Application Form

Selection of CA Firms

for Statutory Audit of funds of

RASHTRIYA MADHYAMIK SHIKSHA ABHIYAN AND MODEL SCHOOLS

UNDER THE
RAJYA MADHYAMIK SHIKSHA MISSION

STATE PROJECT OFFICE
RAJYA MADHYAMIK SHIKSHA MISSION, RAIPUR, CHHATTISGARH

2nd Floor, New Building, CG MSM Campus, Pension Bada, Raipur (CG)

Letter of Invitation

To,

Subject: - Selection of Chartered Accountant Firms for Statutory audit.

Dear Sir,

Expression of Interest is (EOI) invited from your firm in the prescribed format before the last date prescribed in the advertisement Only the EOI received in prescribed format accompanied with all requisite documents would be considered.

The following documents are required to be submitted along with the prescribed Expression of Interest

1. EOI as per prescribed format
2. Copy of the constitution certificate issued by ICAI.
3. Copy of latest partnership deed in case of partnership firms
4. Copy of financial statements of the firm along with schedules for the Financial Year 2013-2014.
5. Details of any court cases/arbitration cases/ or any other case pending against the firm.
6. Any other document as required in the EoI.

Please note that the Managing Director, Rajya Madhyamik Shiksha Mission reserves every right for selection of suitable applicants.

Finance Controller
State Project Office
Rajya Madhyamik Shiksha Mission
Raipur (CG)

Date: -
Place: -

To,
The Managing Director,
Rajya Madhyamik Shiksha Mission,
2nd Floor, New Building, CG MSM Campus,
Pension Bada, Raipur (CG)

Subject: - Selection of Chartered Accountant Firms for statutory audit and Letter of Transmittal.

Dear Sir,

We, the undersigned, offer to provide the audit services for Statutory Audit in accordance with your 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 envelopes. The proposals are for the conduct of statutory audit of (i) Rashtriya Madhyamik Shiksha Abhiyaan; and (ii) Model Schools of Rajya Madhyamik Shiksha Mission for the financial year 2014-2015.

We enclose the following:

1. EOI as per prescribed format
2. Copy of the constitution latest constitution certificate issues by ICAI. The date of issue of constitution certificate is not older than one month of the last date of submission of EoI.
3. Copy of latest partnership deed in case of partnership firms
4. Copy of financial statements of the firm along with schedules for the Financial Year 2013-2014.
5. Details of any court cases/arbitration cases/ or any other case pending against the firm.
6. Any other document as required in the EoI.

We further submit that

a. We fulfill the minimum eligibility criteria.
b. Our application is liable to be rejected for want of documents requested in EoI.
c. The Mission reserves every right for selection of suitable applicants.
d. Our proposal is valid for a period for 180 days from the date stipulated for submission of proposal.
e. All the costs associated with the preparation and submission of EoI shall be borne by us.
f. Failure to furnish all information required in the EoI or submission of EoI not substantially responsible to EoI in every aspect may result in rejection of bid.

g. All the information and statements made in this Proposal are true and accept that any misinterpretation contained in it may lead to our disqualification.

h. The management of Mission 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. I confirm that I have authority of the firm to submit the proposal and to negotiate on its behalf.

Yours faithfully
For, M/s _____
Chartered Accountants

Siganture
Name of Partner with Membership No.

Selection of Chartered Accountant firms for the statutory audit of (i) Rashtriya Madhyamik Shiksha Abhiyaan; and (ii) Model Schools of Rajya Madhyamik Shiksha Mission

1.0 Expression of Interest is invited from Chartered Accountants firms (Partnership / Sole proprietorship firms with one full time FCA) in the prescribed format for short listing for the engagement of audit and consolidation of the accounts of the (i) Rashtriya Madhyamik Shiksha Abhiyaan; and (ii) Model Schools of Rajya Madhyamik Shiksha Mission Program being implemented in the State of Chhattisgarh as per the enclosed Terms of Reference.

1.1 The last date for receipt of expression of interest in the specified format as specified in the advertisement inviting expression of interest. Incomplete formats / format received after the prescribed last date will not be entertained.

1.2 **Eligibility Criteria:** Eligibility criteria of the firms shall be based on the various criteria as given in the table below.

