Government of Rajasthan  
Rural Development Department  
Project :- Rajasthan Gramin Ajeevika Vikas Parishad  
(III floor, B Block, Udyog Bhawan, Tilak Marg, Jaipur, Phone – 2227011, 4259914, Fax – 2227723)  

Jaipur, dated: 28/12/2016

**EOI Invitation for Appointment of Auditor**

Rajasthan Gramin Ajeevika Vikas Parishad (RGAVP) intends to select an Auditor for World Bank funded project for auditing of the annual Project Financial Statements (PFS) for the Financial Years 2016-17 & 2017-18.

EOI is invited from Chartered Accountants firms for taking up the role of the Auditor. Bid document can be downloaded from our website [www.rgavp.org](http://www.rgavp.org) or from State Procurement Portal [http://sppp.rajasthan.gov.in](http://sppp.rajasthan.gov.in).

EOI/Proposals must be submitted in three (3) copies (one original and two copies) in a sealed envelope clearly superscripted as “EOI of Auditor for World Bank funded projects” and delivered up to 06:00 PM on January 19th, 2017 at office address mentioned above during office hours.

State Project Manager (Procurement)  
RGAVP
Rajasthan Grameen Aajeevika Vikas Parishad
Third Floor, RFC Block, Udyog Bhawan, Tilak Marg, Jaipur, Rajasthan

Expression of Interest for Appointment of Auditor

Rajasthan Grameen Aajeevika Vikas Parishad (RGAVP) intends to select an Auditor for World Bank Funded project for auditing of the annual Project Financial Statements (PFS) for the Financial Years 2016-17 and 2017-18

EOI is invited from Chartered Accountants firms for taking up the role on the Auditor. Minimum Qualification criteria Short listing for the assignment would be:

a) CA Firm is empanelled with the C&AG in the panel of audit firms eligible for major audits. (CAG empanelment for F.Y. 2016-17 - Letter Attach)

b) CA Firm is Independent of the Entity (RGAVP) to be audited and no disciplinary orders have been issued by the PCOAB/ICAI against CA Firms Member.

c) CA Firm Should have at least 3 years relevant experience in audit of financial statements or internal audit of Projects financed by bilateral or multilateral agencies; or Agencies implementing government projects; or Public sector undertaking in the same sector (Rural Development) during past 5 Years period. (Attach Work order)

d) Head/Branch office of the Firm Should be in Jaipur. (Must attach Signed constitution certificate)

e) Average turnover of preceding 3 years should not be less than 1 Crore. (Attach Audited Financial Statements of preceding 3 years ending 31st March 2016)

f) Existing Statutory Auditor debarred from participating in tendering process up to 1 year.


Procedure for Submission of EOI: The EOI needs to be submitted in the prescribed format. Detailed EOI along with document confirming compliance with requirements may be submitted by 13.01.2017 at the address indicated below.

Any updates to the EOI documents shall be hosted on our website. The Interested Parties are requested to ensure that all updates are considered while submitting the EOI.

Expressions of Interest must be submitted in three (3) copies (one original and two copies) in a sealed envelope clearly marked “Expression of Interest: Auditor for World Bank funded projects” and delivered up to 6.00 PM on 13.01.2017 the address below:

Financial Advisor
RGAVP

Rajasthan Gramin Aajeevika Vikas Parishad (RGAVP)
Third Floor, RFC Block,
Udyog Bhawan, Tilak Marg, Jaipur, Rajasthan
DOCUMENTS FOR SOLICITING: EXPRESSION OF INTEREST (EOI) FOR APPOINTMENT OF EXTERNAL AUDITOR FOR RAJASTHAN RURAL LIVELIHOOD PROJECT

CREDIT NO.: 4859-IN

CONTENTS

SECTION-I : DETAILS OF EXPRESSION OF INTEREST (EOI)
SECTION-II : EOI FORMAT
SECTION -1

DETAILS OF
EXPRESSION OF INTEREST
Rajasthan Grameen Aajeevika Vikas Parishad (RGAVP)

Rajasthan Rural Livelihood Project (RRLP)

Credit No: 4859-IN

About RRLP: State Project Management Unit (SPMU) along with 18 District Project Management Unit (DPMU)

Intent of the Eol:

Rajasthan Grameen Aajeevika Vikas Parishad implementing the Rajasthan Rural Livelihood Project (World Bank Funded) intends to select an Auditor for auditing of the annual Project Financial Statements (PFS) for the Financial Year 2016-17 and 2017-18.

The objective of the audit of the PFS is to enable the auditor to express a professional opinion as to whether — (i) The PFS provides a true and fair view of the financial position of the project at the end of the period under audit examination; (ii) The funds were utilized for the purpose for which they were provided and; (iii) Expenditures shown in PFS are eligible for financing under the relevant loan agreement.

Expression of Interest (Eot):

Eot is invited from Chartered Accountants Firm registered with the Institute of Chartered Accountants of India (ICAI) for taking up the role of the Auditor as per the above provided brief.

