

Terms of Reference (TOR) Monthly  
Concurrent Audit of State Health  
Society under NRHM, Uttar Pradesh  
Financial Year 2018-19



National Rural Health Mission  
State Health Society, Uttar Pradesh  
SPMU, NRHM, Vishal Complex, 19A, Vidhan Sabha Marg, Lucknow

## **Terms of Reference (TOR) For Monthly Concurrent Audit of State Health Societies under NHM Uttar Pradesh for F.Y. 2018-19.**

### **A. Introduction:**

#### **a) Project Background:**

The National Health Mission (NHM) has been constituted by GOI to improve the health status of rural & urban population. The NHM will address the issues relating to low public health expenditure, lack of community ownership, vast regional differences in health indicators, lack of integrated and holistic perspective on health care. The Mission has been constituted to provide effective health care to the rural & urban population throughout the country with special focus on 18 states, which includes Uttar Pradesh and aim to introduce systemic changes in health care delivery system by improving the quality, access and demand aspects of health services. Improved management of health programmes, resulting in higher efficiency and effectiveness levels is the key focus area of this Mission.

The Mission of NHM is to “facilitate an improved health status and quality of life of the population, with unequivocal and explicit emphasis on results driven, integrated, decentralized, participatory and innovative approaches to health services”. The NHM is an integrated approach in bringing about a dramatic improvement in health system and the health status of the people, especially who live in rural & Urban areas. The mission seeks to provide universal access to equitable, affordable and quality health care services, which is accountable and responsive to the need of the people. The program has been launched by GOI on 12<sup>th</sup> April 2005 and by Government of Uttar Pradesh on 7<sup>th</sup> September 2005.

To achieve the goals of the programme NHM will

- Facilitate increased access and utilization of quality health services by all.
- Forge a partnership among central, state and the local governments.
- Set up a platform for involving the Panchayati Raj Institutions and community in the management of primary health programmes and infrastructure.
- Provide an opportunity for promoting equity and social justice.
- Establish a mechanism to provide flexibility to the states and the community to promote local initiatives.
- Develop a framework for promoting inter-sectoral convergence for promotive and preventive health care.
- Reduce in Infant Mortality Rate (IMR) and Maternal Mortality Ratio (MMR).
- Universal access to public health services such as Women’s health, child health, water, sanitation & hygiene, immunization, and nutrition.
- Prevent and control of communicable and non-communicable diseases, including locally endemic diseases.
- Access to integrated comprehensive primary healthcare.
- Population stabilization, gender and demographic balance.
- Revitalize local health traditions and mainstream AYUSH.
- Promote of healthy life styles.

NHM was conceived as an umbrella program subsuming the existing programs of health and family welfare, including the following programs:

- **Reproductive and Child Health,**
  - Reproductive and Child Health
  - Routine Immunization,
  - Intensified Pulse Polio Immunization Programme
  - Health System Strengthening,
- **Health System Strengthening,**
- **National Urban Health programme,**
- **National Disease Control Programmes (NDCPs)**
  - National Iodine Deficiency Disorders Control Programme (NIDDCP)
  - Integrated Disease Surveillance Project (IDSP)
  - National Vector Borne Disease Control Programme (NVBDCP)
  - National Leprosy Eradication Programme (NLEP)
  - National Programme for Control of Blindness (NPCB)
  - Revised National Tuberculosis Control Programme (RNTCP)
  - National Programme for Prevention and Control of Fluorosis
  - National Mental Health Programme
  - National Deafness Programme

A Mission Directorate has been established in the Ministry of Health and Family Welfare (MoHFW) for successful running of the NHM program. It is headed by the Mission Director who is at the level of Additional Secretary to the Government of India. The Mission Director is supported by the Joint Secretary, Directors NHM, Under Secretary, Assistant Director, Section Officer and other staff members at the Center Level.

#### **b) Project Management under National Health Mission:**

At the state level State Health Mission has been constituted under the Chairmanship of Honorable Chief Minister while the State Health Society has been constituted under the chairmanship of Chief Secretary of Uttar Pradesh. Similarly at the district level District Health Mission has been constituted under the chairmanship of Honorable Minister In-charge of the district while District Health Society (DHS) has been formed under the Chairmanship of District Magistrate.

For achievement of NHM goals and for effective implementation of NHM activities additional resources and capacities at various levels have been created, viz., State Programme Management Unit (SPMU) – at the state level, District Programme Management Unit (DPMU) at district level and Block Programme management (BPMU) at block level.