1.2.1 The firm must be empanelled with C & AG and ICAI, without which the application of the firm would not be considered. Letter of empanelment issued by C&AG should be attached.

1.2.2 The firm must have its Head Office in Chhattisgarh with at least one office (either Head Office or Branch) in Raipur.

1.2.3 Firms must qualify following minimum criteria:

Sr. No.	Particulars	Minimum Criteria
1.	Number of Full Time FCA Partners / Proprietor associated with the firm (As per Latest Certificate of Constitution issued by ICAI)	1
2.	Average Turnover of the firm in the financial years 2011-2012, 2012-2013, 2013-2014	Rs. 20 Lakhs
3.	Assignments of any PSU / State Government / Central Government funded agencies including Bank audits during the last 5 financial years (period 2009-10 to 2013-14)	2
4.	Years of existence of firm as per latest constitution certificate issued by ICAI	5

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

1.3.1 For S. No. 1 and para 1.2.2 above, the firm must submit a self-attested copy of latest Certificate of Constitution issued by ICAI. The certificate should not be older than one month from the last date of submission of EoI.

1.3.2 For S. No. 2, the firm must submit, a copy of the balance sheet for the last three years. A separate CA certificate certifying the annual turnover and the average will have to be also submitted along with the financial statements.

1.3.3 For S. No. 3, copies of the work order / appointment letter will have to be furnished by the firm in support of the execution of the mentioned work.

1.3.4 For S. No. 4 above, years of existence includes deemed date of constitution.

1.4 The firm should not be black listed by ICAI / Centrally Sponsored Project / PSUs / Government Company in respect of any assignment or behaviour. [Self-attested affidavit on Rs. 100/- stamp paper to be given in this regard by the full time partner / proprietor of the firm].

2.0 The Expression of Interest must be submitted in the prescribed format given in the attachment. Only the Expression of Interest in the prescribed format accompanied with all requisite documents would be considered.

3.0 All firms are required to enclose the following documents along with the Expression of Interest.

(i) A copy of constitution certificates of firm issued by the ICAI containing inter-alia.
   a. Date of formation of the firms with a full time FCA
   b. Details of partners / Sole Proprietor / CA Employees, date of joining the firm, date of becoming FCA, their other interest, if any.

(ii) A copy of the latest partnership deed in the case of partnership firms.

(iii) A copy of audit report and audited financial statements of the firm along with schedules for the financial year 2011-2012, 2013-2013 and 2013-2014.

(iv) Copy of the PAN Card and the Service Tax Registration certificate.

(v) Details of court cases / arbitration cases / or any other case pending against the firm.

4.0 The Expression of Interest must be delivered by post (in a sealed envelope)/or by hand in the office of the State Project Director, RMSA, Chhattisgarh. The Expression of Interest must be addressed to:

Managing Director
STATE PROJECT OFFICE
RAJYA MADHYAMIK SHIKSHA MISSION
2nd Floor, New Building, CG MSM Campus, Pension Bada,
Raipur (CG)

5.0 All full time partners / sole proprietor should invariably sign the undertaking appended as Section B to the Expression of Interest. Similarly, all the full time Chartered Accountant employees of the firm should sign in the column provided at Annex A-3 to the format.

6.0 The successful applicant will have to execute a contract with the Mission.

7.0 The financial bid shall be submitted as per Annexure. Percentage / proportion of funds involved shall not be basis for quoting the fee.

8.0 Proposals with association with other firms / joint venture shall not be considered.

9.0 The applicant firm shall sign the attach ToR and the draft of agreement which will indicate that the firm has read and understood the terms and the scope of work.

10.0 **EVALUATION OF PROPOSALS**

i. The evaluation of proposal will be based on the following parameters.