Short listing to be based on:

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Particular</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>CA Firm is empanelled with the C &amp; AG of Indian In the panel of audit firm eligible for major audits</td>
</tr>
<tr>
<td>2.</td>
<td>(a) Applicant CA firm is independent of the entity (RGAVP) to be audited and (b) No disciplinary orders have been issued by the PCAOB/ICAI against CA Firm/Member.</td>
</tr>
<tr>
<td>3.</td>
<td>CA Firm Should have at least 3 years relevant experience in <em>audit of financial statements or internal audit</em> of Projects financed by bilateral or multilateral agencies; or Agencies implementing government projects; or Public sector undertaking in the <em>same sector</em> (Rural Development) during past 5 Years period. (Attach Work order)</td>
</tr>
<tr>
<td>4.</td>
<td>HO/Branch office of the Firm Should be in Jaipur.</td>
</tr>
<tr>
<td>5.</td>
<td>Average turnover of preceding 3 years should not be less than 1 Crore.</td>
</tr>
</tbody>
</table>

**Short Listing Criteria – detailed explanation:**

1. Criterion 1: The applicant CA Firm is empanelled with the C&AG in the panel of audit firm eligible for major audits.
Criterion 2(a): The applicant firm is Independent of the entity to be audited. The CA firm provides declaration/undertaking to this effect.

a. The audit firm is not the incumbent Internal Auditor of the project or the Rajasthan Grameen Aajeevika Vikas Parishad.

b. No partner of the audit or any qualified employee of the firm is related to any member of the Governing Body Executive Committee/Board of Directors or the Project Director/Managing Director/any Director or any of the senior management has applied of the RGAVP. Relative would mean husband, wife, brother or sister or any lineal ascendant or descendant.

c. Neither the firm nor its Partners or Associates have any financial interest in the business of the RGAVP

d. The audit will not be done by a person who either an employee in the project or a partner/employee of the retiring auditor, unless such person is employed with the firm for at least one year.

3. Criterion 2(b): The audit firm is not one against which disciplinary order have been issued by the Public Companies Accounting Oversight Board and these order are in force. A partner/senior manager of the audit firm is not associated with the audit if/she is found guilty of professional misconduct (as below).

(a) has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the first or second Schedule of the Chartered Accountants Act, 1949, or

(b) is one against whom disciplinary section orders have been passed by the Public Companies Accounting Oversight Board.

4. Criterion 3: The applicant firm has experience in audit of financial statement or internal audit at-

a. Project financed by bilateral or multilateral agencies or

b. Agencies implementing government projects or

c. Public sector undertaking in the same sector—Rural Development (other than above).

Only that experience is considered which pertains to audit of the financial statement or internal audit of the project/agency as a whole.

5. HO/Branch office of the Firm Should be in Jaipur.

6. CA Firm Should not be existing Statutory Auditor:- Existing Statutory Auditor has done work from last 2 years now RGAVP wants to change Auditor to ensure proper governance Policy.

7. Average turnover of preceding 3 years should not be less than 1 Crore.
Apart from the above suitable weight age would be given for
a) Long standing of firm
b) Turnover of the firm
c) Qualified Staff and Experience.
The applicant shall furnish documentary evidence in support of their particulars.

Procedure for Submission of EOI: Detailed EOI along with documents confining compliance with short listing requirements is to be submitted by 13/01/2016 at the address indicated below:

A complete act of the Request for Expression Document may be downloaded from our website www.rjaltp.org. Any updates to the EOI documents shall also be hosted on our website. The interested parties are requested to ensure that all updates are considered while submitting the EOI.

Form of Expression of Interest

Interested Chartered Accountant Firms should indicate their interest by filling in the Application Format and Structured Questionnaire and providing the following information and documents:

1. A self attested copy of the latest empanelment intimation letter issued by the CAG containing the Unique Identification Number and the score. The PAF confirm that it is included in the panel for large audits (the panel is posted on the C & AG website).

2. A self attested copy of the latest firm constituent issued by the ICAI.

3. A self declaration signed by an authorized partner of the audit firm verifying that the applicant is independent of the entity to be audited in terms of the parameters given in Criterion 2.

4. A self declaration from the audit to the affect that the firm is not one against which disciplinary order have been issued by the Public Companies Accounting Oversight Board and these orders are in force.

5. A self declaration from the firm to the effect that no partner of the firm has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949 or is one against whom disciplinary section order have been passed by the Public Companies Accounting Oversight Board. In case the firm has such partners, the firm provides details of such partners and certifies that they will not be associated with the audit in any Manner.

6. Detailed citation of relevant experience.

7. Insert CV of Key staff

8. Last three years financial statements

Expressions of Interest must be submitted in three (3) copies (one original and two copies) in a sealed envelope clearly marked "Expression of Interest: Auditor for RRLP" and delivered up to 6:00 PM on 13/01/2016 to the address below.