#### **c) Project Management Structure of NHM in UP:**

The NHM programme is being implemented in the state of UP by a society headed by Mission Director who reports to the Principal Secretary (Health & Family Welfare), GOUP. At the District level, District Programme Management Units (DPMUs) is established and they work as the secretariat for the District Health Societies. The CMO / Deputy CMO are the nodal officer for the DPMUs. A Programme Manager who generally has a background in Rural Management or is an MBA works as the District Programme Manager.

## **B. Objective of Monthly Concurrent Audit:**

- (i) The primary objective of the monthly concurrent audits is to enable the concurrent auditors to examine the accounts pertaining to the National Health Mission programme maintained by the State Health Society on a continuous basis, provide necessary technical and hand holding support with a view to ensure timely preparation of accounts and reports, reliability of information, effective monitoring of programme activities and advances, etc. is audit will also enable timely identification of accounting and reporting issues and addressing them expeditiously without allowing them to assume monstrous proportion.
- (ii) Others key objectives:-
- ◆ To ensure voucher/ evidence based payments to improve transparency.
  - ◆ To ensure accuracy and timeliness in maintenance of books of accounts.
  - ◆ To ensure timeliness and accuracy of periodical financial statements,
  - ◆ To improve accuracy and timeliness of financial reporting especially at sub-district levels.
  - ◆ To ensure compliance with laid down systems, procedures and policies.
  - ◆ To regularly track, follow up and settle advances on a priority basis.
  - ◆ To assess & improve overall internal control systems.

## **C. Scope of Monthly Concurrent Audit:**

There shall be a concurrent audit of the accounts of all the activities carried out by the SHS every month. The audit will cover examining of accounts of State Health Society kept at SPMU, Other State Level units which have received funds under NHM programme. The scope of audit covers all activities being implemented under N HM, viz., (a) RCH, (b) Health System Strengthening, (c) Immunization (including pulse polio), (d) National Urban Health Mission (e) National Disease Control Programme, (f) Inter-sectoral convergence and (g) any other programme which the GOI/ GOUP may take up under NHM in future.

The responsibilities of the concurrent auditors should include reporting on the adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with financial norms and procedures of the operational guidelines.

- Audit of the SHS accounts and expenditure incurred by SHS.
- Verification of quarterly FMRs with books of accounts.
- Audit of advances at the SHS level.
- Audit of the provisional utilization certificates sent to GoI.
- Monitoring timely submission of the district concurrent audit reports.
- Detailed analysis and compilation of the District concurrent audit reports.
- Vetting of the State Action Taken Reports and providing observations thereon
- Follow-up & monitoring over the ATRs prepared by districts on the observations made in the audit.
- Preparation of Quarterly Executive summary to be sent to GoI in the prescribed format.
- Any other evaluation work, as desired by the State Audit Committee.
- To evaluate and obtain a sufficient understanding of SHS's and other implementing unit's internal control structure related to implementation of NHM programmes and payment process, collection and reliability of data used. They are required to evaluate the control

environment, the adequacy of the accounting systems, and control procedures. This evaluation must include, but not be limited to the control systems for:

- a. Ensuring that charges to the NHM are proper and supported;
  - b. Managing cash on hand and in bank accounts;
  - c. Procuring goods, services and construction activities;
  - d. Managing inventory and receiving functions;
  - e. Managing personnel functions such as timekeeping, salaries, and benefits;
  - f. Managing and disposing of commodities (such as vehicles, equipment, and tools, as well as other commodities) purchased either by the SHS or directly by GOUP/ GOI; and
- To 100% vouching at SPMU and Other State level units (CHART, SIHFW, DGMH, DGFWS, IEC Bureau, SIFPSA, KGMU & any other units).
  - To examine and ensure that the books of accounts of SHS are maintained accurately and in are updated in a timely manner as per operational guidelines for financial management.
  - To perform tests to determine whether the SHS and other implementing units complied, in all material aspects, with the terms, conditions and guidelines laid down for individual activities and applicable laws and regulations so far as it relate to the NHM project.
  - To determine whether the SHS has taken corrective action on prior audit report recommendations.