Sl. No.	Particulars	Minimum Criteria	Max Marks	Evaluation Criterion
1.	Number of Full Time Partners / proprietor associated with the firm (As per latest certificate of Constitution issued by ICAI)	1	10	For each FCA Partner/Proprietor 2 Mark For each ACA Partner 1 marks
2.	Average Turnover of the firm in the financial years 2011-2012, 2012-2013, 2013-2014	Minimum Rs. 20 Lakhs	10	1 mark for every Lac above Rs. 20 Lacs
3.	Number of assignments with fees of at least Rs. 50,000/- from Centrally Sponsored executed by the firm during the last 5 financial years (period 2009-10 to 2013-14)	--	15	For each such assignment, ONE marks shall be given subject to a maximum of 15 marks
4.	Assignments of any PSU / State Government / Central Government funded agencies including Bank audits during the last 5 financial years (period 2009-10 to 2013-14)	2 assignments	10	2 Assignments = 2 Marks For each additional such assignment, ONE marks shall be given subject to a maximum of 10 marks in this para.
5.	Prior experience of similar work and nature in education sector	NA	35	Up to 2 Assignments = 5 Marks For each additional such assignment, TWO marks shall be given subject to a maximum of 35 marks in this para.
6.	Number of Branches in Chhattisgarh	NA	10	5 marks for each Branch in Chhattisgarh
7.	Number of Qualified / Semi Qualified Staff	NA	10	TWO mark for each qualified staff ONE mark for each semi-qualified staff

ii. Supporting Documents for Technical Evaluation: Following supporting documents must be submitted by the firm along with their proposal for Technical Evaluation:

a. For S. No. 1 and 6, the firm must submit a self-attested copy of latest Certificate of Constitution issued by ICAI. This will be cross verified from the website of ICAI and in case of any discrepancy, the data appearing in the website of ICAI will be considered as final. The latest certificate of constitution should not be older than 30 days from the last date of submission of EoI.

Further, marks will be awarded only for branches and not for Head office because the pre-qualification criteria stipulates that the applicant must have its Head Office in Chhattisgarh.

b. For S. No. 2, the firm must submit, a copy of the balance sheet for the last three years. A separate CA certificate certifying the annual turnover and the average should also be submitted along with the financial statements.
c. For S. No. 3, 4 and 5, the applicant firm will have to provide copies of relevant work orders and the firm must fill in the relevant table in the application form in Annexure D. The applicant will also have to mention the relevant page number in the table in which the copy of work order is attached failing which the numbering may not be provided.
d. For S. No. 5 above, the applicant firm will have to provide copies of relevant work orders in Annex E. The applicant will also have to mention the relevant page number in the table in which the copy of work order is attached failing which the numbering may not be provided. The work of charitable trusts and NGOs will not be considered. Similar work of only those works in education sector will be considered which run by Central / State Government / Semi Government.
e. For Sr. No. 7, Skilled means CA employee as appearing in the latest certificate of constitution. Semi-qualified means CA intermediate / IPCC both group pass staff. Only those semi-qualified staff will be considered for which copies of the pass certificate / mark sheet is attached.

11.0 The Technical Proposal shall be placed in a sealed envelope clearly marked "TECHNICAL PROPOSAL". The original Financial Proposal shall be placed in a separate sealed envelope clearly marked "FINANCIAL PROPOSAL" and with a warning "DO NOT OPEN WITH THE TECHNICAL PROPOSAL." The envelopes containing the Technical and Financial Proposals shall be placed into an outer envelope and sealed. This outer envelope shall be clearly marked "DO NOT OPEN, EXCEPT IN PRESENCE OF THE OFFICIAL APPOINTED. The Mission shall not be responsible for misplacement, losing or premature opening if the outer envelope is not sealed and/or marked as stipulated. This circumstance may be case for Proposal rejection. If the Financial Proposal is not submitted in a separate sealed envelope duly marked as indicated above, this will constitute grounds for declaring the Proposal non-responsive and result in disqualification.

12.0 Financial proposals shall be opened only for those firms who secured at least 50% of maximum marks on evaluation criteria.

13.0 In case after the technical evaluation, if no bidding firm gets the minimum 50% marks then the top three firms shall be taken into consideration for financial bid. If there are only one / two firms, than firms not meeting the qualifying marks may be considered.

14.0 The weighed average score of the technical and financial score will be taken for selection of auditor. The technical proposal will be given a weightage of 70% and financial proposal shall be allocated weightage of 30%.

15.0 For working out the combined score, the following formula shall be used:
Total Points = [0.70 X TS] + [0.30 X LEC / EC], where
TS Stands for Technical Score
EC Stands for Evaluated Cost of the Financial Proposal
LEC Stands for Lowest Evaluated Cost of the Financial Proposal.

16.0 The last date for submission of expression of interest is 21/04/2015 by 3:00 PM.

17.0 The technical bids will be opened on 21/04/2015 at 04:00 PM. Interest firms / their authorized representatives can be present at the time of opening of Technical Proposal.

