

No. MBDA/JICA/Audit/2022/523

Dated: 11<sup>th</sup> April, 2022

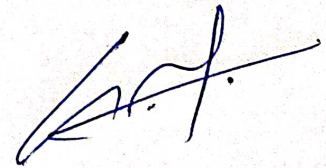
**GOVERNMENT OF MEGHALAYA  
O/o The Project Director  
State Project Management Unit (SPMU)  
Project for Community Based Forest Management  
and Livelihoods Improvement in Meghalaya  
MEGHALAYA BASIN DEVELOPMENT AUTHORITY (MBDA)**

**REQUEST FOR QUOTATION (RFQ)**

SPMU, Project for Community Based Project Management and Livelihoods Improvement in Meghalaya (MeCFLIP) under Meghalaya Basin Development Authority (MBDA) intends to appoint Statutory Auditor for conducting Statutory Audit of the accounts of State Project Management Unit (SPMU), District Project Management Unit (DPMU) and Block Project Management Unit (BPMU) for the financial year 2020-21. Quotation is therefore invited from bonafide Chartered Accountant Firms fulfilling the eligibility criteria given in RFQ document to carry out the Statutory Audit for the Financial Year 2020-21 for MeCFLIP. The RFQ can be downloaded from the website <http://www.mbda.gov.in>. and the result will be uploaded in the same website in due course.

Sd/-

Additional Project Director,  
MeCFLIP, MBDA



## Request for Quotation (RFQ)

**RFQ No.:** MBDA/JICA/Audit/2022/523

**Country:** India

**Name of Project:** Project for Community Based Forest Management and Livelihoods Improvement in Meghalaya

**Funding Agency:** Japan International Cooperation Agency (JICA)

**Dated:** 11<sup>th</sup> April, 2022

### **Background-**

Govt. of Meghalaya is implementing a Project titled "Project for Community based Forest Management & Livelihoods Improvement in Meghalaya" (MeCFLIP), funded by JICA. The objective of the project is to restore and conserve natural resources within the villages by sustainable forest management, livelihood improvement, and institutional strengthening, thereby contributing to conservation of environment, biodiversity, and uplifting of socio-economic conditions of people in the State of Meghalaya. The project is being implemented by Meghalaya Basin Development Authority (MBDA).

SPMU, MeCFLIP on behalf of MBDA intends to select firm from reputed/experienced Chartered Accountant firms (CA) who indicate their interest in providing Statutory Auditing. The interested CA firms may submit their quotation in the prescribed Performa provided herein, which includes Request for Quotation, Eligibility Criteria, Terms and Conditions, Terms of Reference (ToR), **Annexure-I** Technical Bid (Experience and Eligibility Criteria) as per **Annexure-II** and the Financial Bid (Professional Fee) as per **Annexure-III**.

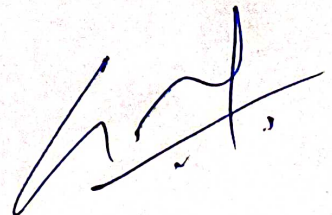
The sealed quotation shall be submitted in one big envelope superscripting "**MeCFLIP, MBDA, Shillong, Meghalaya- Appointment of Statutory Auditor**" containing two separate sealed envelopes, one for "Technical Bid" and another for "Financial Bid" superscripting as such and addressed to The Addl. Project Director, MeCFLIP, MBDA, State Project Management Unit, Shalom Building, 2<sup>nd</sup> Floor, Lower Lachumiere, Shillong- 793001, Meghalaya, India.

The technical bid envelope must contain the technical bid in prescribed Performa as per **Annexure-II** with all relevant documents in support of eligibility and experience criteria. The financial bid envelope must contain only the financial bid format as per **Annexure-III**.

The financial bid shall include professional fee/charges for all services to be incurred in carrying out the statutory audit services and the SPMU, MeCFLIP, MBDA will not accept any claim other than professional fee/charges etc. specified in Bid.

The Technical bid will be opened at SPMU, MeCFLIP, MBDA Office on 20<sup>th</sup> April, 2022 at 3:00 PM, in the presence of the bidders who wish to be present. The financial bid will be opened on the date which will be communicated to only those bidders who are found technically qualified after evaluation of eligible technical bid as per selection criteria provided.

The interested CA firms are advised to read carefully the entire quotation document before submitting their quotation and the quotation documents not received in prescribed format and/or are found to be incomplete in any respect will be considered as non responsive and will be rejected.

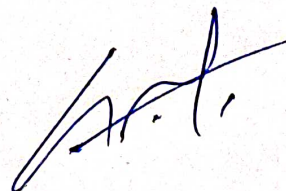


**Supporting Documents for Eligibility Criteria:** Following supporting documents must be submitted by the firm along with the technical proposal:

- A self-attested copy of the latest empanelment intimation letter issued by the CAG
- A certificate 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 sanction orders 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.
- A Declaration signed by an authorized partner of the audit firm verifying that the applicant is independent of the entity to be audited that they have no relationship with the entity to be audited (in particular, the auditor should not be employed by, serve as director for, or have any financial or close business relationship with the entity during the period(s) covered by the audit or immediately thereafter for a period of two years);
- A self-attested copy of the latest firm constitution certificate issued by the ICAI (*this certificate shall also act as evidence for verifying the Date of Constitution of the firm*).
- A copy of the balance sheet for the last three years
- 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.

Terms and conditions:

1. The appointment shall be for conducting statutory audit for Financial Year 2020-21.
2. SPMU, MeCFLIP, MBDA reserves the right to extend the tenure or terminate the appointment on account of unsatisfactory performance.
3. SPMU, MeCFLIP, MBDA reserves the right to accept or reject any application without assigning any reason thereof.
4. Each page of the quotation documents is required to be signed by a Partner of CA firm. The documents/ certificates in supporting along with the quotation shall also be signed by a Partner.
5. Quotation shall be submitted in official quotation document only (i.e. in Annexure-II & Annexure-III), If submitted in any other form, the same shall be summarily rejected.
6. SPMU, MeCFLIP, MBDA will not accept any claim other than professional fee/ charges etc. specified in financial bid (i.e. In Annexure-III).



Eligibility Criteria:

**Criterion-1:** The firm must be empanelled with C&AG, without which the application of the firm would not be considered.

**Criterion-2:** The applicant firm is Independent of the entity to be audited.

- The audit firm is not the incumbent Internal Auditor of MeCFLIP, MBDA.
- No partner of the audit firm 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 (as applicable) of the MeCFLIP or MBDA. Relative would mean husband, wife, brother, or sister or any lineal ascendant or descendant.
- Neither the firm nor its Partners or Associates have any interest in the business of the MeCFLIP or MBDA.
- From the time of appointment and till date of issue of final audit report, the Firm ceases to be Auditor, no other assignment of any kind to the project (including consultancy) will be accepted, either by the firm or by its partners or relatives of partners of the firm or by its associates.
- The audit will not be done by a person who was 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.

**Criterion 3:** The audit firm is not one against which disciplinary orders have been issued by the Public Companies Accounting Oversight Board and these orders are in force. Also, any partner/senior manager of the audit firm is not associated with the audit in any manner if he/she

- 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 sanction orders have been passed by the Public Companies Accounting Oversight Board.

**Criterion 4:** Firms must qualify following minimum criteria:

Sl. No.	Particulars	Minimum Criteria
1.	Number of Full Time Partners associated with the firm for not less than 3 years with at least one being a Fellow CA (As per Certificate of ICAI)	4
2.	Turnover of the firm (Average annual in last 3 financial yrs.)	Minimum Rs.25 Lakhs
3.	No. of Years of Firm Existence	5 Yrs.
4.	No. of assignments of Statutory Audit of Corporate/PSUs entities except Bank Branch Audit having a turnover of not less than Rs 25 crores in the last 3 years.	4
5.	No. of assignments: Experience of audit of Externally Aided Projects/ Social Sector Projects (other than Audit of Charitable Institutions & NGOs) in the last 3 years	4

**SPECIFIC INSTRUCTIONS FOR STATUTORY AUDIT OF**  
**FINANCIAL STATEMENTS**

**1. Coverage by Auditors**

To ensure timely completion of audit, auditors should visit each project implementing agency (SPMU/DPMU/BPMU) and review all transactions by value.

**2. Audit Observations**

- a) **Classification of audit observations:** For each of the audit observations, the auditor should classify it either as a Major or a Minor observation. To arrive at the classification, both the amount (quantity) and nature (quality) of misstatements need to be considered.
- b) **Quantification of audit observations:** To the best extent possible, the auditor should quantify the impact of the misstatement, so that implication of the findings can be assessed.
- c) Observations should be as **specific** as possible.
- d) **Management Response:** Management must submit a response to the audit observations listed in the audit report.

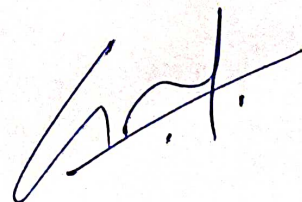
**3. Presentation of Financial Statements**

- a) Statement of Expenditure (SOE) shows in Project Financial Statements may be grouped as per reporting heads in the internal unaudited financial reports (IUFR). This will facilitate reconciliation with the internal unaudited financial reports (IUFR).
- b) Accounting Policies should clearly indicate, inter alia, the basis of recognition of expenditure for various activities i.e. basis and timing of expenditure recognition and nature of documents received to liquidate the advance and record expenditure e.g., Utilization Certificate, Statement of Expenditures or actual vouchers/bills etc.
- c) The audit report shall contain an audited internal unaudited financial report (IUFR) for the last quarter (quarter ending March 2021, showing cumulative and head wise expenditure for the complete financial year) along with the Audited Statement of Accounts. Further, it should include reconciliation between these two statements.

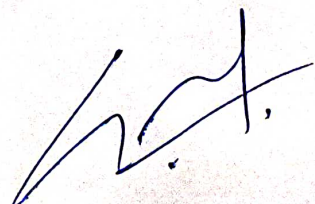
**4. Areas needed to be checked by Statutory Auditor.**

The Statutory auditor will look into following points in addition to the others points connected with the Audit (Statutory audit-yearly)

- a) Whether the provisions and rules as per the Project Accounting Procedure, Minutes of Discussion (MoD), and Project Operational Manual and have been implementing properly.
- b) Whether the proper books of accounts are maintained.



- c) Whether the transactions have been made following rules.
- d) Whether the management of the advances has been done scrupulously.
- e) Reconciliation of IUFRR amount with the books of accounts.
- f) Whether the payments vouchers are supported by proper documentation.
- g) Checking of proper accounting system.
- h) Checking of tax deduction etc. and its timely deposit with the Govt. authorities.
- i) Whether corrective measures have been taken by entity on the observations made in the internal audit report.
- j) To verify preparation of financial statements as per the Project Accounting Procedure.
- k) Whether the expenditure are as per permissible or non-permissible list provided in the MoD.
- l) Whether all the procurement done as per JICA guidelines.
- m) Whether the Executive Committee reviewed the audit observation of the previous year.
- n) The advice to MeCFLIP, MBDA for controlling audit disallowances.
- o) Whether the Accounting Standards as per the Institute of Chartered Accountants of India (ICAI) have been followed.



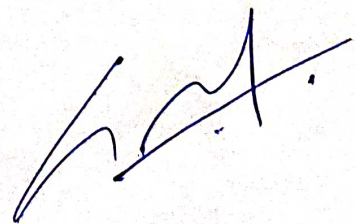
Terms of Reference (TOR)

The objective of audit is ex post facto confirmation of the eligibility and conformity of the expenditure stated in the SOE prepared, and its compliance with the provisions and objectives of the Loan Agreement. In other words, the objective is to confirm whether the expenditures entered in the relevant SOE are eligible for financing under the Loan Agreement and backed by necessary and sufficient supporting documents.

In this respect, the audit shall cover, but not limited to, the following points;

- Statement of Expenditures (SOE): The auditor is required to audit whether expenditures stated in the SOE, according to which MeCFLIP, MBDA has requested disbursement, are eligible for financing under the Japanese ODA Loans and were used for the objectives of the Loan Agreement.
- Custody of supporting document: The auditor is required to confirm whether necessary and sufficient supporting documents for the SOE are being maintained or not.

The auditor is required to use the Standard Audit Report as per ANNEX 6 of Attachment-27 of MoD for preparing the audit report.

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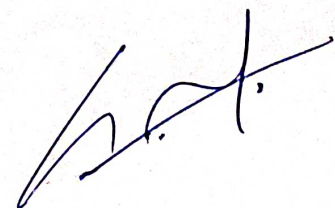
**TECHNICAL BID****General Information**

1.	Name of the Chartered Accountant's Firm	
2.	Registered/Head Office Address	
3.	Name of Full Time Partners	
4.	Contact No. of Full Time Partners (Mobile No.)	
5.	No. of branches in India (Attach a list along with address)	
6.	Email ID of Full Time Partners	
7.	Whether the CA firm have its Registered/Head/Branch office at Shillong (Yes/No)	

**Technical Information**

1.	Whether firm is empanelled with C&AG (Yes/No)	
2.	C&AG Empanelment No.	
3.	No. of Full Time Partners associated with the firm for not less than 3 years with at least one being a Fellow CA ( As per certificate of ICAI)	
4.	Turnover of the Firm (Average annual in last 3 financial year)	
5.	No. of Years of Firm Existence	
6.	Date of registration of Chartered Accountants firm	
7.	No. of assignments of Statutory Audit of Corporate/ PSUs entities except Bank Branch Audit having a turnover of not less than Rs.25 crores in the last 3 years.	
8.	No. of assignments: Experience of audit of Externally Aided Projects/Social Sector Projects (Other than audit of Charitable Institutions & NGOs) in the last 3 years.	
9.	No. of professionally Qualified Staff (as on closing date of tender) <ul style="list-style-type: none"> <li>- Partner</li> <li>- Audit Manager</li> <li>- Audit Staff</li> </ul>	
10.	Number of JICA Projects Audits * Undertaken during the last five years.	

**\*JICA Audits means any audit conducted by the firm for JICA-ODA Loan Projects, and includes both external audit and internal audit.**





**Annexure - III**

**FINANCIAL BID**

The interested CA firm may quote their professional fees (all inclusive) in the following format:-

**Statutory Audit**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount</b>
1.	Annual Professional fee for Statutory Audit for the Financial Year 2020-21	
2.	GST	
	<b>Grand Total</b>	

Grant Total

[Professional fees in words].....

Signature of Partner

With Name and Firm seal