The State Concurrent auditor shall be nodal auditor all concurrent audits that would be conducted in the district by district concurrent auditors under NHM and is required:

- To monitor and oversee smooth and timely conduct of concurrent audits of the DHS. The auditor would be to make sure that all the audit reports are received at the SPMU by the stipulated date.
- To provide technical support to DHS and district concurrent auditors by way of instruction, clarification etc. after consultations with and approval by the officer of stipulated level of SHS.
- To consolidate the expenditure received from the districts and prepare a consolidated monthly expenditure report of NHM programme for state of Uttar Pradesh and certified it.
- To analyze each district concurrent audit report, prepare an executive summary and a gist of audit objection raised by the district concurrent auditors and suggest the corrective action to improve the systems for information and follow up action by the SHS.
- To take necessary steps to standardize the accounting and reporting systems so that there is ambiguity and the quality in accounting and reporting work is maintained.

#### **D. Frequency of Audits:**

- a. Concurrent audit will be carried out on monthly basis.
- b. The auditors will Organize meeting of all “District Concurrent auditors” quarterly and discussion about quality of audit reports with SPMU officials.
- c. The auditors will submit Audit report monthly from April 18 to March 2019.

#### **E. Audit committee:**

An audit committee should be constituted at the state level to facilitate and monitor the appointments and overall audit process at state and district level. The members of the State audit committee should be the following:

Person	Designation in Committee
Principal Secretary, MH&FW,	Chairman
Divisional Commissioner, Lucknow,	Member
Mission Director,	Member
Director General, Medical & Health Services,	Member
Director General, Family Welfare,	Member
Representative form NDCP (at least one)- One Representative form NDCP may be nominated by DG, MH	Member
Finance Controller, NHM	Member-Secretary

The SAC should function under overall guidance of Principal Secretary (Health) at the State level. The SAC should meet at least 4 times in a year. Also, a copy of minutes of the meetings of the SAC related to the appointment of auditors shall be sent to Principal Secretary –Health at the state level for concurrence purpose.

### **Functions of the SAC**

- Selection and appointment of the State concurrent auditors.
- Issue of advertisement for appointment of District concurrent auditors.
- Final concurrence for the appointment of District concurrent auditor.
- Monitoring timely audits at the state and district level and timely submission of audit reports.
- Discuss the key audit findings with state concurrent auditor and state finance manager and suggest appropriate actions.
- Monitor whether adequate follow up action is being taken by the state finance personnel on the audit observations.
- Authorize the payment of remuneration to the auditor (only after approving the Action Taken Report on the issues highlighted during the course of the audit).
- Carrying out an assessment of the audits in case the auditors are being considered to be reappointed and the renewal of the auditors’ contracts, in case of reappointment.

### **Appointment & Selection of Auditors**

- Appointment and selection of the state level concurrent auditors will be done by the respective State Audit Committee through Open Tender System. The tender document should be advertised through a central advertisement at the state level. EoI format as prescribed in the guidelines along with the Terms of Reference should be provided to all firms in order to receive their Technical Bids.
- Interested firms should upload their bids directly to the concerned district e- tender portal in two parts- Technical and Financial bids. The tenderer should upload scan copy of Crossed Demand Draft with technical bids and also original copy of DD will be submitted in sealed envelopes in tender box at SPMU-NHM, 19A, Vishal Complex, Vidhan Sabha Marg Lucknow. This should be opened in meeting of the Evaluation committee.
- The bidder should upload to signed bids documents (all page) technical and financial bids.

- The audit committee would first open the technical bids and evaluate them on the basis of the criteria as prescribed in the guidelines. The audit committee should arrive at a base minimum figure/ threshold and CA/CMA firms scoring above the base minimum figure should be deemed to have technically qualified to undertake the job.
- Financial bids of only technically qualified firms should be opened by the committee and audit should be awarded to the lowest bidder.
- If the lowest financial bidder does not agree to undertake the audit work within the prescribed audit fee or the audit committee deems it unfit for any reason (reasons to be recorded in writing), the job may be awarded to the next lowest financial bidder if the firm agrees to undertake the job. However, the work may only be awarded to a technically qualified bidder (the firms which are above the base minimum figure of the technical evaluation).
- Once selection is finalized by SAC, the same may be intimated to Principal Secretary Health for his concurrence.

**I. Remuneration to the Concurrent Auditor:**

The Remuneration will be decided by SAC (should be lowest) which should not exceed the maximum fee limit if any.