18.0 The date and time of the opening of financial proposal shall be informed separately to firms which secure the specified minimum number of marks on evaluation criteria.

19.0 A firm which is appointed as the Internal auditor of the Rajya Madhyamik Shiksha Mission will not be appointed as Statutory auditor of Rajya Madhyamik Shiksha Mission for the same financial year.

20.0 Firms which have been conducting the statutory audit of the Rajya Madhyamik Shiksha Mission for continuous period of three years are not eligible to apply.

21.0 The state implementing society of Rajiv Gandhi Shiksha Mission also intends to appoint statutory auditors for SSA and KGBV program for the financial year 2014-2015. In case a firm accepts the appointment of statutory audit of SSA/KGBV, then the firm will not be eligible to be appointed as auditor of RMSA and Model Schools.

22.0 If the spaces provided in annexures are not sufficient, fill separate sheets.

23.0 Cost of this application form for submission of expression of interest is Rs. 200/-. Prospective applicants can obtain this for by paying this amount to the office of Managing Director at the address mentioned in Sr. no. 4 above. Original copy of receipt of the amount paid must be enclosed with the EoI. Prospective applicants can also download a copy of this application from the website of Government of Chhattisgarh www.cgstate.gov.in and pay the cost of this application along with the EoI by attaching at Demand Draft in favour of "Managing Director, State Project Office, Rajya Madhyamik Shiksha Mission" payable at Raipur. Non-enclosure of demand draft will render the EoI defective and will be rejected.

24.0 This application form is non-transferrable.

STATE PROJECT OFFICE
RAJYA MADHYAMIK SHIKSHA MISSION, RAIPUR, CHHATTISGARH

2nd Floor, New Building, CG MSM Campus, Pension Bada, Raipur (CG)

Expression of Interest for short listing Chartered Accountant Firms for the audit of the accounts of RMSA

Status of Firm Partnership ☐ Sole Proprietorship ☐

1. (a) Name of the firm (in Capital letters)
   (b) Address of the Head office (Please also give telephone no. and e.mail address)
   (c) PAN of the firm

2. ICAI Registration No.
   Region Name
   Region Code No.

3. (a) Date of constitution of the firm:

   (b) Date since when the firms has a full time FCA

4. Full-Time Partners / Sole Proprietor of the firm as on per the latesh constitution certificate attached with EoI (Please fill up Annex A-1)

S.No.	Years of continuous association in the firm	Number of FCA	Number of ACA
(a)	Less than one year		
(b)	1 year or more but less than 5 years		
(c)	5 years or more but less than 10 years		
(d)	10 years or more but less than 15 years		
(e)	15 years or more		

5. Number of Part Time Partners if any, as per the latest Constitution certificate attached (Please fill up Annex A-2)

6. Number of Full Time Chartered Accountant Employees as per Latest constitution certificate (Please fill up Annex A-3)

7. Number of audit staff employed full-time with the firm
   (a) Articles / Audit Clerks
   (b) Other Audit Staff (with knowledge of book keeping and accountancy)
   (c) Other Professional Staff (Please specify)

8. Number of Branches (Please fill up Annex-B)

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RAJYA MADHYAMIK SHIKSHA MISSION, RAIPUR, CHHATTISGARH

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		PSU / autonomous body/Govt sector	Companies in Private sector	Banks
9.	Fees earned by the firm from April 2009 to March 2014 in respect of:			
	(i) Statutory / Branch Audit / 6 monthly Audit Review			
	(ii) Internal / Concurrent Audit			
	Total of (i) and (ii) above			

10. Whether the firm is engaged in any internal / concurrent audit or any other services of any Govt. Companies / Corporations etc. If yes, details may be given Annex 'C'.

11. Whether the firm is implementing quality control Policies and procedures designed to ensure that all audits are conducted in accordance with Statements on Standard Auditing Practices (SAP 17)

    (If yes, a brief note on the procedure adopted is to be given)

12. Whether there are any court /arbitration / any other legal case against the firm (If yes, give a brief note of the case indicating its present status)

Undertaking

I/We the sole proprietor / following partners of M/s. _____, Chartered Accountants do hereby jointly and severely verify and declare-

(i) that the particulars given are complete and correct and that if any of the statements made or the information so furnished in the application from is later found not correct or false or there has been suppression of material information, the firm would not only stand disqualified from allotment but would be liable for disciplinary action under the Chartered Accountants Act, 1949 and the regulations framed thereunder;

(ii) that the firm, proprietor or partners has not been debarred or cautioned by ICAI during the last three years, (if debarred, give details);

(i) that individually we are not engaged in practice otherwise or in any other activity which would be deemed to be in practice under Section 2 (2) of the Chartered Accountants Act, 1949;

(ii) that the constitution of the firm shown in the Expression of Interest is same as that in the constitution certificate issued by the ICAI.

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Sl. No.	Name of the partner / sole proprietor	Membership No.	PAN No	Dates of payment of membership fees for the relevant year 2014-2015	Signature of partner / sole proprietor
1					
2					
3					
4					
5					

(Seal of the Firm)

A* ***For membership*

B ***For issue of certificate of practice***

Place:

Date:

Enclosures:_____ pages

For Office Use Only

Whether firm has done

(a) Statutory/Branch Audit — Yes/No

(b) Internal/Concurrent Audit _____

Checked by Verified by Date updated by

STATE PROJECT OFFICE
RAJYA MADHYAMIK SHIKSHA MISSION, RAIPUR, CHHATTISGARH

2nd Floor, New Building, CG MSM Campus, Pension Bada, Raipur (CG)

(Annex A-1)

1. Firm's name _____, CHARTERED ACCOUNTANTS

Details of Full Time Partners / Sole Proprietor of the firm (Please refer to Sl.No. 4 of the Expression of Interest format)

S.No.	Name of the Partner / sole proprietor	Member-ship No.	Whether FCA / ACA	Date of Joining the firm (full time)	Date of becoming FCA	Station & Region where residing at present	Whether acknowled-gement of Income Tax Return for the relevant year _____ attached Yes / No	Whether has ISA (Information systems Audit / CISA or any other equivalent qualification (specify the qualification) *

*If yes, please attach a copy of the certificate

(Annex A-2)

Details of Part-Time Partners of the firm (Please refer to Sl.No. 5 of the Expression of Interest format)

Name of partners	Member ship No.	Whether FCA / ACA	Date of becoming FCA	Date of Joining partnership	No. of other firm in which he is partner	Whether practicing in his own name also (Y/N)	Whether employed elsewhere (Y/N)	Whether has ISA (Information systems Audit / CISA or any other equivalent qualification (specify the qualification)*

*If yes, please attach a copy of the certificate.

(Annex A-3)

Details of full time Chartered Accountant Employees (Please refer to Sr. No. 6 of the Expression of Interest format)

S.No.	Name	Membe r ship No.	Whether FCA / ACA	Date of joining the firm as full time employee	Whether has ISA (Information systems Audit / CISA or any other equivalent qualification* (specify the qualification)	Signature of the employee

(Annex A-4)

Details of partners and full time Chartered Accountant Employees of the firm included this year in Annex A-1, A-2 & A-3 above.

S.No.	Name	Membership No.	Whether Full Time Partner / Part Time Partner / Full Time CA Employee

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2nd Floor, New Building, CG MSM Campus, Pension Bada, Raipur (CG)

(Annex B)

Particulars of Branches (including foreign branches, if any)

S.No.	Station at which located	Complete address with PIN Code & Telephone No.	Name of the partner incharge of the branch	Date of opening of the branch	Region	Whether included in last year application (Yes / No)

(Annex C)

Details of internal audit work / any other accounting work of Public Sector Undertaking in hand with the firm (please refer to Sl. No. 10 of the Expression of Interest format)

S.No.	Name of the PSU/Unit	Nature of assignment	Year for which appointed

(Annex D)

Details of assignments with fees of atleast Rs. 50,000/- from Centrally Sponsored Projects executed by the firm during the last FIVE financial years.

Sr.	Sector	Name of the entity	Centrally Sponsored Projects	Year of assignment	Fees charged for the assignment	Nature of assignment	Work Order in Page No. of the Technical Proposal
				TOTAL	**XXXX**		

(Annex E)

Details of Prior experience of similar work and nature in Education Sector

Sr.	Sector	Name of the entity	Funding Organisation	Year of assignment	Fees charged for the assignment	Nature of assignment which shall include consolidation	Work Order in Page No. of the Technical Proposal

STATE PROJECT OFFICE
RAJYA MADHYAMIK SHIKSHA MISSION, RAIPUR, CHHATTISGARH

2nd Floor, New Building, CG MSM Campus, Pension Bada, Raipur (CG)

(Annex F)

Format for Financial Offer

Sr.	Name of Unit	No. of Units	**RMSA – Main Program**	
			Yearly Rate Per Unit	
			Rs.	In Words.
1	SPO	1		
2	Consolidation for the State	1		
3	District Project Office	27		
4	Consolidation for the District	27		
5	Schools under RMSA (Including 94 Girls Hostel)	4107+94=4201		
	Total			

Sr.	Name of Unit	No. of Units	**Model Schools**	
			Yearly Rate Per Unit	
			Rs.	In Words.
1	SPO	1		
2	Consolidation for the State	1		
3	District Project Office	27		
4	Consolidation for the District	27		
5	Schools	74		
	Total			

Notes

1. The fees should be stated in Rupees and on per unit basis.
2. The audit fee quoted should be inclusive of the TA / DA / Lodging and taxes as applicable.
3. Service Tax and Education Cess on Service Tax shall be paid separately by the Mission.
4. In case of any discrepancy beet prices stated in numbers and words, the latter shall be considered as final for evaluation.

Date : -
Place: -

Authorized Signatory
Name, Address & Tel Nos of CA Firm
(Firms Seal)

STATE PROJECT OFFICE
RAJYA MADHYAMIK SHIKSHA MISSION, RAIPUR, CHHATTISGARH
2nd Floor, New Building, CG MSM Campus, Pension Bada, Raipur (CG)

RAJYA MADHYAMIK SHIKSHA MISSION
TERMS OF REFERRENCE FOR APPOINTMENT OF A CHARTERED ACCOUNTANT FIRM FOR STATUTORY AUDIT OF ACCOUNTS OF (I) RASHTRIYA MADHYAMIK SHIKSHA ABHIYAAN; AND (II) MODEL SCHOOLS OF RAJYA MADHYAMIK SHIKSHA MISSION FOR THE FINANCIAL YEAR 2014-2015 (FINANCIAL AUDIT)

BACKGROUND

RAJYA MADHYAMIK SHIKSHA MISSION is a registered Society which is implementing the centrally sponsored Programme of RASHTRIYA MADHYAMIK SHIKSHA ABHIYAN (RMSA) to attain the goal of Universalization of Secondary Education in all the districts of CHHATTISGARH State for which funds are shared between the Government of India and State Government.

OBJECTIVES OF AUDIT

The essence of the Audit is to obtain independent, professional audit assurance that the Program Funds were used for the purposes intended, that the annual project financial statements are free from material misstatement, and that the terms of the grant were complied with in all material respects.

The objective of the audit of the Project Financial Statement (PFS) is to enable the auditor to express a professional opinion as to whether (1) the PFS present fairly, in all material respects, the sources and applications of project funds for the period under audit examination, (2) the funds were utilized for the purposes for which they were provided, (3) accounting, financial management and procurement principles and practices have been as laid down in the Financial Management and Procurement Manual for RMSA, and (4) expenditures shown in the PFS are eligible for Program Funding. In addition the auditor will express a professional opinion as to whether the Interim Financial Reports (IFR) submitted by project management are reliable and accurate.

The books of account that provide the basis for preparation of the PFS are established to reflect the financial transactions of the Program and are maintained by the Program implementation agency namely the <Name> and other implementing agencies.

STANDARDS OF AUDIT

The audit will be carried out in accordance with the Engagement and Quality Control Standards promulgated by the Institute of Chartered Accountants of India (ICAI). The auditor should accordingly consider materiality when planning and performing the audit to reduce audit risk to an acceptable level that is consistent with the objective of the audit. Although the responsibility for preventing irregularity, fraud, or the use of Program Funds for purposes other than as defined in the grant letter remains with the state, the audit should be planned so as to have a reasonable expectation of detecting material misstatements in the project financial statements.

SCOPE

Expenditure is incurred against various activities approved in the Annual Work Plan & Budget from funds released by the Government of India and the State Government covering the programme cost. A statement of expenditure based on actual amount spent under various interventions is sent to Government of India. 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 including the Project Financial Management and Procurement Manual; with due attention to economy and efficiency, and only for the purpose for which the financing was provided.

