

Government of Haryana  
State Project Facilitation Unit,  
Directorate of Technical Education, Haryana

Sealed Technical and Financial Bids are invited for hiring the Services of Chartered Accountant Firm to carry out the Internal Audit of Project Institutions under Technical Education Quality Improvement Programme-II (TEQIP-II), from the CAG empanelled audit firms having their registered offices either at Chandigarh or Panchkula, for the year 2015-16. The Firm should be eligible as per Terms of References (ToRs) available at the departmental website [www.techeduhry.nic.in](http://www.techeduhry.nic.in). The interested bidder(s) should submit their bids on or before 18.04.2016 by 5:00 PM in separately sealed envelopes to State Project Advisor, State Project Facilitation Unit, Directorate of Technical Education, Room No. 103, Takniki Shikshya Sadan, Bays No. 7-12, Sector -4, Panchkula – 134109.

Sd/-  
State Project Advisor  
SPFU, Haryana.

# State Project Facilitation Unit (SPFU), Haryana

## Technical Education Quality Improvement Programme-II (TEQIP-II)

### TERM OF REFERENCE

#### 1. Introduction

The Government of Haryana has signed Memorandum of Understanding (MoU) with MHRD, Government of India for implementation of Technical Education Quality Improvement Programme Phase-II (TEQIP-II) in the State, as Centrally Sponsored Scheme assisted by the World Bank. The Government of Haryana has established State Project Facilitation Unit (SPFU) at Haryana under Directorate of Technical Education for facilitation, implementation, coordination and monitoring of the Project. Six Institutions of Haryana have been selected for the project. The funds received and expenses incurred by the Institutions and SPFU are to be accounted for, in proper book of accounts of respective offices. The FMRs of each of them and Accounts and records maintained by the Institutions and SPFU office are to be audited as per existing agreed audit procedures of the World Bank. The SPFU has to appoint internal auditors for the project to perform audit of the institutions and SPFU on semi-annual basis.

#### 2. Project Institutions of Haryana:

1.	University Institute of Engineering & Technology (UIET), Kurukshetra University, Kurukshetra.
2.	University Institute of Engineering & Technology UIET, Maharishi Dayanand University, Rohtak.
3.	NC College of Engineering, Israna,( Panipat).
4.	Faculty of Sciences , Kurukshetra University, Kurukshetra.
5.	Faculty of Sciences & Engineering, Guru Jambheshwar University of Science and Technology, Hisar.
6.	Faculty of Sciences & Technology, Deenbandhu Chhotu Ram University of Science and Technology, Murthal.

#### 3. Background:

TEQIP – II is a Centrally Sponsored Scheme (CSS) of the MHRD, Government of India and is expected to cover around 20 States and 200 institutions. The Central Government is financing 75% and the State Government is financing the remaining 25% of the costs for Government funded / aided engineering institutions and this ratio is 60:20:20 for private unaided institutions, where remaining 20% is institution's share.

#### 4. Objective:

The objectives of internal audit are as follows:

- To evaluate adequacy of internal control system.
- To ensure compliance of laid down Policies and Procedures as documented in Financial Management Manual of the Project, which is also available on NPIU website [www.npiu.nic.in](http://www.npiu.nic.in)

Internal audit provides project management with timely information and recommendations on financial management aspects to enable the management to take corrective actions, wherever necessary, in due course of time.

#### 5. Scope:

The overall scope of Internal Audit in TEQIP-II project will include:

- i) Enable the auditor to confirm compliance with Financial Management Guidelines laid down for the project.
- ii) Provide SPFU with timely and real time information on financial management aspects of the project including internal controls, compliance with financial agreements and Institutions / areas in need for improvement and to enable follow-up actions. This will involve regular, frequent visits to institutions to check adherence with internal control requirements like bank reconciliations, timely maintenance of books / accounting software and accuracy of reporting.

#### 6. General:

The auditor would be given access to any information relevant for the purposes of conducting the audit. This would normally include all legal documents, correspondence, Books of accounts, Financial Management Manual of the project, Project Implementation Plan (PIP), Project Appraisal Document (PAD), Development Credit Agreement, Memorandum of Understanding (MoU) between the State and the Institution, Government Orders and Office Orders and any other information associated with the project and as deemed necessary by the auditor.