**II. Penalties Clause:**

- a. The chairman of State Audit Committee may impose penalty up to 10% of the respective month audit fee, if monthly concurrent audit report is not submitted by the concurrent auditor in stipulated period.
- b. In case concurrent auditor fails to complete the work as per TOR or instruction given by the SAC then, the chairman of State Audit Committee may decide to black list the firm for audit of National Health Mission work for 3 Years.

**III. Term of appointment of the auditors:**

- a. The concurrent auditor shall be initially appointed for the period up to March 2019 but can be retained/ reappointed for a maximum total term of two year (current year and next year).
- b. The contract can award for one year and could be renewed next year on the basis of review of auditor's performance.

**I. Contents of Audit Reports**

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

- Duly filled in Checklist provided in the operational guidelines for financial manual,
- Financial statements as prescribed in the operational guidelines for financial management,

- Audited Receipts & Payments A/c (Qtrly)
- Audited Income & Expenditure A/c (Qtrly)
- Audited Statement of Affairs (Balance Sheet) (Qtrly)
- List of advances & (Qtrly)
- Audited SOE (Qtrly)
- Fund Reconciliation Statement between SHS and DHS (Qtrly)
- Audited Statement of Expenditure/ FMR with Variances (Qtrly)
- Audited Trial Balance (Monthly)
- Bank Reconciliation Statement (Monthly)
- Observations and Recommendations of Auditor – particularly covering the following aspects:
  - Deficiencies noticed in internal control
  - Suggestions to improve the internal control
  - Extent of non-compliance with Guidelines issued by GOI
- Action Taken by State Health Society on the previous audit observations, along with his observations on the same.

**Notes:**

1. Soft copy of the audit report needs to be submitted to Director (finance) at the state level.
2. The Director (Finance) at the Centre may call for the concurrent audit report of any district/ state.
3. The reports at both the state and district level will include consolidated report of RCH, Health System Strengthening, Immunization and NDCPs. In addition, it should also include instances of misappropriation/ unauthorized diversion of funds as noticed during the audit.

**J. Quarterly Executive Summary**

- The State Concurrent Auditor is required to submit a **Quarterly Executive Summary** to the SPMU by compiling the observations from the State as well as District Concurrent Audits by 20<sup>th</sup> of the next month. (**Format** attached as *Annexure XXXVII*).
- The executive summary should provide information on various aspects like quality of FMRs, maintenance of books of accounts, advances, compliance of audit observations etc.
- It shall be signed by both the concurrent auditor and the Mission Director at state level and sent to the Mission Director, MOHFW.

**K. Management Letter:**

- In addition to the audit reports, the concurrent auditor will prepare a “Management Letter”, in which the auditor should summarize the observation on the internal control issues (other than those which materially affect his opinion on the financial statements) as under:
  - Give comments and observations on the accounting records, systems and internal controls that were examined during the course of the audit;
  - Identify specific deficiencies and area of weaknesses in the system and internal controls and make recommendations for their improvement;
  - Report on the level of compliance with the financial internal control, procedures as documented in the financial manual of the project;



- Report any procurement which has not been carried out as per the procurement manual of the individual programmes such as; RCH-II, HSS, NUHM, Immunization, Civil Hospitals, Blocks, RNTCP, IDSP, NPCB, NLEP, NIDDCP, NVBDCP, Mental Health, Deafness, Tobacco Control Programme, Non Communicable Disease & all allied Institutes etc.
- Communicate matters that have come to the knowledge during the audit which might have significant impact on the implementation of the project; and
- Bring to Society’s attention/notice any other matter that the auditor considers pertinent.

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

#### **L. Key Timelines**

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

Activity	Timeline
Carrying out concurrent audit	Monthly basis
Submission of Audit Report (hard and soft copy) by Auditor to SHS	10 <sup>th</sup> of the next month

#### **M. Procedure for Monthly Concurrent Audit:**

The concurrent auditor must use the following steps as the basis for the concurrent audit programs and the review. They are not considered all-inclusive or restrictive in nature and do not constitute relief from exercising due professional care and judgment. The audit steps must be modified to fit local conditions and specific program design, implementation procedures, and agreement provisions, which may vary for various activities that are being carried out or are to be taken up in future by the SHS. Any limitations in the scope of work must be communicated as soon as possible to the concerned authorities at SAC, SPMU, NHM UP.

#### **I. Pre-Audit Steps:**

The auditor must make himself familiar with the NHM project and various activities being implemented under the programme. The auditor may visit the official website of Ministry of Health and Family Welfare, Government of India and GOUP to find out more about the NHM project and activities involved. He must review the applicable documents/ instructions for implementation considered necessary to perform the audit. A suggestive (not exhaustive) list of such documents is given below.

1. The Programme Implementation Plan (PIP), budgets, terms and conditions specified in the letters of grant, and written procedures approved by GOUP/ GOI, SPMU for implementation of an activity/ use of fund.
2. All guidelines of SPMU, GOI and GOUP and relevant government orders pertaining to implementation of NHM programme.
3. The bye-laws of the society and **Operation guidelines for financial management.**

4. The sub-agreements/ MOUs between the State Health Society and other implementing entities, as applicable.
5. Contracts and subcontracts with third parties, if any.
6. All program financial and progress reports; and statement of accounts, organizational charts; accounting systems descriptions; procurement policies and procedures; distribution procedures for materials, as necessary to successfully complete the required work.
7. Document relating to payments received by State Health Society from GOUP/ GOI.

## **II. Nodal Auditor for all the concurrent Audits of the DHSs:**

The State concurrent auditor will work as an advisor to the SHS and shall be nodal auditor in respect of the concurrent audit of NHM Programme including the concurrent audits of the DHS. In this regard the state concurrent auditors shall be responsible for following:

- i. Since the consolidation of expenditure figures of all the districts will be a huge task, where many bottlenecks are envisaged, the state concurrent auditor should be proactive and willing to think out of box. He should co-ordinate and communicates with the officials of DHS and district concurrent auditors regularly to make sure that the monthly concurrent audits commence and conclude as per the schedule.
- ii. The state concurrent auditor monitors the concurrent audits of the districts to ensure smooth and timely conduct of concurrent audits of the DHS. Any problem faced by the district auditors should be promptly addressed to make sure that the reports are not delayed /qualified. Instances of non-cooperation to the district auditors from any quarter will be promptly brought to the notice of the authorities in the SHS. The auditor will make all efforts to make sure that all the audit reports are received at the state office by the stipulated date.
- iii. It is envisaged that at the inception of the conduct of the concurrent audit a lot of queries from district will generate. These queries are required to be addressed quickly to make sure that there is no ambiguity and the quality of accounting and reporting under NHM is not compromised. Towards this the state concurrent auditor will provide technical support to the DHS and districts concurrent and will issue necessary instructions, clarifications etc., after consultation with and approval by the officer of stipulated level of SHS.
- iv. When situation demands the auditor may have to visit district for the purpose of hand holding/ troubleshooting. Such visits will be undertaken only after they are specifically asked by the concurrent officer of the SHS. For visit to the district the auditors will be adequately compensated to take care of time utilized for the work by the auditors and they will be reimbursed cost of travel, boarding and lodging at the place of visit.
- v. After receipt of a concurrent audit report from a district, the state concurrent auditor will examine each report. He must make sure that the reports are received with necessary certificates and annexure and are in the requisite format.
- vi. Each concurrent audit report will be analyzed by the state concurrent auditor who will prepare an executive summary and a gist of audit objections rose by the district concurrent auditors and suggests corrective action to improve the systems for information of the SHS and Financial management Group (FMG), GOI. While analyzing reports of district concurrent audits if any serious observations (fraud or

- embezzlements) are find out, the same should be brought to knowledge of Management immediately.
- vii. All audit points raised in district concurrent audit reports are required to adequately followed up for their logical closure. Towards this the state concurrent auditor shall communicate the audit findings, which require corrective action, the concerned officer in the district. They will also monitor the receipt of the Action taken report (ATR) and will give his recommendation on the adequateness of the action taken for closure to the audit point.
  - viii. The concurrent auditor will take necessary steps and will make suggestion with a view to standardize the accounting and reporting systems. This will ensure that there is no ambiguity and the quality in accounting and reporting work is maintained.
  - ix. After receipt of all the concurrent audit reports from the districts the state concurrent auditor will consolidate the expenditure received from the districts. He will prepare a consolidated Monthly expenditure report of NHM programme for the state of Uttar Pradesh and certify it.

### **III. Support in preparation of Monthly Accounts of the SHS:**

With a view to ensure accuracy and their timely submission the concurrent auditors are required to provide necessary support to the SPMU staff in preparation of the Monthly accounts and Monthly/monthly financial reports of the state health society. These include, trail Balance, receipt and Payment Accounts, income and expenditure Accounts, Balance Sheet, Bank Reconciliation Account, of expenditure etc., for every quarter.