State Mission Director,
Livelihood Projects & SHGs
(Rajasthan Gramin Aajeevik Vikas Parishad)

Address:-
Rajasthan Rural Livelihood Project (RRLP)
3rd Floor, B-Block, Udhyog Bhawan,
Tilak Marg, C-Scheme, Jaipur

Rajasthan Gramin Aajeevik Vikas Parishad
**SECTION – II**

**EOI FORMAT**

**CONTENTS FOR SECTION – II**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description</th>
<th>Schedule No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Application</td>
<td>Application</td>
</tr>
<tr>
<td>2.</td>
<td>Structured Questionnaire*</td>
<td>Schedule-1</td>
</tr>
<tr>
<td>3.</td>
<td>Declaration</td>
<td>Schedule-2</td>
</tr>
</tbody>
</table>

(The Structured Questionnaire contained in Schedule-1 are to be submitted by the interest Applicant duly filled in, signed and stamped on each page. This questionnaire is a integral part of Eoi and would be use for evaluation)
APPLICATION

Applicant’s Name and Address: 

Application Reference: 

Person to be contacted: 

Designation: 

Telephone No: 

Fax: 

To

State Mission Director,
RRLP,
3rd Floor, B-Block, Yojana Bhawan,
Tilak Marg, C-Scheme, Jaipur (Raj.)

Subject: Expression of Interest (EOI) for Appointment of Auditor for Rajasthan Rural Livelihood Project (World Bank funded). Specification no.: ____________________________

Dear Sirs,

1.0 We, the undersigned Applicant, have read and examined in detail your solicitation of EOI for the purpose of short-listing of our firm for Appointment as Auditor for RRLP (World Bank funded project) being implemented by RGAVP.

2.0 Structured Questionnaire: We are Submitting the Credentials/Information (in Original plus two Copies) as stipulated in your aforesaid solicitation of EOI in Schedule-1. In case you require any further information in this regard, we agree to furnish the same.

3.0 Supporting documents: We have enclosed documents supporting compliance to Criteria for Short Listing and in support of the information provided in the Structured Questionnaire

4.0 Dated this .......................................................... day of .................................................. 2017.

Thanking you, we remain

Yours faithfully

Date: .......................................................... (Signature)..........................................

Place:
To, State Mission Director, RGAVP, Jaipur

In Support of our Expression of Interest. We furnish herewith Structured Questionnaire, along with other information, as follows:

<table>
<thead>
<tr>
<th>General Particulars of Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of the firm</td>
</tr>
<tr>
<td>Registered Address:-</td>
</tr>
<tr>
<td>Phone No:</td>
</tr>
<tr>
<td>Email id:</td>
</tr>
<tr>
<td>Name of the Contract Person for this EOI</td>
</tr>
<tr>
<td>Phone no. of the Contract Person for this EOI</td>
</tr>
<tr>
<td>Email id: of the Contract Person for this EOI</td>
</tr>
<tr>
<td>Branch Offices if any</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars of Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration No. with ICAI</td>
</tr>
<tr>
<td>Registration No. with CAG</td>
</tr>
<tr>
<td>Is the Firm empanelled the CAG major list of auditors</td>
</tr>
<tr>
<td>Registration No with RBI (if any)</td>
</tr>
<tr>
<td>Registration/Empanelment with Other According and auditing bodies</td>
</tr>
<tr>
<td>Number of full time partner:-</td>
</tr>
<tr>
<td>Follow</td>
</tr>
<tr>
<td>Associate</td>
</tr>
<tr>
<td>Number of Full time qualified audit Staff</td>
</tr>
<tr>
<td>Number of other and staff who are semi qualified/unqualified</td>
</tr>
</tbody>
</table>
## Financial Particulars of the Firm

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Turnover* from audit</th>
<th>Turnover from other activities</th>
<th>Total Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-2014</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2014-2015</td>
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<td></td>
<td></td>
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<tr>
<td>2015-2016</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

"Turnover* "Would mean the professional fee earned excluding service tax and Travelling, if billed separately

### Partners Brief Profile***

<table>
<thead>
<tr>
<th>Name of partner/ M. No.</th>
<th>Age</th>
<th>Associate/Fellow</th>
<th>Years of post qualification experience</th>
<th>Qualification's</th>
<th>Years of experience as signing partner</th>
<th>Name of clients handled</th>
<th>Number of years Associated with the firm (post qualification)</th>
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<tbody>
<tr>
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</tbody>
</table>

***Detailed CVs can be provided separately Which includes details of clients handled with nature of assignment.

### Full Time Qualified Audit Staff Brief Profile***

<table>
<thead>
<tr>
<th>Name of Staff/M. NO.</th>
<th>Age</th>
<th>Years or Experience</th>
<th>Qualifications</th>
<th>Number of year associated with the firm</th>
<th>Audit assignments where the staff has worked with year</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

*** Detail CVs can be provided separately

### Other Audit Staff Brief Profile***

<table>
<thead>
<tr>
<th>Name of Staff</th>
<th>Age</th>
<th>Years of experience</th>
<th>Qualifications</th>
<th>Number of year associated with the firm</th>
<th>Audit assignments where the staff has worked with year</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>Name of Project Agency Audited</td>
<td>(1) Funded by Multilateral/Bilateral funding agency</td>
<td>Client Name</td>
<td>Nature of Audit</td>
<td>Year of Audit/Year of work Done</td>
<td>Partner who signed the Audit report</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------------------------------</td>
<td>-------------</td>
<td>----------------</td>
<td>---------------------------------</td>
<td>-----------------------------------</td>
</tr>
</tbody>
</table>

***Detailed citation of work can be provided separately. Please also attach self attested copies of the appointment Letters for the above assignments***
To
State Mission Director,
RRLP
3rd Floor, B-Block, Udhyog Bhawan,
Tilak Marg, C-Scheme, Jaipur (Raj)

Declaration

We hereby confirm that:
(a) Our firm is independent from the project and there is no COI as outlined in criteria 2 (a)
(b) Our firm does not face any sanction or any pending disciplinary action from PCAOB or ICAI against our firms or partners as outlined in criteria 2 (b)

In case of any further changes with affect this declaration at a later date; we would inform the project appropriately.
## Additional Information

### (Part of STRUCTURED QUESTIONNAIRE)

Name of Audit Firm:
Firm ICAI Registration No.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Response of the Audit Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does the audit firm have an in house Audit annual currently in use?</td>
<td></td>
</tr>
<tr>
<td>2. If (1) is yes when it was last update?</td>
<td></td>
</tr>
<tr>
<td>3. Does the firm assign a Quality Assurance (QA) partner (Other than the partner designated to sign the audit report) for Quality control for every assignment? If Yes, briefly describe the system.</td>
<td></td>
</tr>
<tr>
<td>4. Does the firm use software for audit Documentation? If yes, please describe the software used and the extent of Usage.</td>
<td></td>
</tr>
<tr>
<td>5. Does the firm use computer aided audit Tools (CAAT)? If yes, please describe the Software used and the extent of usage.</td>
<td></td>
</tr>
<tr>
<td>6. Have the partners/qualified CA employees completed the minimum CPE hours prescribed by the minimum CPE hours prescribed by the ICAI (i.e 20 Hours per year) during the last three Years? Please provide CPE hours completed and also details of other audit Related training undergone.</td>
<td></td>
</tr>
</tbody>
</table>

Total
<table>
<thead>
<tr>
<th>S. no.</th>
<th>Criteria</th>
<th>Maximum Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Long standing of the firm</td>
<td>10</td>
</tr>
<tr>
<td>2.</td>
<td>Turnover of the firm for the last three financial years (FY)</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>from audit and assurance services</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Experience and Association of Partners</td>
<td>15</td>
</tr>
<tr>
<td>4.</td>
<td>Experience and Association of qualified full time staff</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>(being CAs or Cost Accountants or technically qualified staff relevant to the project)</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Experience of the firm during the last 5 years in audit of</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Financial Statements/Internal Audit relevant to the assignment</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Presence in the city where project headquarters are located</td>
<td>5</td>
</tr>
<tr>
<td>7.</td>
<td>QA arrangements</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
### SUGGESTED CRITERIA FOR SHORT LISTING AT THE EOI STAGE – DETAILED

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Criteria</th>
<th>Scoring</th>
<th>Maximum Marks</th>
<th>Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Long standing of the firm</td>
<td>1 point for the each of existence over 10 year</td>
<td>10</td>
<td>Date of Constitution of the firm as evidenced from the firm constitution certificate issued by ICAI</td>
</tr>
</tbody>
</table>
| 2.     | Turnover of the firm for the last three financial years (FY) from audit and assurances services “Specified Turnover”) | 10 points for Specified turnover of Rs. 1 Crore or above in at least two of the last three F.Y.  
5 points for Specified turnover of Rs. 1 Crore and above in at least one of the last three FYs; | 10            | Self certified; the PAF will provide the total turnover and the Specified turnover “Turnover” Would mean the professional fee earned excluding service tax travelling, if billed Separately. |
| 3.     | Experience and Association of Partners | 3 points for each Partner with PQE of 10 years or more with the firm  
2 points for each Partner with PQE of 5 years or more with the firm  
1 points for each Partner | 15            | List of Partners with date of qualification and number of years of PQE with the firm supported by the latest firm constitution certificate issued by ICAI |
4. Experience and Association of qualified full time staff (being CAs or Cost Accountants or technically qualified staff relevant to the project) with PQE of more than 1 years with the firm

- 3 points for each full time Staff with PQE of 10 years or more with the firm
- 3 points for each Partner with PQE of 10 years or more with the firm
- 1 point for each full time staff with PQE of more than 1 year with the firm

5. Experience of the firm during the last 5 years

<table>
<thead>
<tr>
<th>Description</th>
<th>Points</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livelihood /Employability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Projects financed by bilateral or Multilateral agencies</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Project Financed by bilateral or multilateral agencies (Other than above)</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Projects in the same Sector-Rural Development (other than above)</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Agencies implementing government projects (other than above)</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Presence in the city where project headquarters are</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

List of full time staff with date of qualification and number of year of PQE with the firm supported by the latest firm constitution certificate issued by ICAI Documentation showing the qualification and experience of Staff.