#### 7. Coverage by Auditors:

Internal Audit will be carried out on a semi-annual basis and will include Project Institutions and SPFU. The internal Audit firm will submit an Audit Schedule in advance to SPFU / Project Institutions and agree the schedule with the SPFU / Project institutions.

#### 8. Period of Appointment:

The auditor would be appointed for a period of one year beginning April 1<sup>st</sup>, 2015 and cover the financial year ending on March 31<sup>st</sup>, 2016. The contract may be extended to another two years or till completion of the project (whichever is earlier) on the basis of performance of the auditor.

9. Eligibility Criteria-

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

Sr. No.	Particulars*	Minimum Criteria
1.	Number of full time partners associated with the firm for not less than three years with at least one being a fellow CA (As per Certificate of ICAI as on 01.01.2009).	4
2.	Turnover of the firm	Rs.25 Lakhs
3.	No. of Years of Firm in Existence	5 Yrs.
4.	No. of assignments of statutory audit of corporate / PSUs entities except Bank Branch Audit, having a turnover of not less than Rs. 25 Crores in the last three years	4
5.	No. of assignments: Experience of audit of Externally Aided Projects / Social Sector Projects (others than Audit of Charitable Institutions & NGOs) in the last 3 years	4

Any firm not qualifying these 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-

- i. For Sr. No. 1, The firm must submit an attested copy of Certificate of ICAI as on 1.1.2009.
- ii. For Sr. No. 2, the firm must submit, a copy of the balance sheet for the last three years.
- iii. For Sr. No. 4 & 5, the firm must submit a copy of the appointment letters from the audit organizations. Branch Audit of any Bank shall not be considered while taking into account the total number of assignments.
- iv. The firm or any partners of the firm should not be black listed by any PSUs

or Government Company or any other organization in respect of any assignment of behavior. [Self attested affidavit on Rs. 100/- stamp paper to be given in this regard by the authorized person of the firm.

\*The audit firms must be empanelled with the C & AG and eligible for major audits

10. Evaluation Criteria:

The Evaluation Criteria for selecting the auditor are mentioned below:

Sr. No.	Evaluation Criteria	Maximum Marks
1.	Number of Partners (2 marks up to 3 partners, 1 for each additional partner)	10
2.	Presence of Firm in Project State	10
3.	Number of Professionally Qualified Staff Between 10-25 staff (5 marks) More than 25 staff (10 marks)	10
4.	Turnover for the last five years More than 50 Lakh and up to 75 Lakh – 2 Marks for each year More than 75 Lakh – 4 Marks each year	20
5.	Number of Audit and similar assignments undertaken during last 5 years (5 Marks for each assignment, maximum three)	15
6.	Number of World Bank Project Audits** undertaken during the last 5 years (5 Marks for each assignment, maximum seven assignments)	35
	Total Marks	100

\*\* World bank audits mean any audit conducted by the firm for World Bank clients, and includes both external audit and internal audit.

11. Selection Criteria:

The Evaluation Criteria for selecting the auditor are mentioned below:

Sr. No.	Evaluation Criteria	Maximum Marks
1.	Number of External Audit/Similar assignments undertaken during last 5 years (5 marks for each assignment, maximum of 4 assignments)	20
2.	Number of World bank Project Audits undertaken during the last 5 years (5 marks for each assignment, maximum 6 assignments)	30
3.	Based on Team proposed	
	➤ Partner	15
	➤ Audit Manager	15
	➤ Audit Staff	20
	Total marks	100
	The individuals shall be rated on the following sub-criteria, as relevant to the task:	
	General Qualifications: general education and training, length of experience, positions held, time with the firm as staff, experience in developing countries, and so forth;	20%
	Adequacy for the assignment: education, training, and experience in the specific sector, field, subject and so forth, relevant to the particular assignment; and	50%
	Experience of working on World Bank projects	15%
	Experience of working with Government departments / similar projects	15%

## 12. Financial Transactions:

Internal Audit of each implementing agency (IA) would be conducted on a semi-annual basis. It would be carried out in accordance with the Internal Audit standards of Institutions of Chartered Accountants of India, and will include substantive and control test as the internal auditor considers necessary under the circumstances.

