



## **Orissa State Health & Family Welfare Society (OSH&FWS)**

Department of Health & Family Welfare, Government of Odisha  
Annex Building of SIH&FW, Nayapalli Unit-8. Bhubaneswar  
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### **EXPRESSION OF INTEREST FOR CON-CURRENT AUDIT**

The Orissa State Health & Family Welfare Society invites **Expression of Interest (Eoi) from firms of Chartered Accountants and Cost Accountants which** meet all the conditions and eligibility criteria mentioned in the Terms of Reference (ToR) and hosted on the website [www.nrhmorissa.gov.in](http://www.nrhmorissa.gov.in), for carrying out con-current audit of accounts records of the State Health Society and the 30 District Health Societies NHM, Odisha registered to work under the administrative control of Government of Odisha for the financial year 2017-18.

**The firms interested for assignment of concurrent audit of accounts of a specific District Health Society (DHS) are to apply to the concerned Chief District Medical Officer (CDMO)-cum- District Mission Director, NHM along with the technical and financial bids. Firms interested for State Health Society (SHS) have to apply to the Mission Director, National Health Mission, Odisha in the above mentioned address.**

#### **Important Dates:**

- i. Pre-bid conference: 29 March, 2017 (3.30 pm)
- ii. Last date for submission of Proposal to SHS and DHS: 10 April, 2017 (4 pm)
- iii. Date of opening of Technical bid: 11 April, 2017 (4 pm)  
(In the presence of representative of firms)

**Venue for Pre-bid Conference etc.:** Pre-bid Conference and opening of technical bids would be held at the Conference Hall of Mission Directorate, NHM, Bhubaneswar for State Health Society and in the respective offices of CDMOs of each district for District Health Societies.

**Sd/-  
Mission Director, NHM, Odisha,  
Cum-Member Secretary, OSH&FWS**

**Terms of Reference (ToR) for the Chartered Accountant Firms applying for undertaking monthly concurrent audit at the Odisha State Health and Family Welfare Society (OSH&FWS) and District Health Societies level in Odisha for the year 2017-18.**

**1. Background**

The National Rural Health Mission (NRHM) now renamed as National Health Mission (NHM) of the Ministry of Health and Family Welfare, Government of India (GoI) has been under implementation in the State of Odisha since April 2005 to improve health care in the State. The NHM seeks to provide accessible, affordable and quality health care to the population especially to the vulnerable sections.

As required by the GoI, Concurrent audit of accounts and related records of various programmes under the National Health Mission is in vogue at the levels of the Odisha State Health and Family Welfare Society (State Health Society) including different cells functioning under different Directorates of Health and Family Welfare Department of Government of Odisha and the District Health Societies as well as the health units/facilities functioning at the Block and other periphery levels for systematic examination of financial transactions on a regular basis to ensure accuracy, authenticity, compliance with procedures and guidelines.

- 1.1** The emphasis under concurrent audit is not on certification of financial statements like receipt and payment, Income & Expenditure and Balance sheet **but on hundred per cent check to ensure adherence to the financial & programme management processes / norms / policies. It is an ongoing appraisal of the financial health of an entity, i.e. to determine on monthly basis whether the financial management arrangements including internal control mechanisms are effectively working and identify areas of improvement to enhance efficiency and report the same to the stake holders every month.**

**For this, services of Independent Chartered Accountant and Cost Accountant firms is solicited for assignment of monthly concurrent audit of accounts for the year 2017-18 at State and 30 Districts level and to report on vital parameters which would depict the true picture of financial and accounting health of the programmes under implementation. Those firms which are interested to apply for a particular district is to apply to the Chief District Medical Officer-cum-District Director, NHM of the concerned district.**

**1.2 The key objectives of the monthly concurrent Audit among others include**

- 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 and improve overall internal control systems.

**2. Eligibility criteria**

Interested Chartered Accountant and Cost Accountant firms with the following prerequisites may apply for appointment of Concurrent Auditor to take up monthly con-current audits at the State Health Society and District Health Societies under NHM, Odisha:

Sl. No.	Criteria	Supporting documents to be furnished
1	The firm must have been empanelled with the Institute of Chartered Accountants of India (ICAI) or Institute of Cost Accountants of India (ICAI) as the case may be for at least five years as on 01 January 2017 and should have at least equal years of auditing experience on that date.	Constitution certificate of the firm from the Institute of Chartered/ Cost Accountants of India (ICAI) or as on 1 January 2017 or thereafter.  Please indicate Annexure number to the above copy.
2	The firm must have undertaken at least <b>6 (six) assignments of statutory audit (Financial)/ cost audit as applicable to the firm) in corporate sector other than audit of branch division accounts of banking and insurance companies during last three years (2013-14, 2014-15 and 2015-16).</b>	Copies of appointment letters and self attested certificate of commencement and completion of the assignments of the units audited.  <b>Note 1:</b> The information may be furnished in the format enclosed at <b>Appendix-3</b> (column-5) to the ToR. The details of offer letter and completion of audits, year of accounts audited etc. for each unit may be furnished in the prescribed format as above for the units under <b>corporate</b> sectors.) <b>Note-2:</b> Please assign <b>Annexure</b> number to the copies of letters of assignment of audits (enclosed).
3	The firm must have undertaken at least six (6) assignments of internal/concurrent audit of accounts of organizations in the Social Sector relating to the years <b>2013-14, 2014-15 and 2015-16.</b>	Copies of appointment letters and self attested certificate of commencement and completion of the assignments of the units audited. <b>Note:</b> Please assign <b>Annexure</b> number to the copies of letters of assignment of audits (enclosed). <b>Note 2:</b> The information may be furnished in the format enclosed at <b>Appendix-3</b> (Column-5) to the ToR. The details of offer letter and completion of audits, year of accounts audited etc. for each unit may be furnished in the prescribed format as above for the units under <b>social</b> sectors.)
4	The firm should have an <b>average</b> turnover of Rs.10 lakh in the last 3 years i.e., 2013-14 2014-15 and 2015-16.	Copies of Income Tax return acknowledgement, audited Balance sheets and P&L a/c for the years as mentioned in previous column to be furnished in support of turnover.  <b>Note :</b> Please assign <b>Annexure</b> number to the above copies.

### 3. Method of selection of firm

The selection will be done using Quality-cum-Cost Based System (QCBS) process, 70 *per cent* weightage would be given to the technical evaluation and 30 *per cent* weightage would be given to financial bid. The firm securing highest mark in the QCBS process would be awarded the assignment. However, in case of more than one firm securing the highest mark, then the selection would be made on the marks secured in the Technical evaluation. The firm securing highest mark in the Technical evaluation would be selected. Again, if there is a tie in the Technical mark, then the firm having highest average turnover in last 3 (three) years i.e. 2013-14, 2014-15 and 2015-16 would be selected for the assignment.

4. The firms should submit their Technical and Financial bids in separate sealed envelopes and both the envelopes are to be packed inside one sealed envelope **indicating 'Technical Proposal' and 'Financial Proposal' on top of the respective envelopes. The Financial Proposal is also to be marked as 'DO NOT OPEN WITH TECHNICAL PROPOSAL'. Similarly, the outer envelope is to be superscripted with 'Request for Proposal for Concurrent Audit 2017-18 - TO BE OPENED ONLY IN THE PRESENCE OF THE AUDIT COMMITTEE'.**

#### 4.1 Technical bid

The firm should submit Technical bids having criteria on the following areas basing on which evaluation of bids will be made at the respective Health Society:

SI No	Criteria	Maximum Marks	Supporting documents to be furnished in proof of claim
1	<b>No. of Patners (FCA/ FCMA)</b> FCA/ FCMA @ 2.5 marks	12.5	Constitution certificate of the firm from the Institute of Chartered Accountant of India (ICAI) or Institute of Cost Accountants of India as on <b>1 January 2017</b> or thereafter. (Note: A firm having FCAs/ FCMAs in excess of five would be adjusted against if number of ACAs /ACMAs as the case may be as required under serial No. 2 below are less than five for marking purpose only). (Please assign <b>Annexure</b> number to the certificate).
2	<b>No. of Partners ACA/ ACMA</b> @ 2 marks for each ACA/ ACMA	10	Constitution certificate of the firm from the Institute of Chartered/Cost Accountant of India (ICAI) as on <b>1 January 2017</b> or thereafter. (Please assign <b>Annexure</b> number to the certificate).
3	<b>Years of experience of the firm</b> 0.5 marks per year (Experience would be calculated for completed years from the date of establishment of the firm up to 1.1.2017)	10	Constitution certificate of the firm from the Institute of Chartered/Cost Accountant of India (ICAI) as on <b>1 January 2017</b> or thereafter. (Please assign <b>Annexure</b> number to the certificate).
4	<b>Average years of Partners' association with the firm</b> Less than one year- 0 mark one to 5 years - 2 marks 6 to 10 years - 4 marks		Constitution certificate of the firm from the Institute of Chartered/ Cost Accountant of India (ICAI) as on <b>1 January 2017</b> or thereafter. (Please assign Annexure number to the certificate).

	11 to 15 years - 6 marks 16 to 20 years - 8 marks > 20 years - 10 marks		
5	<b>No. of Staff:</b>		
i	<b>Qualified Chartered / Cost Accountant</b> -@ 1.5 marks per staff	7.5	Qualification Certificate from the concerned institute and copy of attendance sheet for the month of <b>December 2016</b> .
ii	<b>Semi Qualified Inter Chartered Accountant / Inter Cost Accountant</b> 1 to 5 staff - 2 marks 6 to 10 staff - 4 marks > 10 staff - 5 marks	5	Qualification Certificate from the concerned institute and copy of attendance sheet for the month of <b>December 2016</b> . <b>(Please furnish separate list to each category of staff assigning Annexure number to each of the certificate and the attendance sheet enclosed)</b>
iii	<b>Other staff (Article staff and Audit Assistants)</b> 1 to 5 staff - 1 mark 6 to 10 staff - 2 marks 11 to 15 staff - 3 marks 16 to 20 staff - 4 marks More than 20 staff -5 marks	5	Copy of attendance sheet of the staff for the month of <b>December 2016</b> . <b>(Please assign Annexure number to the attendance sheet enclosed)</b>
6	<b>Location of Head office/ Branch office</b>		
i	<b>Head office in Odisha</b> If Yes - 4 marks If No - 0 marks	4	Constitution certificate of the firm from the Institute of Chartered Accountant of India or Institute of Cost Accountants of India (ICAI) as on 1 January 2017 or thereafter.
ii	<b>Branch Office in Odisha</b> If Yes - 1mark If No - 0 marks	1	Certificate from Institute of Chartered/ Cost Accountant of India ICAI as on <b>01.01.2017</b> or thereafter.
7	<b>Nature of Experience</b> Turnover / Project Cost / Years of <b>Experience &amp; Project audited</b>		
i	<b>NRHM/NHM Audit</b>	5	Offer letter and certificate of completion of assignment of audit of the unit(s) from the head of the organization. <b>(Please assign Annexure number to offer letter (s) and completion certificate etc. enclosed to the bid document).</b>
ii	<b>No. of audit assignments: Experience of audit in relation to Social Sector like trusts, charitable organizations, Societies etc.) other than NRHM/NHM in last three years i.e 2013-14 2014-15 and 2015-16</b> 3 to 4 nos. - 4 marks 5 to 6 nos. - 6 marks 7 to 8 nos. - 8 marks >8 nos. - 10 marks	10	Offer letter in support of each assignment and self attested certificate of completion of assignment of audit for each unit <b>(Please refer Appendix-3 of the ToR for furnishing the details of offer letter and completion of audit in respect of each unit audited under social sector)</b> (Please assign Annexure number to each offer letter etc., enclosed to the bid document).
iii	<b>Experience of audit in Commercial</b>	10	Offer letter of audit of each assignment of

	<p><b>Sector in last three years i.e., 2013-14 2014-15 and 2015-16 other than audit of branch / Division accounts coming under insurance and banking sectors.</b></p> <p>6 to 10 nos. - 3.5 marks  11 to 12 nos. - 7 marks  &gt;12 nos. - 10 marks</p>		<p>the Commercial organisation and self attested certificate of completion of assignment of audit for each unit.</p> <p><b>(Please refer Appendix-3 of the ToR for furnishing the details of offer letter and completion of audit etc. information in respect of each unit audited under Commercial sector.)</b></p> <p>(Please assign Annexure number to each offer letter etc., enclosed).</p>
8	<p><b>Average Turnover of the firm in last 3 years ( 2013-14, 2014-15 and 2015-16)</b></p> <p>&gt; Rs.10 lakh and upto Rs.20 lakh - 2 marks  &gt; Rs 20 lakh and upto Rs.30 lakh - 4 marks  &gt; Rs.30 lakh and upto Rs.40 lakh - 6 marks  &gt; Rs.40 lakh - 10 marks</p>	10	<p>Attach copies of audited Balance Sheets and P &amp; L Accounts of the last three years i.e. <b>2013-14, 2014-15 and 2015-16.</b></p> <p><b>(Please assign Annexure number to each of the Balance sheet and P&amp;L account enclosed).</b></p>
	<b>Total</b>	<b>100</b>	

**4.1.1** The firm has to furnish necessary documents (self attested) along with the bio-data in support of the above.

**4.2 Financial bid**

A firm has to secure at least **60 per cent** of marks out of 100 in Technical bid to qualify for the financial bid.

**4.2.1** In the case of District Concurrent Auditors **the fees of the auditors is @ Rs.800/- per month per block excluding Tax (minimum limit). Firms applying for assignment of District concurrent audit are to submit the financial bid in a separate envelop stating the cost per block per month.**

**4.2.1.1** The audit fees pertaining to a month shall be released only after successful completion of the assignment for that month. However, firms belonging to outside the district or the firms having office not within the District Head Quarters shall be paid TA/DA and accommodation cost as per the norms of the Society.

**5. Conditions of assignment of concurrent audit during the year 2017-18**

**5.1 A firm engaged as Concurrent Auditor of the State Health Society or a District Health Society in the State of Odisha for the financial years 2015-16 and 2016-17 consecutively shall not be eligible for appointment as Concurrent Auditor for that Health Society for the year 2017-18.**

**5.2 A firm cannot be assigned concurrent audit of more than 3 (three) Health Societies of the State including the State Health Society for the year 2017-18.**

**5.3 A firm selected as Auditor for statutory audit of the State and District Health Societies of Odisha for the financial year 2016-17 and accepted the offer shall not accept assignment of Concurrent Auditor for the State Health Society for the financial year 2017-18.**

**5.4 A successful bidder who has been offered the assignment has to intimate the District Health Society / State Health Society as the case may be of its acceptance of the offer in writing within 7 (seven) days of the offer letter. Failure to accept the offer within the above stipulated days will**

be treated as the firm has no interest in accepting the offer and the next successful bidder would be offered the assignment. A firm has to sign the agreement within three days thereafter with the concerned Health Society. In other words, a firm has to sign the agreement within 10 days of the offer letter. Failure to sign the agreement within the above stipulated period would entail the firm of forfeiting the offer and the next successful bidder would be offered the assignment.

**5.5** A firm after accepting offers of assignment of concurrent audit of the maximum complement of three health societies in the state of Odisha would not be eligible to accept offer of assignment of audit for the year **2017-18** of any other health society **subsequently**.

**5.6** A Successful bidder has to furnish an undertaking along with the acceptance letter of the offer(s) stating that the total number of assignments of concurrent audit for the financial year 2017-18 does not exceed three health societies in the State.

**5.7 Deployment of staff for audit**

The firm must provide at least one inter CA/ICWA qualified personnel having three years of experience and 2 (two) Audit Assistants each having 5 (five) years of experience every month for the said assignment and the monthly audits must be supervised by a full time partner/ qualified staff of the firm.

**6. Adherence to Time line for carrying out monthly audits and submission of Audit Reports**

**6.1 The audits shall be carried out on monthly basis at both the State and districts level as the case may be.** The auditor shall start the concurrent audit of the accounts and other connected records of the assigned Health Society relating to a month by 8<sup>th</sup> of the following month and complete the same latest by 24<sup>th</sup> of that month as per the prescribed format of GoI. On completion of audit for a month in each unit, **the auditors are to discuss the audit findings with the in-charge head of the audited unit as well as with the CDMO concerned in case of units functioning under District Health Society and the Additional Director (Finance), NHM and State Finance Manager, NHM in case of the State Health Society for addressing the deficiencies on the spot.** This discussion should precede the submission of audit report for the month and copy of minutes of discussion annexed to the respective Audit Report.

**7. Dates of submission of audit report to the respective Health Societies:**

**7.1 District Health Societies: After completion of audit as above, the auditor has to submit two copies of the audit report and the soft copy** containing audit observations / findings as per the scope of audit mentioned below to the Chief District Medical Officer-cum-District Mission Director concerned, NHM in the case of District Health Societies and to the Mission Director, NHM, Odisha in case of OSHFWS latest by 30<sup>th</sup> /31<sup>st</sup> of that month or on the last working day of that month. As for example, the audit of accounts and other related records of the month of April should start on 8<sup>th</sup> May, complete the audit by 24<sup>th</sup> May and submit the audit observations along with the Audit Report latest by 31<sup>st</sup> May and so on. However, the financial statements after certification has to be submitted quarterly latest by 5<sup>th</sup> August (first quarter) along with audit report for the month of June 2016, 5<sup>th</sup> November (second quarter) along with the audit report for September 2016, 5<sup>th</sup> February (third quarter) along with the audit report for December and 5<sup>th</sup> May of the succeeding year (fourth quarter) along with the audit report for March **2018** positively. The CDMO has to furnish the audit findings and the compliance report of a month to the Mission Directorate latest by 20<sup>th</sup> of the following month i.e., for April on 20<sup>th</sup> June and for the month of June on 20<sup>th</sup> August and so on.

**7.2 State Health Society: After completion of audit as above, the auditor has to submit two copies of the audit report and the soft copy** containing audit observations / findings as per the scope of

audit mentioned below to the Mission Director, NHM, Odisha in case of OSHFWS latest by 7<sup>th</sup> of subsequent month. As for example, the audit of accounts and other related records of the month of April should start on 8<sup>th</sup> May, complete the audit by 24<sup>th</sup> May and submit the audit observations along with the Audit Report latest by 7<sup>th</sup> June and so on. However, the financial statements after certification has to be submitted quarterly latest by 15<sup>th</sup> August (first quarter) along with audit report for the month of June 2016, 15<sup>th</sup> November (second quarter) along with the audit report for September 2016, 15<sup>th</sup> February 2018 (third quarter) along with the audit report for December and 15<sup>th</sup> May of the succeeding year (fourth quarter) along with the audit report for March **2018** positively.

## **8 Scope of audit**

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 for Financial Management (OGFM) issued by the Ministry of Health and Family Welfare, Government of India, delegation of financial powers and other orders issued from time to time by the State Health Society. The concurrent audit should be carried out both at the State as well as Districts level by the respective auditors.

### **8.1 The scope of work of “State Concurrent Auditor” is as follows:**

- Audit of the SHS accounts covering receipts and expenditure incurred by SHS including that of different cells functioning in different Directorates of the Government of Odisha under Health and Family Welfare Department dealing with different programmes of the National Health Mission.
- Checklist to be provided by the SHS
- Audit of the accounts of receipt and expenditure incurred by the district(s) visited during a month.
- Verification of Quarterly FMRs with Books of Accounts.
- Audit of Advances at the SHS and other cell’s level, adjustment of advances timely. Review and analysis of the age-wise and party-wise Advance Report(s).
- Audit of the Provisional Utilization Certificates sent to Gol.
- Monitoring timely submission of the District Concurrent Audit Reports.
- Vetting of the State Action Taken Reports (ATRs) and providing observations thereon.
- Follow-up and monitoring over the ATRs prepared by districts on the observation made in the audit.
- Verification of Bank Reconciliation Statements along with the cashbooks, bank pass books and cheque issue registers etc.,
- Preparation of Quarterly Executive Summary to be sent to Gol in the prescribed format.
- Any other evaluation work, as desired by the State Audit Committee.
- Audit of all vouchers, maintenance of vouchers guard file, all programme cash books, Bank Reconciliation Statements of all the bank accounts, Asset Register, bank pass books, procurement records, TDS records, all cheque issue registers, stock registers, vehicle hire charges records etc., log books of vehicles, ledgers, journal books, sanction orders, sanction order register, register of stock and stores, advance register and adjustment of advances, age-wise analysis of advances, funds transfer records / orders, and functioning of the internal control mechanism as provided in the Operational Guidelines for Financial Management issued by the Ministry of Health & Family Welfare, Government of India and Delegation of Financial Powers etc.,



- **Audit of Financial Statements of SHS and that of different Diseases Control Cells functioning under different Directorates of the Health & Family Welfare Department of Government of Odisha quarterly.**

**8.2 The Scope of the work of “District Concurrent Auditor” is as follows:**

- Check and Review of the DHS Accounts including the accounts of the Rogi Kalyan Samitis (RKS) and periphery units and expenditure incurred by them.
- Audit of Financial Statements of DHS quarterly.
- Certification of the Statement of Expenditure.
- Filling in the checklist provided.
- Check of the Bank Reconciliation Statements of each programme bank account(s) under implementation;
- Check of the procurement records with reference to the instructions of Government of Odisha and other applicable instructions.
- Check of maintenance of advance registers, adjustment of advances timely. Review and analysis of the age-wise and party-wise Advance Report.
- Maintenance of all accounts records, registers and returns as prescribed in the Operational Guidelines for Financial Management issued by Ministry of Health and Family Welfare, Government of India including all cash and stock books, bank pass books, cheques issue registers, funds receipt registers, ledgers, journal books, log books of vehicles and vouchers guard file; cheques issue registers, sanction order files/register(s), Register of assets, register of stocks and store, all vouchers, maintenance of voucher guard files of all programmes, procurement records, Quarterly Executive Summary, report on monthly field visit to periphery units by District and Block teams, **follow-up on observation of monthly visits, follow-up on concurrent and statutory audit observations etc.**
- Check of TDS (Income Tax and Professional Tax etc.,) and submission of returns in time.
- **Comparison between financial and physical performance and analysis.**
- **Status of expenditure vis-à-vis PIP**
- Visits to sample blocks (in a way to cover all the blocks in a year) and periphery units and submit a certificate from the concerned Medical Officer along with its report.
- The District concurrent auditors are to visit at least twice in a year to the offices of NGOs in those districts for audit of accounts records where some health activities are carried out by NGOs in accordance with agreement/Memorandum of Understanding (MOU) signed by the District / State Health Society with the NGO(s).
- Vetting of the District Action Taken Reports (ATRs) and providing observations thereon.
- Any other evaluation work, as desired by the State/District Audit Committee.

**9. Mandatory visit to health facilities in a month for audit of accounts and related records:**

**9.1** The firms assigned with the audit of **District Health Society** have to cover at least 1/3rd of the CHCs in the district and at least 1(one) PHC (N), 1 (one) Sub-Centre and related RKS and 1(one) GKS of the CHCs visited every month **on rotation basis** and cover all the Blocks in the District at least once in the year. Such coverage every month is compulsory and any deficiency thereof would be treated as breach of contract / agreement. Failure to visit Blocks and other periphery units as stipulated above by the District Concurrent Auditor for any two months during the financial year would attract termination of assignment thereafter and the next successful bidder would be offered the assignment from that stage of audit. A firm whose assignment is terminated, its request for proposal will not be entertained in the next financial year. Similarly, failure on the part of the State Concurrent Auditor to make visit to the

District Health Societies(s) as indicated under paragraph 9.2 below also attracts forfeiture of audit fees and action for termination of assignment as stated above.

**9.2** The firm assigned with the monthly audit of accounts of **State Health Society** includes visits to different Health Directorates and other health institutions as mentioned below for **audit of NHM accounts/funds**.

**9.2.1** Directorate of Health Services (DHS)

**9.2.2** Directorate of Public Health

**9.2.3** Directorate of Family Welfare (DFW)

**9.2.4** Directorate of State Institute of Health and Family Welfare (SIH&FW)

**9.2.5** State Drug Management Unit (SDMU)

**9.2.6** Three State run Medical Colleges i.e SCB Medical College, Cuttack, VSS Medical College, Burla and MKCG Medical College, Berhampur Ganjam - one of these each month on rotation basis.

**9.2.7** **Sishu Bhawan, Cuttack and** Capital Hospital, Bhubaneswar once in a quarter.

**9.2.8** All the District Health Societies during the year covering audit of accounts and other connected records. However, such visit should cover at least one District Health Society every month.

**9.3** Details of the **programmes** to be covered in audit by the respective Auditors at the State, Districts and CHCs/Blocks level are discussed in paragraph 13 below.

**9.4** All the auditors deployed for audit as mentioned at paragraph 5.7 above have to sign the attendance register at district/block level with entry and exit timing on all the working days they have visited. **The dates of visit to each of the audited unit need to be mentioned in the Audit Report and copy of certificate of attendance from the medical officer in charge of the Health facility visited is to be appended to the Audit Report.**

**10.** The auditor has to certify reconciliation of activity wise expenditure reported in the FMR and financial statements and ask for the compliance if there is any discrepancy between two figures at all levels i.e State, Districts and Block .

**11.** The auditor before taking up audit for a particular month must ensure compliance to the audit observation of the previous month and action taken on them. Position of action taken on the observations of the previous month(s) is to be indicated in the monthly Audit Reports.

**12.** The firm interested for the assignment of audit at SHS, other than its regular audit work, has to assist the Audit Cell at State level in scrutiny of the audit reports of the districts and preparation of summary report for submission of the same to Gol.

**13. The coverage of audit and reporting there on at both the State and Districts level shall include following programs.**

**A. NHM-RCH Flexi Pool:**

- RCH Flexi Pool
- Mission Flexi Pool
- Routine Immunisation
- Pulse Polio Immunisation
- National IDD Control Programme
- Odisha Health Systems Development Project (OHSP),

**B. National Urban Health Mission (NUHM)**

**C. Cells in Directorate of Health Services dealing with Communicable Diseases and other units like:**

- National Vector Borne Disease Control Programme (NVBDCP)
- Revised National Tuberculosis Control Programme (RNTCP)
- National Leprosy Eradication Programme (NLEP)
- Integrated Disease Surveillance Project (IDSP)
- Procurement of Drugs and Equipment by SDMU out of NHM fund

**D. Cells in the Directorate of Public Health dealing with other non communicable diseases like:**

- National Programme for Control of Blindness (NPCB)
- Non-Communicable Disease, Injury & Trauma:
- National Mental Health Programme (NMHP)
- National Programme for Health Care of the Elderly (NPHCE)
- National Programme for Prevention and Control of Deafness (NPPCD)
- National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS)
- Any other New Initiative under Non-Communicable Disease Injuries and Trauma

**E. Cells in the Directorate of Family Welfare dealing with NHM like:**

- Maternal Health, Child Health, Family Planning, Immunization, PNMT etc.

**F. Director of State Institute of Health and Family Welfare dealing with NHM funds/ activities like training, IEC and BCC etc.**

**G. State Drugs & Equipment Management Unit dealing with NHM Funds;**

**H. Rogi Kalyan Samitis (RKS), Gaon Kalyan Samitis (GKS)**

**I. Audit and reporting on any other area as may be entrusted to the auditor by the State level Standing Committee on Audit and the respective District Audit Committees at the districts level.**

**14. Reporting requirements**

**14.1 Management letter:** The Concurrent Auditor is required to incorporate the audit findings every month in a letter addressed to the management which need immediate management attention to improve financial management and other internal controls such as the administrative, operational, procurement, etc. Management Letter Shall cover following matters:

- a) All deficiencies observed on the maintenance of accounts including classification of expenditure, income recognition, process compliance, documentation, if any.
- b) Specific areas of deficiency in the internal control system and recommendations for improvement.
- c) Any other matter that could have come to the attention during the audit which might have significant impact on the performance of the unit audited.
- d) Any other matter that the auditor considers significant for the management.
- e) Recommendations and suggestions including management compliance.

**14.2 Contents of Audit Report:**

**14.2.1** Concurrent audit report of **State Health Society** should contain the following financial statements and documents.

- Duly filled in Checklist provided in the guidelines from time to time;
- Financial statements as prescribed;
- Audited Trial Balance;
- Audited Receipts and Payments Account;

- Income and Expenditure Account( SoE);
- Balance Sheet;
- Audited Statement of Expenditure;
- Bank Reconciliation statements;
- List of outstanding advances;
- Observations and recommendations of Auditor particularly covering the following aspects;
- Deficiencies noticed in internal controls;
- Suggestions to improve the internal controls;
- Extent of non-compliance with guidelines issued by Gol;
- Action taken by State Health Society on the previous audit observation along with his observation on the same.

**14.2.2** Concurrent audit report of a **District Health Society** should contain the following financial statements and documents:

- Duly filled in Checklist provided in the guidelines from time to time;
- Financial statements as prescribed;
- Audited Trial Balance;
- Audited Receipts and Payments Account;
- Income and Expenditure Account;
- Balance Sheet;
- Audited Statement of Expenditure (SoE);
- Bank Reconciliation Statements;
- List of outstanding advances;
- Deficiencies noticed in internal controls;
- Extent of non-compliance with guidelines issued by Gol and the State Health Society;
- Observations and recommendations of Auditor(including observations on blocks visited);
- Action taken by District Health Society on the previous audit observation along with his observation on the same.

**14.2.3** **The Auditors are to adopt the format of Concurrent Audit Reports (enclosed at Appendix -1) in order to have uniformity in reporting requirements as provided in the Annexure. The Auditor must sign the audit report mentioning the date of issue of the Audit Report and must obtain dated acknowledgement of the responsible officers of the respective Health Society.**

## **15. Penalty for delay in conducting monthly audits and submission of Audit Reports**

The district/state units must furnish the books of accounts and relevant records and Financial Statements before the auditor in due time. In case of failure, the District Auditor must inform in writing the same to the CDMO with a copy to the Mission Directorate. Similarly, the State Concurrent Auditor is to inform the non submission of records to the Programme Officer with a copy to the Mission Director, NHM, Odisha in writing.

If for any reason beyond the control of auditor, in respect of the conducting or completion of audit gets delayed, then the firm has to communicate the same to the CDMO-cum-District Mission Director concerned and Mission Director, NHM, Odisha Bhubaneswar stating the specific reason.

In order to ensure timeliness in submission of audit reports on the part of the auditor, if the State Health Society / District Health Society feels that in spite of timely providing all information, documents and updated books of accounts, there was delay in carrying out of monthly audits and submission of Audit Report for any month relating to the financial year then the District / State

Society would deduct from the audit fees payable for the month at the rate of 5 (five) *per cent* per week of delay from the stipulated date of submission of Audit Report if the delay is attributable to the Auditor. However, submission of Audit Report of the month after 4 (four) weeks from the stipulated date of submission entails forfeiture of audit fee payable for that month and delayed submission of Audit Report as above for any two months relating to the financial year would attract action for termination of assignment thereafter and the next successful bidder would be offered assignment from that stage of audit. **A firm whose assignment is terminated, its request for proposal will not be entertained in the next financial year.**

16. The Odisha State Health Society reserves the right to change /modify the evaluation criteria as per requirements of the State and /or District Health Societies of the State.
17. **Letter of transmittal:** Eligible and intending Chartered/ Cost Accountant firms may submit their expression interest **(EoI) enclosing the technical and financial proposal to the respective Health Society adopting the letter of transmittal given at the Appendix - 2.**
18. **All the papers and supporting documents submitted along with the bid documents (EoI) must be signed by a partner or an authorized official with seal of the firm of the intending firm. In case the bid documents are signed by an official other than a partner of the firm, the formal and valid authorization letter by the partner of the firm in favour of the official signatory in original as above must also be submitted along with the bid documents.**

**Concurrent Audit Report for the month of -----on the accounts records of State/ District Health Society (DHS) / Zilla Swasthya Samiti (ZSS),.....**

**I Introductory:**

Sl No	Particulars	To be filled in by the Concurrent Auditor of the DHS
1.	Name of the District Health Society/ZSS	
2.	Name and Designation of the CDMO-cum-District Mission Director, National Health Mission.	
3.	Name and designation of the official in charge of accounts (District Accounts Manager)	
4.	Name and Address of the Auditor	
5.	Nature of assignment	Concurrent Audit of accounts records of the District Health Society and the jurisdictional sub-district Health facilities
6.	Month of accounts records audited	
7.	Time taken for conducting the audit	Dates of visit to the SHS and other State level offices / DHS and the Sub-District Health facilities to be indicated
8.	Authority under which the audit was conducted	Audit assignment letter of the District Health Society
9	Audit carried out by (Name, qualification and designation of each auditor)	1. 2. 3.  (Note: Name of a minimum one CA/ICWA official is obligatory).
10	Audit supervised by	
11	Auditing standards followed	

11.	Names of the CHCs, SDH, PHC(N), Sub-centres and GKS and NGO visited	1. 2. 3. 4. 5.....
12	Scope of Audit	(i) Accounts records of the Programmes audited in each of the Health facility: NRHM, RCH, IDSP, Immunisation, NDCPs , NCDs etc. (ii) Names of Records audited in each Health facility : Cash Books, Bank Reconciliation Statements, Cheques issue Registers, Bank Pass books , Advance ledgers, TDS records, Vouchers guard file, vouchers etc. (as mentioned in the scope of audit .. the above list is illustrative and not exhaustive.)
13.	Dates of discussion of the audit findings with the CDMO/MO I/cs etc. before finalization of the Audit Report	1.CDMO: 2. MO /Ic, (Name of the CHC, PHC, Area Hospital, Health centres etc.) 3. 4. 5
14	Position of submission of action taken reports (ATR) on the observations in previous month's Concurrent Audit Report and para wise recommendation.	
15	Comparison between financial and physical performance and analysis	
16	Position of funds reflected in FMR and the books of accounts for the month	
17	Position of funds reflected in FMR and the books of accounts for the month	

**II. Management letter containing the detailed audit observations arising out of scrutiny of programme wise accounts records in each Health facility** like (i) the Cash Books, vouchers, Bank Reconciliation Statements, positions of personal and institutional advances and action taken to adjust the same, (ii) TDS- deductions, deposit and returns, (iii) maintenance status of various records like the ledger, journal, cheques issue register, funds receipt register, Funds disbursement register, vouchers guard file, JSY payments Register, