay Statements
- Any other evaluation work, as desired by the State Health Society.

**The Scope of work of “District Concurrent Auditor” is as follows:-**

- Review of the DHS Accounts and expenditure incurred by the DHS.
- Audit of financial Statements of DHS.
- Certification of the Statement of Expenditure on monthly basis.
- Review and analysis of the Age wise and Party wise Advances Report.
- Comparison between financial and physical performance and analysis.
- Visits to sample blocks (in a way to cover all blocks in a year) and peripheral units.
- Filling in the checklist provided.



- Vetting of the district ATRs and providing observations thereon
- Any other evaluation work, as desired by the District Health Society.

## 11. Frequency

Concurrent Audit will be carried out on “Quarterly basis”

## 12. Terms of appointment of the Auditor

### State Headquarter Level:-

- Firm will be required to agree with the direction to be issued and with the changes which has been done in TOR for the financial year 2023-24.
- At the State level, the concurrent auditor appointed once can be retained / re-appointed for a maximum total term of two financial year’s i.e. current year and next year. However, the Contract awarded should be for one year at a time and should be renewed next year on the basis of auditor's performance review.
- It will be responsibility of the auditor to prepare financial statements on monthly basis
- Auditor will be required to prepare the financial statement of NHM on Quarterly basis and consolidated reports of SHS, DHS & blocks on quarterly basis based on district reports.
- If the State feels that in spite of providing all information, documents, and updated books of accounts, there was delay and due to lacking at the part of the auditor then the State may deduct the audit fees @ 5% per month from the expected day of completion of audit, as agreed in the terms of contract.

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### Districts and Blocks Level:-

- Districts have been divided into four groups for the purpose of this RFP as per table below. Bidder has to submit the bid for a group as a whole. One bidder will be assigned maximum two groups. All districts in a group will be assigned to one firm who is eligible as per the requirement of this RFP.
- At the District level, the concurrent auditor appointed once can be retained / reappointed for a maximum total term of two financial year’s i.e. current year and next year. However, the Contract awarded should be for one year at a time and should be renewed next year on the basis of auditor's performance review.
- It will be responsibility of the auditor to prepare financial statements on monthly basis. Also consolidated report of DHS including blocks on quarterly basis will be submitted to State Office.
- Quarterly TDS return preparation & e-filing, TDS certificate issuance & other related work will be submitted by concurrent auditor timely.
- It may be noted that a record of the team shall be maintained at the facility visited and team has to collect a certificate of their attendance giving their name, designation and date of visit etc. From the head of that facility
- If the State/District/s feels that in spite of providing all information, documents, and updated books of accounts, there was delay and due to lacking at the part of the auditor then the State may deduct the audit fees @ 5% per month from the expected day of completion of audit, as agreed in the terms of contract.

**13. 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.

## 14. 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 NHM Meghalaya at [nhmmeghalaya.nic.in](http://nhmmeghalaya.nic.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 31st March 2024.
- iv. Receipt and Payment Account for the year ending on 31st March 2024.
- 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 SHSs and DHSs and any other significant observation of the auditor.
- vii. 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.
- viii. Auditor shall have to certify the delay status of funds transferred from State Treasury to SHS for the F.Ys. 2016-17, 2017-18 ,2018-19, 2019-20 2020-21 2021-22 and 2022-23 as per prescribed format at *Appendix E-1, 2, 3,4 5 6 and 7* for all the programmes under NHM.
- ix. The Auditor has to disclose whether the State has received any interest on delayed transfer of funds from State Treasury to SHS bank account.
- x. The comparison between audited expenditure and expenditure reported in the FMR of 2023-24 along with the reason for variations.
- xi. Sanction wise UCs as per Form 12-C of GFR 2017; 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 Utilization Certificate tallying with the Income & Expenditure Account and Schedules forming part of it]. A separate UC for State share contribution needs to be issued by the auditor and Separate UCs for "Emergency Covid-19 Response Package for Health Systems Preparedness ECRP-I , ECRP-II and PM –ABhim needs to be issued by the auditor.**
- xii. Reconciliation of the FMR Expenditures of the last quarter i.e. 31<sup>st</sup>March 2024 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.

xiii. **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.

xiv. **Separate chapter for covid-19** Emergency Response and Health System Preparedness (ECRP-I) is attached on Appendix-“F”.

xv. **Separate chapter for PM-ABhim** is attached on Appendix- “G”.

## 15. Management Letter:

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

- a) Give comments and observations on the accounting records, systems and internal controls that were examined during the course of the audit;
- b) Identify specific deficiencies and area of weakness in the system and internal controls and make recommendations for their improvement;
- c) Report on the level of compliance with the financial internal control;
- d) Report procurements which have not been carried out as per the procurement manual/ guidelines of the State for the individual programmes such as; RCH-II, NTEP, IDSP etc.;
- e) Communicate matters that have come to the attention during the audit which might have significant impact on the implementation of the project; and
- f) 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.**

## 16. Reporting and Timing

### State Reporting Timeline:

Monthly/Quarterly Reporting.

- Timeline for Audit report for the SPMU
  - 1<sup>st</sup> Qtr – 1<sup>st</sup> Week of August 2023
  - 2<sup>nd</sup> Qtr – 1<sup>st</sup> Week of November 2023
  - 3<sup>rd</sup> Qtr – 1<sup>st</sup> Week of February 2024
  - 4<sup>th</sup> Qtr – 1<sup>st</sup> week of May 2024

### District Reporting Timeline:

Monthly/Quarterly Reporting.

- Audit report from the Districts should be submitted to the SPMU as under
  - 1<sup>st</sup> Qtr – 1<sup>st</sup> Week of August 2023
  - 2<sup>nd</sup> Qtr – 1<sup>st</sup> Week of November 2023
  - 3<sup>rd</sup> Qtr – 1<sup>st</sup> Week of February 2024
  - 4<sup>th</sup> Qtr – 1<sup>st</sup> week of May 2024

The Consolidated Districts Audit Report should be submitted by **30<sup>st</sup> June 2024**, to the SPMU along with **2 copies (Spiral Bound) and also soft copy in MS Excel / MS Word and Scanned (Both) in mail or CD** along with the **final Utilization Certificates & FMR** signed by the Auditor.

- Penal provision on failure to complete the Audit on time:** In order to ensure timeliness on the part of the Auditor, if the State feels that in spite of providing all information, documents, and updated books of accounts, there was delay in submission of Audit Report from the auditor, the *State may deduct the audit fees @ 5% per month from the due date of completion of audit.* A clause in this regard should be incorporated by the State in the agreement. However, in case of delay in submitting the audit report due to unforeseen circumstances like flood, earthquake, election, etc., the Mission Director(NHM) of the State has the right to waive off the penalty. Further, before imposing penalty, the firm may be given an opportunity to be heard.

## 17. Additional Instructions to Auditors

- Audit Report of the SHS shall include audit of all the transactions at the State as well as DHSs level.
- Audit for the financial year will include all the components under NHM.
- The auditor appointed shall be **required to issue Consolidated Audit Report for the State and each District, comprising all programmes under Flexible Pool for RCH & Health System Strengthening, National Health Programme and Urban Health Mission.**
- All State level report shall have to be issued in three sets (Two sets for 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).
- 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.
- Auditor shall certify all the UCs in the prescribed format (Form 12C of GFR, 2017) of GOI for all programmes of NHM. The UCs shall be furnished sanction-wise and should be signed by the Principal Secretary, Mission Director, State Programme Officers in charge of concerned Programme and the Auditor.
- The auditor shall also append the Checklist (**APPENDIX-B-CHECKLIST FOR AUDITOR**)
- The auditor shall certify the FMR on the basis of audited expenditures with all the line activities for the last quarter (quarter ending March 2024) 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, SHS.

**18. 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 followed. 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.

**19. Minimum Eligibility Criteria:**

- I. The firm must be empanelled with C & AG and ICAI/ICWA, without which the application of the firm would not be considered.
- II. Firms must qualify following minimum criteria:

Sl. No	Particulars	Minimum Criteria
1	Number of full time FCA	1
2	Turnover of the firm (Average annual in last three yrs.)	Minimum Rs.10 Lacs
3	No. of Years of Firm Existence	5 Years
4	No. of assignments of Centrally Sponsor Schemes (Having fund/Grants not less than Rs. 10 crores annually) in the last 5 years	5
5	No. of assignments of Experience of audit of Externally / Internally Aided Projects / Social Sector Projects (other than Audit of Charitable Institutions & NGOs) in the last 5 years	2

*Any firm not qualifying the above minimum criteria need not apply as their proposal shall be summarily rejected.*

**Supporting Documents for Eligibility Criteria:**

Following supporting documents must be submitted by the firm along with the technical proposal:

- A. **For S. No. 1** above, the firm must submit an attested copy of Certificate of C&AG, ICAI/ICWA as on 01-01-15.
- B. **For S. No. 2**, the firm must submit, a copy of the Financial Statements for the last three years with income tax return for each year.
- C. **For S. No. 4 & 5**, the firm must submit a copy of the appointment letters from the auditee

organizations in support of assignments.

D. The firm or any partners of the firm should not be black listed by any PSUs or Govt. Co. or any other organisation in respect of any assignment or *behaviour*.

### **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 ground for declaring the Proposal non-responsive/ invalid.
- ii. Single Proposal (Multiple Firms): In case State decides to appoint more than one CA firm as auditor, the Bidding CA firm may submit proposal for State and also for one Group of districts.
- 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 Proposal must be signed by the Authorized signatory of the firm.
- 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 organization.**

- ix. 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. The firm shall give an undertaking that the team members are proficient in the State's official language (both oral and written). **The auditors must have the H.O/ Branch Office in the allotted State. (Form U)**. However, in case if NE States/ UTs where availability of Auditor is scare, the States/UT may consider the proposals of audit firms from the neighboring States
- xi. Firm shall have to depute appropriate no. of teams for timely submission of Audit Report and to attain quality of audit.
- xii. Each team shall have to be headed by a qualified Chartered Accountant/ Cost Accountant.

**Technical & Financial Proposal will consist:**

- i. Letter of Transmittal (*Form T-1*)
- ii. Technical Proposal format (*Form T-2*)
- iii. Financial Bid format (*Form F-1*)
- iv. Undertaking of presence of HO/Branch offices in State (*Form U*)

**Letter of Transmittal**

To,

The Mission Director,  
State Health Society,  
Name & Address of State

Sir,

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 here by submitting our Proposal, having details about the firm and proposed audit fees.

We hereby declare that all the information and statements made in this Proposal are true and accept that any mis-interpretation 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 State Health Society Meghalaya, 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,

( )



**Format for Technical Proposal**

<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	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 establishment 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 GST/TAN Registration No	Attach copy of Registration
6	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.
7	Empanelment No. with C&AG	Attach proof of empanelment with C&AG for the year under Audit (2022-23) confirming that the firm is eligible for major PSU audits.
8	No. of Years of Firm Existence & Date of establishment of Firm	Attach copy of Partnership Deed
9	Turnover of the Firm in last three years	Attach a copy of Balance Sheet and P & L Account of the last three years or a C.A. Certificate give Break-up of Audit Fee and Other Fees Received.
10	Audit Experience of the Firm: 1. Number of Assignments in Commercial/Statutory Audit	Copy of the Offer Letter & the Fee Charged for each assignment. (Relevant evidences to be given of the

	<p>2. Number of Assignments of Externally Aided Projects/Social Sector Project (excluding audit of Charitable Org.) Institutions &amp;NGOs</p> <p>3. Experience in the NHM audit</p>	turnover and fee)
11	<p><b>Details of Partners:</b>  <b>Provide following details:</b></p> <p><input type="checkbox"/> Number of Full Time Fellow Partners associated with the firm</p> <p><input type="checkbox"/> Name of each partner</p> <p><input type="checkbox"/><input type="checkbox"/><input type="checkbox"/> Date of becoming ACA and FCA</p> <p><input type="checkbox"/><input type="checkbox"/> Date of joining the firm</p> <p><input type="checkbox"/> Membership No.</p> <p><input type="checkbox"/> Qualification</p> <p><input type="checkbox"/><input type="checkbox"/> Experience</p> <p><input type="checkbox"/> Whether the partners is engaged full time or part time with the firm</p> <p><input type="checkbox"/> Their Contact Mobile No., email and full Address (Attested copy of Certificate/letter of ICAI not before 01/01/2023</p>	<p><b>Attested copy of Certificate of ICAI not before 01.01.2023</b></p>

**A. Details of Qualified Staff (Chartered Accountants/ Cost Accountants)**

*(Please provide a self attested copy of Certificate of ICAI/ICWA as on 1.1.2023 for each qualified staff)*

S. No.	Name of Staff	Length of Association with the Firm (in years)	Educational Qualifications	Area of Key Expertise	Membership No.	Relevant Experience
1						
2						

**B. Details of Semi-qualified Staff (including Article Clerks etc)**

S. No.	Name of Staff	Length of Association with the Firm (in years)	Educational Qualification	Area of Key Expertise	Relevant Experience	Remarks
Semi Qualified Staff:						
1						
2						
..						

Article Clerks:						
1						
2						
..						
Others:						
1						
2						
..						

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

**Selection Process of the Auditor:**

A two-stage procedure shall be adopted in evaluating the proposals. The selection will be done using Quality cum Cost Based Selection (QCBS) process. Financial proposals shall be opened only for those firms who have qualified on Technical Parameters as defined above. 70% weight age would be given to the Technical evaluation and 30% weight age would be given to the financial bid.

Quality cum Cost Based (QCBS) process shall be followed as under:  
Once the Technical points have been allotted and finalized 70% of such points shall be allotted to the respective bidding firm and after opening of the Financial Bid the amount of quoted Audit Fee shall be mentioned against the respective C.A./ICWA firms. 100 Marks shall be allotted to the firm quoting the minimum Financial Bid and the rest will be awarded points on proportionate basis.

- The firm must achieve at least **65%** of the marks to qualify on technical parameters.
- In case after the technical evaluation, if at least two bidding firms do not gets the minimum 65% marks for State/any group then the top two firms quoting for the particular Group/State Concurrent audit will be taken into consideration for financial bid.
- If there is only one firm quoting for a particular group of districts than they may be considered.
- In case minimum number of two bids is not received for any group/state, single bid may be considered for financial evaluation.

**Award of Contract:**

On completion of selection process, the firm selected shall be eligible for award of the contract of audit. The firm should execute a Contract with the District Health Society (DHS) & State Health Society (SHS) within 1 week of the award.

**FORMAT FOR FINANCIAL BID**

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

<b>State/Group</b>	<b>Quoted or Not quoted</b>	<b>Quarterly Audit Fee Inclusive of TA/DA, Service Tax, and cess on Service tax. (Rupees in numbers &amp; words)</b>
GROUP I		
GROUP II		
GROUP III		
GROUP IV		
GROUP V		

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

(Letter of undertaking for having the local office in the State)

To,  
The Mission Director,  
National Health Mission,  
Health Complex, Laitumkrah  
Shillong 793003

Sir,

We, the undersigned offer to provide the audit services for NHM, Meghalaya in accordance with your Request for Proposal dated [ *insert date*]. We hereby submit our Proposal, having details about the firm and proposed audit fees.

We hereby declare that our firm is having Head/ Branch offices in the State of .....and is situated at ..... address proof (photocopy of letter for incorporation of firm, lease agreement, phone connection, Electric Connection etc.) of this office in the State is enclosed herewith.

We hereby also give an undertaking that the firm’s staff deputed for the audit are proficient in State’s/UTs local language, both in oral and written form.

We, hereby understand that any information given here if found to be false or misleading will be treated as fraud and appropriate action can be taken in this regard.

Yours faithfully

( )

Encl:

- 1.....
- 2.....

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

Government of Meghalaya  
Health & Family Welfare Department  
State Health Society

**SELECTION OF AUDITORS - REQUEST FOR PROPOSAL**

**HIRING SERVICES OF CHARTERED ACCOUNTANT/COST ACCOUNTANT  
FIRM FOR CONCURRENT AUDIT OF STATE HEALTH SOCIETY (SHS) &  
DISTRICT HEALTH SOCIETY (DHS) - (FOR THE FINANCIAL YEAR 2023-24)  
under National Health Mission (NHM)**

Govt of India (GOI) in partnership with the States is implementing the National Health Mission which comprises 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. NHM, Meghalaya, invites “Proposal for audit” from **firms of Chartered Accountants empaneled with C& AG and eligible for conducting audit of major PSUs for the year 2023-24.**

**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.nhmmeghalaya.nic.in](http://www.nhmmeghalaya.nic.in).

**Important Dates:**

- i. Last date for collection of RFP from Office of SHS: **23<sup>rd</sup> June 2023**
- ii. Date for pre-bid conference: **27<sup>th</sup> June 2023**
- iii. Last date for submission of Proposal to SHS: **30<sup>th</sup> June 2023**
- iv. Date of opening of Technical Bid: **3<sup>rd</sup> July 2023**
- v. Date of opening of Financial Bid: **7<sup>th</sup> July 2023**
- vi. Venue for Pre-bid Conference: Pre-bid Conference would be held at **Conference Hall, NHM, Laitumkhrach, Shillong at 11:30 a.m.**

Sd/-  
**Mission Director,  
National Health Mission,  
Meghalaya**