The internal auditor will conduct an assessment of the adequacy of the Project Financial Management system, including internal controls. This would include aspects such as;-

- a) Whether appropriate controls as specified by the Financial Management Manual (FMM), Project Appraisal Document (PAD), General Financial Rules (GFRs), Project Implementation Plan (PIP) and other relevant Central/State Government notifications are operation satisfactorily. The auditor would suggest methods for improving weak controls or creating them where these controls do not exist.

- b) That proper books of account/operation of accounting software as laid down in the Financial Management Manual and adequate documentation is being maintained for timely and accurate reporting for project activities.
- c) An assessment of compliance with provisions of the financing agreements (Grant agreements; project agreements, Memorandum of Understanding (MoU) between institutions and SPFU and state and NPIU.
- d) Efficiency and timeliness of funds flow mechanism at the level of state and institutions for project activities.
- e) That an adequate system is in place to ensure that goods, works and services are being procured in accordance with the procurement procedure prescribed for the project. The audit would report any exception any such cases found where these guidelines are not followed.
- f) That an appropriate system of accounting and financial reporting exists, on the basis of which claims are prepared and submitted for reimbursement.
- g) Adequate records are maintained regarding assets created and assets acquired by the project, including details of cost, identification and location of assets.
- h) Checking adhere to FM aspects of Disclosure Management requirement of the project by implementing agencies.
- i) Verifying compliance with the recommendation of the internal audit report of the previous period(s) and provide comments thereon.

13. Reporting:

In addition to detailed internal audit report, the auditor would provide an Executive Summary highlighting critical issues which require the attention of the Head of SPFU and Board of Governor( BoG)of the institution and the status of action on the previous recommendations.

Sr.No.	Period	No. of Institutions	Audit to be conducted in	Submission of Audit Report
1	1 <sup>st</sup> April – 30 <sup>th</sup> September		October	15 <sup>th</sup> November
2	1 <sup>st</sup> October – 31 <sup>st</sup> March		April	15 <sup>th</sup> May

SUGGESTED FORMAT OF INTERNAL AUDIT REPORT

Part A: Brief details of the Auditee and Audit:

- a. Name and address of the Auditee :
- b. Names of office bearers :
- c. Name(s) of Audit Team Members :
- d. Days of Audit :
- e. Period covered in the previous Audit :
- f. Period covered in the current Audit :

Part B: Executive Summary:

The Executive Summary would normally cover the following items:

- a. Objectives of Audit
- b. Methodology of Audit
- c. Status of implementation of the financial management system
- d. Status of compliance of previous audit reports, including major audit observations pending compliance
- e. key areas of weaknesses that need improvement, classified into the following areas:
  - i. Disallowance of expenditure as per the World Bank rules.
  - ii. Procedural Lapse
  - iii. Accounting Lapse
  - iv. Accounting books & records not maintained.
- f. Recommendations for improvements

Executive Summary to include the following format:-

Para No.	Observations	Implications with risks involved	Recommendations for improvement	Auditee's Comments /Agreed Action	Agreed Timeline for Compliance



## Part C: Compliance to Previous Audit Reports

In this part, provide status of compliance with previous reports and detail pending Audit observations. The views of the auditee would also be mentioned. In case there is any difficulty or problem in resolution of audit findings, these would be clearly highlighted.

State Project Facilitation Unit (SPFU), Haryana.

Technical Education Quality Improvement Programme Phase-II (TEQIP-II)

Financial Offer

Rates of Audit Fees : Please quote audit fee for the following :-

A	Financial Year 2015-16	Audit fee for State Project Facilitation Unit, Haryana and eight project institutions.	Audit Fee (Rs.) .....
			Service Tax @ .... (Rs.) .....
			Total (A) (Rs.) .....

Important Note :- For decision on offer the Total Amount "A" as quoted above will be considered.

Signature and Seal  
of C.A. firm.