

Request for Proposal

(RFP)

For appointment of Concurrent Auditor for 24 District Health Societies (DHSs) for Audit of all programmes under NHM including flexible pools of NRHM-RCH, NUHM, NDCP and NCD.

FY 2019-20



National Health Mission
Jharkhand Rural Health Mission Society, Jharkhand
GVI Campus, Tata Road, Namkum Ranchi-10

Checklist for submission:

Please ensure submission of the following checklist as a part of the technical proposal. All mentioned documents are required as a part of the bid. In case any document is not submitted, the bid is liable to be rejected.

Requirement	Submitted? (Yes/No)	Page No.
TECHNICAL PROPOSAL		
Letter of Transmittal (<i>Form T-1</i>)		
Details of the Firm along with Details of Partners (<i>Form T-2</i>)		
Brief of relevant experience (Form T-3)		
Bid submitted for – State/Groups (Form T-4)		
A self-attested copy of Certificate issued by ICAI for firm existence, no. of partners		
Proof of branch presence in the state with duration as per ICAI certificate.		
Self-attested copy of Certificate of ICAI/ICWAI for each qualified staff		
Copy of the Financial Statements for the last three years alongwith income tax return for each year		
Copy of appointment letters from the concerned auditee organizations for experience		
An undertaking on the Letter head of the firm signed by a Partner of the firm regarding non-blacklisting		
Checklist		
FINANCIAL PROPOSAL		
Financial bid as per <i>Form F-1</i> .		

Request for Proposal (RFP) for Concurrent Auditor

Jharkhand Rural Health Mission Society (JRHMS) seeks to invite proposals from CA firms meeting the minimum eligibility criteria for the concurrent audit of associated 24 District Health Societies-one in each district of the State and all Blocks thereunder implementing various programs under the National Health Mission, Jharkhand, for the financial year 2019-20.

Details w.r.t background of the auditee, units to be covered in audit, scope of work, terms of reference, and the eligibility criteria for selection of the firms are given below:-

Section I

Background

National Rural Health Mission (NRHM) of the Ministry of Health & Family Welfare (MoH&FW) was launched on 12th April, 2005 by the Government of India to improve medical facilities in the country. From 2013-14 onwards the NRHM programme has been subsumed under the umbrella programme of National Health Mission. NHM is overarching NUHM and 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. It also seeks to reduce the Maternal Mortality Ratio (MMR) in the country from 167 to 100 per 1,00,000 live births, Infant Mortality Rate (IMR) from 40 to 30 per 1000 live births and the Total Fertility Rate (TFR) from 3.0 to 2.1.

2. One of the visions of the Mission is to increase public spending on health from 1.3% to 2-3% of GDP, with the improved arrangement for community financing and risk pooling. The NHM has provided an umbrella under which the erstwhile Reproductive and Child Health Programme (RCH), various National Disease Control Programmes (NDCPs) and Non-Communicable Disease Programme (NCDs) have been repositioned. National Urban Health Mission (NUHM) has also been added as sub-mission of National Health Mission.

3. At present the following Programmes/Schemes come under the purview of National Health Mission:

A. NHM-RCH Flexible Pool:

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

B. National Urban Health Mission (NUHM) Flexible Pool.

C. Flexible Pool for Communicable Diseases:

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

D. Flexible Pool for Non-Communicable Diseases:

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

4. Institutional and Funding Arrangements:

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

Funding & Accounting Arrangements:

Funds for the various programs are transferred from Pay & Accounts Office of MoH&FW to the State Treasuries and thereafter from the Treasuries to the SHS functioning in the State. Government of India transfer funds in the form of Grants-in-Aid to the SHS on the basis of respective State Programme Implementation Plan (SPIPs) and approved Annual Work Plans prepared on the basis of District Health Action Plans (DHAP) of each of the districts in the State. Under the umbrella of the integrated SHS/DHS, each program maintains separate bank accounts, books of accounts and other financial records as per the requirements of each program and also submits separate financial activity reports at varying frequencies to the respective monitoring unit in MoH&FW, 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), DFID, UNFPA, 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 upon by the Concurrent Auditors. Copies of the legal agreements and other project documents will be provided to the Auditors, if required, by the SHS/ concerned Programme Division in the State.

Section II

Objectives of Audit:

The objective of Concurrent Audit would be:-

- a. Ensuring accuracy and timeliness in maintenance of books of accounts;
- b. Tracking of advances, follow up and settlement on priority basis;
- c. Guarding against advances being shown as expenditure in the FMRs;
- d. Ensuring accuracy in the preparation of monthly/quarterly Financial Monitoring Reports, based on books of accounts;
- e. Ensuring voucher/evidence based payments;
- f. Ensuring timely and accurate submission of financial MIS to the management;
- g. Improving accuracy and timeliness of financial reporting from State, District & sub-District levels; and
- h. Improving internal control mechanism of the society.
- i. Undertaking field visits to the Districts / Blocks with increased focus on institutions below District level.

A number of sub-district entities like Block *CHC/PHC*, PHC, RKS, Health Sub-Centre, in the same order of priority, may be selected by the State/ District Health Society for field visit on a monthly / quarterly basis, and its observations would be incorporated in the respective audit report.

Financial Statements:

The Auditors shall submit the monthly financial Statements. A format of such financial statements and relevant schedules showing the details of report of all the programmes shall be provided by the State HQ.

Section III

Minimum Eligibility Criteria:

- I. The firm must be empanelled with ICAI, without which the application of the firm would not be considered.
- II. Intending firms must have Head/Branch Office in the respective District (Group) for being eligible to participate in the bidding process.
- III. Intending firms must meet following other criteria:

Sl. No	Particulars	Minimum Criteria
1	The firm must be empanelled with ICAI	As on 01-01-2019/date
2	Average annual turnover in last three years	Rs. 10 Lakhs
3	Firm's existence (in number of years)	Not less than 3 years as on 1.1.19 (cut-off date)
4	Experience of Statutory/ Concurrent audit of NHM OR Externally/Internally aided projects OR social sector projects OR Govt org. OR Banks since 1.4.2016 (other than audit of charitable institutions & NGOs) in the State of Jharkhand upto date of submission of bid	2 assignments

Firms not meeting the above minimum criteria need not apply as their proposal shall be summarily rejected.

Supporting Documents for Eligibility Criteria:

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

- A. For 1 & 3 above, the firms must submit attested copy of Certificate issued by ICAI.
- B. For Sl. No. 2 (table), the firms must submit a copy of the Financial Statements for the last three years alongwith income tax return for each year.
- C. For Sl. No. 4 (table), the firms must submit a copy of appointment letters from the concerned auditee organizations.
- D. The firms or any partners of the firms should not be black listed by the Central Govt./any State Govt/any PSU/any other govt organisation in respect of any assignment or behaviour/attitude. An undertaking on letter-head of the firm is to be submitted in this regard.

Non-Eligibility:

Firms appointed as Concurrent auditors for the years 2017-18 & 2018-19 will not be eligible for appointment for FY 2019-20. Hence such firms need not apply.

Section IV

Terms of appointment & selection of the Auditor

- Districts have been divided into six groups of four districts each for the purpose of Concurrent Audit for the year 2019-20, as per table below:

Group -1	Group – 2	Group – 3	Group – 4	Group - 5	Group – 6
Ranchi	Giridih	Dhanbad	Palamu	East Singhbhum	Bokaro
Simdega	Deoghar	Jamtara	Garhwa	West Singhbhum	Ramgarh
Lohardaga	Dumka	Sahebganj	Latehar	Saraikela	Hazaribag
Gumla	Godda	Pakur	Chatra	Khunti	Koderma

- The intending bidders **must** have Head Office/Branch Office in any of the districts of the concerned group.
- Bidders are required to submit bids for any group, as a whole. Bidders may apply for any number of groups, however, one bidder will be assigned only one group based on scoring pattern detailed later. In case a bidder secures highest score for more than one group, least cost model shall be applied i.e. allocation of groups shall be made so as to reduce the overall cost for National Health Mission, Jharkhand.
- At District level, the concurrent auditor appointed once can be retained / re-appointed for a maximum term of two financial years i.e. current year and next year. However, the Contract would be awarded for only one financial year at a time and may be renewed for the next financial year only on the basis of review of the auditor's performance by the State Office.
- JRHMS reserves the right for allotment of marks of financial and technical evaluation on the basis of previous year's performance, in case a Bidder applies for any district/s of which it was the Concurrent auditor for any previous year.
- It will be the responsibility of the auditor to prepare financial statements of the allotted districts on a monthly basis as well as consolidated reports of DHSs including blocks on a quarterly basis which will have to be submitted to JRHMS.
- Concurrent Auditor will be required to take care of TDS return preparation & e-filing on a quarterly basis, TDS certificate issuance and other related works in a timely manner.
- A record of the visiting audit team shall be maintained at the concerned facility and a certificate has to be obtained in support of its visit indicating the name & designation of the team members and the date/period of visit, from the head of that facility.
- Audit reports should be submitted on a monthly basis. In case of delay in submission of the audit report without adequate justification, 10% of the stipulated monthly fees will be deducted as penalty for each month of delay. Part of a month shall be taken as full month for the purpose of deduction of penalty.

- The audit reports should also cover qualitative issues emerging from the audit other than the financial statements.
- Checklists should be thoroughly filled and each aspect should be adequately elaborated. Observations reported on accounting and internal control issues should be properly detailed and substantiated.
- An executive summary should be incorporated in each report providing information on aspects like quality of FMRs, maintenance of books of accounts, advances, compliance with audit observations etc.
- The reports at both the State and District level should include consolidated report of RCH, Additionalities under NHM, Immunization and NDCPs. In addition, it should also include instances of misappropriation/unauthorised diversion of funds as noticed during the audit.
- Action Taken Report submitted by the District Accounts Manager should be vetted by the concerned Concurrent Auditor and sent alongwith his observations to the Director (Finance) within 30 days of completion of the audit. These reports should indicate the actions to be taken emerging from the latest audit reports including responsibility of implementation and timelines as well as provide the current status on the past observations. **Auditor's fees shall be released only after ATR has been received by Director (Finance) of the State.** Indicative format of ATR is as under:

Para.No.	Observation	Action to be taken	Responsibility to implement	Timeline agreed	Current Status

Key Timelines

The key timelines which need to be adhered to are summarized below:

Activity	Timeline
Carrying out concurrent audit	Monthly
Submission of Audit Report by Auditor to DHS/JRHMS	10th of the next month
Submission of soft copy of District Concurrent audit report to the Director (Finance) at state level	10th of the next month
Submission of hard copy of District Concurrent audit reports to the JRHMS	15th of the next month
Submission of soft copy of the consolidated executive summary & Action Taken Report to the Mission Director, MOHFW	Quarterly- by 20th of the first month of the next quarter
Submission of the executive summary report by the JRHMS to Centre	Quarterly – by 25th of the first month of the next quarter

Remuneration

- Audit fee will be paid by JRHMS on quarterly basis for District/Blocks Audit, only after receipt of monthly audit report and ATRs and on the basis of specific work completed by the audit firm.
- In case the appointment does not happen within the first quarter the fees would be appropriately reduced as per the decided scope and coverage.

Coverage:

- The District Concurrent Auditors should ensure that all DHSs & all blocks thereunder are covered during the year.
- For districts comprising upto 12 blocks, auditor needs to ensure that at least one block is physically visited every month so as to cover all the blocks over the year. For districts comprising consisting more than 12 blocks, auditor needs to ensure that every block is physically visited at least once during the year.
- The audit plan should include a visit to at least 50% PHCs/ CHCs, 3 sub-centres and 5 VHSNCs located within the block selected for visit. The State/District may decide to increase the scope for the same.

Contents of Audit Report:

Concurrent Audit Report of a “District Health Society” should contain the following financial statements and documents:

- Duly filled in Checklist & Executive Summary provided in the guidelines.
- Financial statements as prescribed:
 - Audited Trial Balance
 - Audited Receipts & Payments A/c
 - Audited Income & Expenditure A/c
 - Balance Sheet
 - Audited Statement of Expenditure
 - Bank Reconciliation Statement
 - List of advances
- Observations and Recommendations of the auditor (including observations on blocks visited)
- Action Taken by District Health Society on the previous audit observations, along with his observations on the same
- Executive summary report.

Section V

Guidelines for Submitting the Proposals & Evaluation of Bid:

A. General Guidelines:

Eligible firms are required to submit the proposal (RFP) in two separate & sealed cover/envelops duly superscribed on Top as proposal for..... & Last date.....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 both shall be placed in another envelope and sealed. This envelope shall bear the 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 instructed. This circumstance may provide a case for Proposal’s/ bid’s rejection. If the Financial Proposal is not submitted in a separate sealed envelope duly marked as indicated above, this shall constitute grounds for declaring the proposal non-responsive/ invalid.
- ii. **Association with Other firms & Quality Assurance:** Only single firm is eligible to apply. Association/Joint ventures of two or more firms are not eligible to apply.
- iii. Interested firms should submit their proposals to Mission Director, NHM for State/District groups for which they intend to do the Audit work. The State Audit Committee shall evaluate the Technical proposal and finalize the same for opening of financial bids of eligible firms.
- iv. All agencies must comply with the Technical Specification, General Conditions and Format/Requirements for Technical and Financial proposal.
- v. 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 proposal shall be considered for evaluation purpose.
- vi. Financial proposals submitted by the firm should be valid for 6 months from the date of submission of the proposal by the firm.
- vii. Each page, Form, Annexure and Appendices of the Technical and Financial Proposal must be signed by the Authorized signatory of the firm.

- viii. All blank spaces in the financial proposal must be filled in completely where indicated, either typed or written in ink.
- ix. JRHMS 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.
- x. The technical & financial evaluation and all selection process shall be done by office of Mission Director, JRHMS, Jharkhand, Ranchi.
- xi. All bid documents should be spiral bind with page no. & signature on each page.*

B. Technical Proposal:

- I Letter of Transmittal (Form T-1)
- II Details of the Firm along with Details of Partners (Form T-2)
- III Brief of relevant experience (Form T-3)
- IV Bid submitted for – State/Groups (Form T-4)

C. Financial Proposal:

The financial bid shall be submitted as per *Form F-1*.

Percentage (or proportion) of funds involved/turnover shall not form the basis for quoting the audit fee.

D. Minimum Proposed Fee:

JRHMS recommends the following minimum fees for this assignment:

Group	Minimum Fee (Excluding GST) Per month per group
1	46000/-
2	45000/-
3	32000/-
4	39000/-
5	46000/-
6	34000/-

Bids below the minimum recommended fee shall be rejected.

TECHNICAL EVALUATION:

The technical proposal evaluation shall be based on the following parameters.

SI No	Particulars	Minimum Criteria	Max Marks	Evaluation Criterion
1	Number of Full Time Fellow/ Associate Partners associated with the firm	1	20	1 mark per ACA, 2 marks per FCA partner
2	Turnover of the firm (Average annual in last three financial yrs.)	Minimum Rs.10 Lakhs	20	10 -25 Lakh= 10 marks >25 to 50 Lakh = 15 marks above 50 Lakh = 20 marks
3	Experience of Statutory/ Concurrent audit of NHM/ Externally/Internally aided projects/social sector projects/Govt org./Banks since 1.4.16 (other than audit of charitable institutions, NGOs & Banks) in the State of Jharkhand upto date of submission of bid <i>(Experience shall be counted according to client wise and not year wise)</i>	Min 2 assignments	20	2 marks for each client (Maximum 20)
4	Qualification of Key Professional staff, No of qualified/ semi qualified staff or article assistant, Existence & presence of firm.		40	1).Qualified Key Professionals staff(10 Marks) (CA/ICWAI) 1 mark for each Staff, maximum 10. 2) Existence of the firm (10 marks). One mark for each year, maximum 10. 3) Firm having Branch Office / Head Office in Jharkhand (20 Marks). Branch/Head Office in District HQ (for the group quoted) = 1 mark for each year of existence for each Branch

- I.** Bidder must submit relevant proofs to justify the claims in order to obtain relevant marks.
 - a.** For staff- qualification certificate should be submitted.
 - b.** Proof of branch, existence of firm & number of partners should be submitted which shall include confirmation from ICAI wherever applicable.
 - c.** For experience criteria, agreement/order copy should be submitted

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% weightage would be given to the Technical parameters and 30% weightage would be given to the financial parameters.

Quality cum Cost Based (QCBS) process shall be followed as under:

Once the Technical points have been allotted and finalised, 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. firms. 100 Marks shall be allotted to the firm quoting the minimum Financial Bid and the rest will be awarded points on proportionate basis.

In case of a tie, firm shall be selected on the basis of lottery in front of the committee & representative from the bidding firms.

If there is only one firm quoting for a particular group of districts then they may be considered if minimum fee is quoted.

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 JRHMS within 1 week of the award.

Letter of Transmittal

The

Mission Director
SHS

Name & Address of State

Dear Sir,

We, the undersigned, offer to provide the audit services for *[Name of State Health Society]* in accordance with your Expression of Interest dated *[Insert Date]*. We are hereby submitting our Proposal, which includes this Technical Proposal, and a Financial Proposal sealed under a separate envelope.

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

The prices quoted by us in the Financial Proposal (Form F-1) are valid till six months from the date of submission of the quotation. 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 JRHMS*[Insert Name of the State]* 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 CA. Firm]* to submit the proposal and to negotiate on its behalf.

Yours faithfully,

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Particular/Details of the Firm		
SI No	PARTICULARS	Supporting Documents required to be submitted along with this Form
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 H.O. is 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:
3	Firm Income Tax PAN No.	
4	Firm GST	
5	Firm's Registration No. with ICAI/ICWAI	
6	No. of Years of Firm's existence & Date of establishment of Firm	ICAI Certificate
8	Turnover of the Firm in last three years	Attach balance Sheet and P&L Account of the last three years or a C.A. Certificate.
9	Details of Partners:	
	Provide following details:	
	• Number of Full Time Fellow Partners associated with the firm.	
	• Name of each partner	
	• Date of becoming ACA and FCA	Attested copy of Certificate of ICAI
	• Date of joining the firm,	
	• Qualification	
	• Experience	
	• Whether the partners are engaged full time or part time with the firm.	
	• Their Contact Mobile No., email and full Address	

Details of Qualified Staff

(Please provide a self-attested copy of Certificate of ICAI/ICWAI 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						

Brief of Relevant Experience:

A. Experience of audit in relation to NHM/externally/internally Aided projects/ State's Social Sector Projects/Govt organisation/Bank since 1.4.16 (Excluding the audit of Charitable Institutions and NGOs).

S. No.	Name of the Auditee Organization	Grant-in-aids handled of the Auditee organization	Type/nature of Assignment	Scope & coverage of the assignment	Duration of completion of assignment	Proof of The letter of work or Assignment awarded by the Auditee Organization (Pl attach a copy of the letter)

Bid submitted for Group

State/Group	Bid submitted or Not submitted
Group 1	
Group 2	
Group 3	
Group 4	
Group 5	
Group 6	