### **IV. Concurrent Audit of the SHS and submission of Report:**

1. The concurrent auditors are required to commence their work that include preparation of monthly accounts and reports and audit thereof immediately after completion of a quarter.
2. The Monthly concurrent audit shall be conducted and report submitted using the format given. If the auditors feel that there are other audit observations which do not get adequately reported in the format as specified in Annexure, they may use additional rows at the end to raise the audit observations with proposed corrective actions.
4. The auditor's report must include all conclusions that a fraud or illegal act either has occurred or is likely to have occurred. In reporting material fraud, illegal acts, or other noncompliance, the auditors must place their findings in proper perspective.
5. The concurrent audit must determine whether commodities, whether directly procured by SHS or procured and supplied by GOUP/GOI for the use under NHM Programme, exist or were used for their intended purposes in accordance with the agreements. For this the auditors will rely on certificate by the SHS and will conduct test checks.
6. The concurrent auditor will highlight the major issues raised in the Monthly concurrent audit report of the districts for the SPMU and proposed corrective actions to be taken up in districts. This shall be presented in the format prescribed.

7. The concurrent auditor will prepare quarterly Executive summary to be submitted to FMG, MOHFW, GoI in the prescribed format, Which will highlight the major issues raised in the monthly audit reports of both the SHS and DHSs.
8. The auditor will verify and certify the Monthly Financial Monitoring Reports being sent to the FMG, GoI by the SHS.
9. The auditor will help the SHS in training of the District Accounts Managers and other functionaries on the requirements and salient points of the periodic financial reports and on the Monthly concurrent audits.
10. The state concurrent auditor will help the SHS to orient the district concurrent auditors selected for monthly concurrent audits.
11. The concurrent audit of SHS includes audit & compilation of state level units.

**N. Composition of Audit Team:**

The key personnel in the audit team, their minimum qualification and their anticipated inputs are indicated below.

- a. The audit team should be lead by a qualified chartered accountant with a minimum of 10 **years** of experience in audit. The anticipated input of the CA/CMA is about 5 days in a month.
- b. The anticipated input of semi qualified CA/CMA is about 15-20 days of month.**
- c. The audit team should include sufficient number of appropriate staff (audit and article clerks, etc.) commensurate with the size and scope of the assignment.

**O. Time Frame for completion of Concurrent Audit and Submission of Report:**

- a. Submission of concurrent audit report of SHS (three copies): 10<sup>th</sup> of the next month.
- b. Preparation and submission of consolidated monthly expenditure report for NHM Programme of UP. 20<sup>th</sup> of the next month.
- c. Preparation and submission of gist of audit finding for each district and preparation of executive summary 20<sup>th</sup> of the first month of the next quarter.

**P. Inspection and acceptance of Audit Work:**

The FMG, MOHFW, GOI is responsible for assuring that the work performed by the chartered accountant firm complies with the provision made under the TOR. To accomplish this objective, personnel engaged by FMG may perform desk review on audit report selected on random basis and may perform quality control reviews of the working papers of a sample of concurrent audit reports received from the auditor.

For quality control review, the audit firm must ensure that all records related to NHM project are available to enable FMG to complete and support their review. If the FMG rejects the work of an audit firm due to noncompliance with the TOR, the SHS will not release a portion make report acceptable, a different audit firm shall be selected to perform another audit, in such case, the audit firm will be considered for future engagement.

**Q. Minimum Eligibility Criteria:**

- I. The firm must be empanelled with C & AG for audit for the year 2017-18.
- II. The firms must have its Head Office / Branch Office in Lucknow.

(The firm has Head Office, Branch Office and Partners and paid Chartered Accountants should match with the certificate issued by ICAI/ICWA as on 01.01.2018, without which the application of the firm would not be considered)

**Technical Evaluation Criteria:**

Sl. No.	Particulars*	Minimum Criteria
1.	Number of Full Time Fellow Partners associated with the firm for not less than 3 years (As per Certificate of ICAI/ICWA as on 1.1.2018) i.e. such partners should continue to be a fellow member during their partnership for all the three years continuously.	4
2.	Turnover of the firm (Average annual in last three financial yrs.)	Minimum Rs.15 Lakhs
3.	No. of Years of Firm's Existence as per ICAI/ICWA Certificate	5 Yrs.
4.	No. of audit assignments of Statutory Audit of Corporate/PSUs entities except Bank Branch Audit in the last 5 years.	8
5.	No. of assignments: Experience of audit of Externally Aided Projects/ Social Sector Projects of the central and or States (other than Audit of Charitable Institutions & NGOs) in the last 5 years	4

a) **Any firm not qualifying on these minimum criteria need not apply as its proposal shall be summarily rejected.**

b) Supporting Documents for Eligibility Criterions:

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

- i. For S. No. 1 & 3 above, the firm must submit an attested copy of Certificate of ICAI/ICWA as on 01.01.2018.
- ii. For S. No. 2, the firm must submit, a copy of the Audited Balance Sheet & Profit & Loss Account for the last three years otherwise a Certificate issued by Firm may also be provided in this regard giving the break-up of Fees (Audit Fee, Taxation and Others).
- iii. For S. No. 4 & 5, the firm must submit a copy of the appointment letters from the auditee organizations. Branch Audit of any Bank shall not be considered while taking into account the total number of assignments.

III. The firm or any partners of the firm should not be black listed by any PSUs or Govt. Co. or any other organization in respect of any assignment or behavior [*Self attested affidavit on Rs.100/- stamp paper is to be given in this regard by the authorized person of the firm*].

IV. The Firm which has undertaken audit of State Health Society for consecutive two years shall not be eligible for the audit for the initial third year of that particular State/UT.

V. As regards S. No. 5 the turnover of the auditee organization and audit fee paid/ received have to be provided along with the relevant evidences/ documents.

VI. The minimum 50 out of 100 i.e. 50% marks is necessary to be qualified for opening of financial bids.

**Letter of Transmittal**

**The  
Mission Director  
SPMU,  
State Health Society,  
19A Vidhan Sabha Marg,  
Lucknow, Uttar Pradesh.**

Dear Sir,

We, the undersigned, offer to provide the audit services for State Health Society in accordance with SPMU NHM Lucknow Request for Proposal 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 SPMU, State Health Society, Lucknow is not bound to accept the lowest or any proposal or to give any reason for award, or for the rejection of any proposal.

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

Yours faithfully,

( )

## Particular/Details of the Firm

Sl. No.	PARTICULARS	Supporting Documents required to be submitted along with this Form	
1	Name of the Firm (registration certificate attached)		
2	Head office or Branch office situated at Lucknow.	Yes/No	
3	Addresses of the Firm:		
a.	Date of Established Firm		
b.	Head Office	Address:  Phone No: Fax No: Mobile of Head Office In-charge: Email:	
c.	Date of Establish Branch Office		
d.	Branch Offices (Particulars of each branch to be given)	Address:  Phone No: Fax No: Mobile : Email:	
4	Income Tax PAN. of the firm (Attach copy of PAN card)		
5	GST no. of the firm (Attach copy of Registration)		
6 a.	Registration no. with ICAI/ICWA (Attach copy of Registration as on 01.01.2018)		
6 b.	C & AG /ICWA empanelment number (empanelled for 2017-18)		
7	Date of constitution of Firm		
8	Name of Partners	( Separate list attached with certificate of ICAI/ICWA)	
9	Name of District in Which Submit Proposal	1. 2. 3. 4.	
10	Details of Partners/ Proprietor : ( separate list attached with certificate of ICAI)	No. of FCA/FCMAs	No. of ACA/ACMAs
	No of partners		
11	Number of full time paid staff as on	( Separate list attached with certificate of	

	01.01.2018	ICAI/ICWA)
a	Fully qualified CA:	( Separate list attached with certificate of ICAI)
b	Inter pass CA:	( Separate list attached )
c	Others :	( Separate list attached )
d	Article Clerk:	( Separate list attached )
12	Turnover of the Firm in last three years ( turnover of audit fee only) (Attach balance sheet of the last three years.)	a. 2016-17 b. 2015-16 c. 2014-15
13	Audit Experience of the Firm in Concurrent /Statutory Audit of corporate /PSU entities (except bank branch audit) during the years 2016-17, 2015-16, 2014-15, 2013-14, and 2012-13. (Attach Copy of the Offer Letter & the Fee Charged.)	No. of audits:
14	Audit Experience of the Firm in Bank / 2016-17, 2015-16, 2014-15, 2013-14, and 2012-13. (Attach Copy of the Offer Letter & the Fee Charged.)	No. of audits:
15	Number of audit Assignments of Externally Aided Projects/ Social Sector Projects of the Central and/or States (other than Audit of Charitable Institutions & NGOs) during the 2016-17, 2015-16, 2014-15, 2013-14, and 2012-13. Letter & the Fee Charged.	No. of audits:
16	Whether there are any court / arbitration / any other legal case against the firm (If yes, give a brief note of the case indicating its percent status)	
17.	Self attested affidavit on Rs.100/- stamp paper is to be given in this regard by the authorized person of the firm].	
18	The firm should be declare that the Monthly & Quarterly Concurrent Audit Report (name of district) for the financial year 2018-19( upto dec.2018) submitted to the (SPMU, NHM, Lucknow) before 21/03/2018.[Self attested affidavit on Rs.10/- stamp paper is to be attached in this regard by the authorized person of the firm].	

Note:

- a. Providing incomplete details or non submission of any of the document/ certificate will result in summary rejection of the application.



- b. Audit experience claimed by the firm which is not supported by proper appointment letter shall not be considered. (Audit certificate shall not be considered.)

(On non judicial Rs.100/- stamp paper)

## Undertaking

I / We..... (Name of the partner/proprietor, firm name & address) on behalf of the firm do hereby declare that the above mentioned information are true and correct and I / We also undertake to abide the terms and condition of the contract and would make compliance of terms laid-down in the contract if executed by us with the SPMU, State Health Society, NHM UP. The firm or any partners of the firm are not black listed by any PSU or Govt. Co. or any other organization in respect of any assignment or behavior.

Date:

Place:

Signature of the Partner  
(With seal)

**(On non judicial Rs.10/- stamp paper)**

**DECLARATION**

I hereby declare that the Monthly & Quarterly Concurrent Audit Report of State Health Society of UP and District Health Society (if any – {Name of District}) for the financial year 2018 -18 ( upto dec.2018) submitted to the (SPMU, NHM, Lucknow) before 21/03/2018

Name of CA/ICWA firm

Partner name

Membership no.

FRN -

**Detail of Full Time Partners/Proprietor**

Sl. no.	Name of Partners/ Proprietor	Member ship no.	Date of Joining of Firm	Qualification	Experience	Contract mobile no. & Email and Full Address
1						

**Details of Qualified Staff (Chartered Accountants)**

(Please provide a self attested copy of Certificate of ICAI as on 1.1.2018 for each qualified staff)

S. No.	Name of Staff	Length of Association with the Firm (in years)	Educational Qualifications	Area of Key Expertise	Membershi p No.	Relevant Experience
1						
2						
3						
...						

**Details of Semi Qualified Staff (including Article Clerks etc.)**

S. No.	Name of Staff	Length of Association with the Firm (in years)	Educational Qualifications	Area of Key Expertise	Membershi p No.	Relevant Experience
<b>Semi Qualified Staff:-</b>						
1						
2						
...						
<b>Article Clerks:-</b>						
1						
2						
...						
<b>Others Staff:-</b>						
1						
2						
...						

**Brief of Relevant Experience:**

<b>A. Experience of audit in relation to externally Aided projects/ State's Social Sector Projects (Excluding the audit of Charitable Institutions and NGOs) in the last 5 years.</b>						
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)
1						
2						
3						
...						

<b>B. Experience of Concurrent/ Statutory Audit of Corporate/PSUs entities (except Bank Branch Audit) in the last 5 years.</b>						
S. No	Name of the Auditee Organization	Turnover 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 (PI attach a copy of the letter) And Mention the Fee Received.
1						
2						
3						
...						

**Comments and Suggestions on the Terms of Reference**

[Firm can present with justifications here, any modifications or improvements to the Terms of Reference which can significantly improve performance in carrying out the assignment (such as deletion of some activity which the firm considers unnecessary, adding other activities of significance, re-organizing the activities, additional human resource required at various levels etc. Such suggestions should be concise and to the point, and incorporated in the proposal]

## FORMAT FOR FINANCIAL BID

Item or Activity	Total Amount (in Rupees)
AUDIT FEE inclusive of TA/DA, All Tax and Cess, on Service tax for State Health Society. For Annual Audit fee from April 2018 to March 2019 .	Both in Numeric and in Words.  01.Rs. _____ /- (Rupees _____).