(b) The project accounts have been prepared in accordance with consistently applied Accounting Standards issued by the ICAI and present fairly, in all material respects, the financial situation of the project at the year end and of resources and expenditures for the year ended on that date under RMSA, GH and MS.

(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 Programme.

(d) All necessary supporting documents, records and accounts have been kept in respect of all programme expenditure including expenditure covered by Statement of Expenditure. Clear linkages should exist between the books of accounts and reports presented to the Government of India and the State Government.

(e) State funds have been provided and used in accordance with the grant letter and only for the purposes for which they were provided

(f) Expenditure is incurred with reference to the budget allocation approved by the PAB. In case the budget allocation is exceeded proper re-appropriation duly approved by the competent authority has been obtained. The CA should point out expenditures activity- wise that exceeded the budget allocation.

(g) The auditors should review and comment on compliance with the audit objections raised in the previous years. The audit report should include a separate confirmation in this regard.

(h) The C.A. firm appointed for the audit should be required to give Audit Certificate, utilization certificate and any other certificate required from time to time.

(i) The audit should cover the accounts of State Implementing Society, all district project offices and all School Management and Development Committees (SMDCs or Schools) each year. If any funds are provided to Non Governmental Agencies (NGO) for implementation of any activities under RMSA, the audit shall extend to that NGO as well.

UNITS TO BE COVERED

Sr.	Name of Unit	No. of Units
1	SPO	1
2	Consolidation for the State	1
3	District Project Office	27
4	Consolidation for the District	27
5	Schools under RMSA (Including 94 Girls Hostel)	4107+94=4201

Sr.	Name of Unit	No. of Units
1	SPO	1
2	Consolidation for the State	1
3	District Project Office	27
4	Consolidation for the District	27
5	Schools	74

PROGRAMME FINANCIAL STATEMENTS

The Program Financial Statements should include-

A. Statement of Sources and Applications of Funds: An example is shown at Annexure 1.
B. Other Statements or Schedules such as:
   - A statement showing appropriate major heads of expenditure by Project Component/Sub-components
   - A summary of cumulative expenditures by category of expenditure such as buildings, equipment, furniture, training etc.

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C. 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.
D. Audited Financial Statements and other annexures to be certified as per Manual.
E. Utilization Certificate
F. Procurement Certificate

Copy of manual will be provided on receipt of written request.

INTERIM FINANCIALREPORTS

In addition to the audit of the PFS, the auditor is required to audit all IFRs submitted to MHRD 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 grant agreements. Where ineligible expenditures are identified as having been included in the IFRs, these should be separately noted by the auditor.

AUDIT REPORT

An audit report on the project financial statements should be prepared in accordance with the Engagement and Quality Control Standards promulgated by the Institute of Chartered Accountants of India (ICAI). Those standards require a clear written expression of opinion on the financial statements taken as a whole. An unqualified opinion indicates the auditor's satisfaction in all material respects with the matters laid down under the relevant agreement. When a qualified opinion, adverse opinion or disclaimer of opinion is to be given or reservation of opinion on any matter is to be made, the audit report should state the reasons thereof. In addition, the audit opinion paragraph will specify whether, in the auditor's opinion, (a) with respect to IFRs, adequate supporting documentation has been maintained; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to the audit report, expenditures are eligible for financing as per RMSA guidelines.

The auditor should also submit two copies of the audited accounts and audit report to the Implementing Agency.

MANAGEMENT LETTER

In addition to the audit reports, the auditor will prepare a "management letter", in which the auditor will:

a) Give comments and observations on the accounting records, systems, and internal controls that were examined during the course of the audit;
b) Identify specific deficiencies and areas of weakness in systems and internal controls and make recommendations for their improvement;
c) Report on the 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) Communicate matters that have come to the attention during the audit which might have a significant impact on the implementation of the programme; and
e) Bring to the Implementing Agencies' attention any other matters that the auditor considers pertinent.

GENERAL

The auditor should be given access to all legal documents, books of accounts, procurement documents, correspondence, and any other information associated with the programme and deemed necessary by the auditor. This would normally include Program Financial Management and Procurement Manual, RMSA framework document, Annual Work Plan and Budget etc.