List of the clients audited by the firm and signed under the firm name only, giving the date of issue of the audit report and self attested copies of the appointment letters( only assignment in respect of which audit report has been issued during the last 5 years from date of EOI and pertaining to project as a whole employee in charge of the firm)

Latest firm constitutional certificate issued by ICAI.
<table>
<thead>
<tr>
<th>Attributes</th>
<th>Response of the Audit Firm</th>
<th>Scoring</th>
<th>Max Score</th>
<th>Score Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the audit firm have an in house Audit manual currently in use?</td>
<td>1 if yes 0 if No</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>If (1) is yes when it was last update?</td>
<td>1 if updated within 2 years 0 if updated beyond 2 years</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Does the Firm assign a quality Assurance (QA) partner (other than the partner designated to sign the audit report) for quality control for every assignment? If Yes, briefly describe the system.</td>
<td>2 if there is a QA partner for every assignment 1 if QA partner is for Selective assignment 0 if there is no such system.</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Does the firm use software for audit documentation? If Yes, please describe the software used and the extent of usage.</td>
<td>2 if yes 0 if No</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Does the firm use computer aided audit tools (CAAT)? If Yes, please describe the software used and the extent of usage.</td>
<td>2 if yes 0 if No</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Have the partner completed the minimum CPE hours (i.e. 20 hours per year) during the last three years?</td>
<td>2 if completed by all the partners 1 if by 50% or more partners.</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL**

|  |  |  |  | 10 |
Terms of Reference (TOR)

For Appointment Of A Chartered Accountant firm for external audit of Project financial statements of the Rajasthan Rural Livelihoods Project (RRLP) for the Project Preparation Facility (PPF), Retroactive period and Financial years 2016-17 and 2017-18.

Background:

Recognizing the need for continued action for promoting livelihoods in the State, Government of Rajasthan through the Rajasthan Grameen Aajeevika Vikas Parishad (RGAVP), proposes to implement a follow on project to the District Poverty Initiative Project (DPIP) implemented during 2000-2007. The proposed project, referred to as the Rajasthan Rural Livelihoods Project (RRLP), will be implemented in eighteen districts of Rajasthan, namely Baran, Bhilwara, Bundi, Banswara, Bikaner, Chittorgarh, Churu, Dausa, Dholpur, Dungarpur, Jhalawar, Karoli, Kota, Pratapgarh, Sawai Madhopur, Rajsamand, Tonk & Udaipur over a five year period.

The objective of the Rajasthan Rural Livelihood Project (RRLP) is to enhance the economic opportunities, access to basic amenities, and participation in community decision making for the poor, with a focus on women and marginalized groups in 18 targeted districts of Rajasthan. The objective will be achieved through support under five broad components: (i) Institution Building and Social Empowerment; (ii) Community Investment Support; (iii) Skills Development and Livelihood Promotion; (iv) Climate Change Adaptation; and (v) Project Implementation Support.

For implementation of the Mission an independent society has been set up named “Rajasthan Grameen Aajeevika Vikas Parishad” which would provide overall direction to the project. The society has a three tier structure under governing council & empowered committee. The society is headed by a full time CEO. The program management units would be set up at three levels at State, District & PFT level. The state project management unit will have the responsibility for management & implementation of mission strategies. The district project management Unit would be coordination, managing, supervising & supporting project implementation. The PFT are the primary implementation Unit within the overall project structure.

RGAVP desires to appoint an independent firm of Chartered Accountants as External Auditors to conduct the audit of the project including audit of the Project Financial Statements under the following Terms of Reference.

OBJECTIVES

1. The essence of World Bank’s audit policy is to ensure that the Bank receives adequate independent, professional audit assurance that the proceeds of the Credit were used for the purposes intended, that the PFS are free from material misstatement, and the terms of the legal agreements were complied with in all material respects.

2. The key objectives of the Project external audit are to obtain a professional opinion from independent auditors whether -

a) the PFS give a true and fair view of the financial position of the Project at the end of the period under audit examination, and of the sources and applications (including expenditure) of project funds for that period;

b) the Project funds were utilized for the purposes for which they were provided;
c) Expenditures are eligible for financing under the Project legal agreements and these were exclusively financed through the Project funds and no other sources of funds have been received by RRLP for incurring these expenditures;

d) Expenditure reported in the Interim Unaudited Financial Reports (IFR) are in agreement with the books of account and the IFRs can be relied upon to support applications for withdrawal of Credit, and adequate documentation has been maintained to support these claims;

e) Procurement has been carried by RRLP in line with the agreed procedures as detailed in the Project legal agreements and the Procurement Manual; and

f) The Project has an adequate internal control system (including its continuing implementation and effectiveness) and adheres to the provisions of the project legal agreements, the Financial Management, Procurement and Operations Manual in all material aspects.

3. The Project accounts (books of accounts) provide the basis for preparation of the PFS and are established to reflect the financial transactions in respect of the project as maintained by the project implementing agency, RGAVP at the State Project Management Unit (SPMU), District Project Management Units (DPMU) and Project Facilitation Teams (PFT).

AUDITING STANDARDS

4. The audit will be carried out in accordance with the Standards of Auditing promulgated by the Institute of Chartered Accountants of India (ICAI). The auditor should accordingly consider materiality when planning and performing the audit to reduce risk to an acceptable level that is consistent with the objectives of the audit. While the primary responsibility for the prevention and detection of fraud and error or ensuring that the project funds are used for purposes as required in the legal agreements, rests with both those charged with governance and the management of an entity, in planning and performing the audit procedures and evaluating and reporting the results thereof to reduce audit risk to an acceptably low level, the auditor should consider the risks of material misstatements in the financial statements resulting from fraud and error, as required by Standard on Auditing 240: The Auditor’s Responsibilities to consider Fraud and Error in an Audit of Financial Statements issued by the ICAI.

SCOPE AND COVERAGE OF THE AUDIT

5. The audit will cover all the Project sources and applications of funds at the following auditable units for the Project Preparation facility, Retroactive period and financial years 2016-17 and 2017-18.

a) The State Project Management Unit (SPMU) at Jaipur;

b) District Project Management Units (DPMU) – 18 during FY 2016-17 and 18 nos. during FY 2017-18;

c) The Project Facilitation Teams (PFT)/CLF attached to the DPMUs; and
d) A sample of Utthan Sansthans (US)/VO at each of the project districts\(^1\).


The auditor is required to exercise such tests of accounting records, internal checks and control and other necessary audit of the accounts as per general principles and standard of audits of the Institute of Chartered Accountant of India (ICAI). In conducting the Audit, attention should be given to the following:

(a) All funds have been used in accordance with the condition of the relevant financial norms and financial regulations with due attention to economy and efficiency, and only for the purpose for which the financing was provided.

(b) Generally accepted accounting principles are followed by all accounting centers under RRLP in a consistent manner.

(c) Goods, works and services financed have been procured in accordance with relevant provisions of the procurement procedure prescribed for the purpose. Proper documents, namely, purchase orders, tender documents, invoices, vouchers, receipts, pay bills, TA bills etc. are maintained and linked to the transactions and retained till the end of the Project.

(d) All necessary supporting documents, records and accounts have been kept in respect of all Project transactions reported through the IFR. Clear linkages exist between the books of accounts and reports presented to the Government of Rajasthan and the World Bank.

(e) The expenditures claimed through IFRs are eligible within the legal agreements and the extent to which the IFRs can be relied upon as a basis for reimbursement. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be specifically reported by the auditor.

(f) Expenditure incurred under RRLP is strictly in accordance with the financial norms or any other clarifications issued from time to time. Expenditure is incurred with reference to the approved AWP&B including re-appropriation duly approved by the competent authority.

(g) An assessment of the adequacy of the Project financial management systems, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls, and any need for revision; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports; physical verification and reconciliation procedures; methods of remedying weak control or creating controls in areas in which they are lacking.

\(^1\) The sample size would be determined by the auditor based on his professional judgement and risk assessment so as to get an understanding of the working of the USs and compliance with the FM Manual/COM. For this purpose, the auditors are expected to also review the observations in the internal audit reports.
(h) Separate Chartered Accountant firm(s) has been appointed to conduct internal audit under defined terms of reference. The external auditors will review the project internal audit reports for the year under audit and assess the impact of the observations (systemic and recurrent) on the true and fair view of project financial statements and on other aspects on which the auditor is required to provide his opinion. The auditor will review the adequacy of the coverage and scope of internal audit including the quality of the audit reports and mechanisms in place for follow up of the internal audit observations (this should be covered in the Management Letter).

(i) Reconciliation of all Bank Statements and accounts is regularly carried out on a monthly basis and old outstanding entries/unusual entries are reviewed and followed up.

(j) Status of audit compliance of previous audit objections raised, if any.

(k) Specific points with regard to the audit of grants provided to community level organizations (Utthan Sansthan-US): The Auditors will apply the following procedures during their audit of the DPMU. Specific confirmation of following these procedures, along with the observations, will be made by the Auditors in the Management Letter, including providing the list of Utthan Sansthans selected in the sample review. The sample size would be determined by the auditor based on his professional judgement and risk assessment so as to get an understanding of the working of the USs and compliance with the FM Manual/COM. It is suggested that the Auditors develop a checklist.

Select a representative sample of subproject expenditures/grants and carry out the following detailed tests:

At the DPMU

(a) Review that the USs to whom project funds have been provided were duly constituted as provided in the PIP;

(b) Review that the advances to USs were made by the DPMU against approved Livelihood Plan after due diligence of compliance with the eligibility criteria by the DPMU, and sufficient documentation exists to support this assessment;

(c) Review that the subsequent tranches were made by the DPMU in accordance with the procedure detailed in the PIP including verification of the achievement of the milestone (include physical verification), and sufficient documentation exists to support this assessment;

(d) Determine the efficacy of the system of reporting end use of funds by the US and their review and verification by the DPMU. Are sufficient details available to provide reasonable assurance on the use of project funds (grants) as per the approved livelihood plan.

(e) Determine that the coverage of USs under Internal Audit was in accordance with the ToR and whether adequate compliance has been made in respect of the audit observations.
At the Utthan Sansthan

As part of the procedures to determine if funds were used for intended purposes, the auditors should perform end-use reviews based on the control risk assessment. For this purpose, the auditors will visit a sample of the US in ALL DPMUs and review that the USs have –

(a) maintained adequate books/records to account for the receipt of grants and the expenditure made; that grants released by the DPMU matched with the receipt at the US.

(b) reconciled their bank accounts and attended to the old outstanding entries (if any);

(c) followed the community procurement procedures prescribed, and adequate controls were in place over the qualities and quantities received.

(d) Review goods and works procured to determine whether they exist or were used for their intended purposes in accordance with the terms of funding agreement, and whether control procedures exist and have been placed in operation to adequately safeguard them. End-use reviews may include site visits to verify their existence or whether used for their intended purposes in accordance with the objectives of the project. Questionable items must be quantified and reported.

AUDITED PROJECT FINANCIAL STATEMENTS

7. The responsibility for the preparation of financial statements, including selection and application of accounting policies, is that of RGAVP. The PFS should be signed both by RGAVP's authorized signatories and a Partner of the Audit Firm. The audited Project Financial Statements should include:

(a) A Balance Sheet showing accumulated funds of the Project, Bank Balances other Assets of the Project and Liabilities, if any, as at the close of the financial year under audit.

(b) An Income and Expenditure Account containing summary of income and expenditure shown as per the project component/sub-component both for the current fiscal year and cumulative to date.

(c) A Receipts and Payments Account for the year under audit and cumulative till date.

(d) Quarterly IUFRs submitted during the period under audit.

(e) Accounting Policies applied in preparation of the PFS and Notes on Account explaining, wherever necessary, the project transactions.

(f) Management Assertion: Management should sign the project financial statements and provide a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements and an assertion that project funds have been expended in accordance with the intended purposes as reflected in the financial statements. An example of a Management Assertion Letter is enclosed as Annex A.
STATEMENTS OF EXPENDITURES AND FINANCIAL MANAGEMENT REPORTS

In addition to the audit of the PFS, the auditor is required to audit all Financial Management Reports (IUFRs) for withdrawal applications made during the period under audit examination. The auditor should apply such tests as the auditor considers necessary under the circumstances to satisfy the audit objective. In particular, these expenditures should be carefully examined for project eligibility by reference to the relevant financing agreements. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor.

AUDIT REPORT

8. The Annual Audit Report on the PFS will be in the form recommended by the Standards on Auditing of the ICAI, including a primary opinion on whether the PFS show a true and fair view. In addition, the auditor will provide opinion on the matters specified in para 7 above. Those standards require a clear written expression of opinion on whether the financial statements give a true and fair view. An unqualified opinion will indicate the auditor’s satisfaction in all material respects that the financial statements give a true and fair view, they have been prepared using consistently applied generally accepted accounting principles, comply with the relevant project’s legal documents and adequate disclosure of all material matters have been made. When a qualified opinion, adverse opinion or disclaimer of opinion or reservation of opinion on any matter is made due to limitation of scope or disagreement with management etc., the audit report should clearly state the reasons thereof (preferably in a separate paragraph) and, as far as practicable, quantify the effect on the financial position.

The auditor should submit the audit report to the Governing Board/Executive Committee (as applicable) of the Society well in advance who will take further action to have two copies of the Audited Project Financial Statements and the audit report forwarded to Government of Rajasthan and World Bank within six months from the close of the financial year. The Auditor is required to discuss the report with concerned DPM/SPM/unit head and get signed by concerned DPM/I Manager (fin.) etc.

MANAGEMENT LETTER

9. In addition to the audit report, the auditor will prepare a "Management Letter" and submit it along with the Audit Report. The Management Letter will elaborate the findings of the audit and contain recommendations for improvements in internal control and other matters coming to the attention of the auditor during the audit examination. The Management Letter would include matters such as the following:

(a) Comments and observations on the accounting records, systems, and internal controls that were examined during the course of the audit;

(b) Specific deficiencies and areas of weakness in systems and internal controls and make recommendations for their improvement;
(c) Degree of compliance of each of the financial covenants of the financing agreement and give comments, if any, on internal and external matters affecting such compliance;

(d) Elaboration of the audit qualifications, if any, made in the audit report;

(e) Major observations (systemic and recurrent) arising out of the internal audit reports and the status of their compliance;

(f) Details of the sample review of the Utthan Sansthas, including the methodology, and the results of the audit;

(g) Details of findings of any investigations/internal audit/other audit into matters where there is suspected fraud (of any amount) or irregularity or a material failure of internal controls;

(h) Adequacy of compliance with previous audit findings/recommendations in the Audit Report/Management Letter and status of any issues which remain to be addressed and any issues which recurred;

(i) Communicate matters that have come to the attention during the audit which might have a significant impact on the implementation of the Project; and

(j) Any other matters that the auditor considers pertinent.

10. The Management Letter should contain an Executive Summary including a table of observations and audit recommendations along with response of the Management and a timeline for completing the action recommended. Also, provide a list of auditable units, including sample of USs, covered during the audit in the Management Letter.

GENERAL

11. The Finance Manager RRLP will be the Nodal Officer for the purpose of conducting the audit. The auditor should be given access to any information relevant for the purposes of conducting the audit. This would normally include all legal documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. The information made available to the auditor should include, but not be limited to, copies of the Bank's Project Appraisal Document, the Legal Agreements, Project Implementation Plan, Procurement Manual and Financial Management Handbook. It is highly desirable that the auditor become familiar with other Bank policy documents, such as OP/BP 10.02, the Bank's internal guidelines on Financial Management that include financial reporting and auditing requirements and World Bank procurement guidelines for projects financed by the World Bank. The auditor should also be familiar with the Bank's Disbursement Manual. All documents will be provided by the Project to the auditor.

Annexure:-

1. Format of Management Assertion letter

2. Sample Reconciliation of Claims to Total Applications of Funds

3. Sample Audit Report—Unqualified Opinion
(To Auditor)                          (Date)

This representation letter is provided in connection with your audit of the Project Financial Statements of the Rajasthan Rural Livelihoods Project under Credit No. _____ (the Project) for the year ended on _____ for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Project as of ...... and of the sources and uses of funds for the year then ended. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the basis of accounting followed by the RGAVP, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

- The project financial statements are free of material misstatements, including omissions.
- Assets shown on the project balance sheet exist, are owned by the project, and are used solely for project purposes.
- Project funds have been used for the purposes for which they were provided.
- Project expenditures are eligible for financing under the Credit agreement.
- There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the project financial statements.
- The Management has taken proper and sufficient care for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- Procurement has been done as per the agreed procedures.
- We have made available to you all books of account and supporting documentation relating to the project.
- We have made available to you all procurement documents relating to the project.
- All complaints received and subsequent correspondence thereof have been made available.
- The project has complied with the conditions of all relevant legal agreements, including the Financing Agreement, Project Agreement, the Minutes of Negotiations, and the Financial Management and Procurement Manuals and the COM.

__________________________________________  ________________________________
Project Director RRLP                              Financial Advisor RRLP

Dated: _____
Sample Reconciliation of Claims to Total Applications of Funds - Annex 2

Name of the Project

Loan / Credit / Grant No.

Reconciliation of Claims to Total Applications of Funds

Report for the year ended

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<th>Schedules</th>
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Bank Funds claimed during the year (A) providing details of claim numbers, dates and amounts

Total Expenditure made during the year (B)

Less: Ineligible expenditures (C)

Expenditures not claimed (D)

Add: Expenditure claimed for Previous year (D1)

Total Eligible Expenditures Claimed (E)=(B)-(C)-(D)+D1

World Bank Share @ x% of (E) above (F)

______________________________________________________________________

CFAO

Project Director
Notes:

1. Total expenditure made during the year (B above) must be the same as the Total Expenditures shown on the Statement of Sources and Applications of Funds.

2. Ineligible expenditures (C above) may include those funds which are non-bank financed, and those which are not eligible as per the financing agreements. While contractual advances, in line with procurement guidelines, are eligible for claims, advances provided to other implementing agencies are usually ineligible, unless specifically agreed.

3. Expenditures not claimed (D above) may reflect timing differences for eligible expenditures incurred during the year but claimed after the year end. This needs to shown as a part of the reconciliation statement.

4. Amounts A and F above must be equal.

5. The reconciliation statement could be amended to suit particular project, as long as it reconciles the project expenditure depicted in the financial statements, and the amounts claimed during the year.
Sample Audit Report—Unqualified Opinion – Annex 3

Auditor’s Report

Addressee

Report on the Project Financial Statements

We have audited the accompanying financial statements of the [insert project name] Project [financed under World Bank Loan No. [insert loan number]/IDA, which comprise the Balance Sheet as of [insert date], and the Statement of Sources and Applications of Funds and the Reconciliation of Claims to Total Applications of Funds for the year then ended. These statements are the responsibility of the Project’s management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the Auditing and Assurance Standards promulgated by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of [insert project name] project as of [insert date] and the sources and applications of its funds for the year then ended in accordance with accounting principles generally accepted in India.

In addition, in our opinion, (a) with respect to Interim Unaudited Financial Reports, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; (b) all terms and conditions as laid down under the relevant financing agreements (loan agreement and project appraisal document) have been met and the legal covenants mentioned in the financing agreement have been complied with and (c) except for ineligible expenditures as detailed in the audit observations (Annex xxxx) (delete if not applicable), appended to this audit report expenditures are eligible for financing under the Credit Agreement. During the course of the audit, IFRs (each application no. and amount to be indicated) and the connected documents were examined and these can be relied upon to support reimbursement under the Credit Agreement.

[Auditor’s Signature]

[Auditor’s Address]

[Date]

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2 The auditor’s report should be addressed to the person stipulated in the underlying loan agreement as responsible for providing audited project financial statements.

3 Insert titles of other required statements and schedules included in or annexed to the project financial statements, if any.

4 The report should be dated as of the date to which the auditor has become aware of and considered the effects of events and transactions. This is generally the final date of fieldwork, as opposed to the date of signing the audit report.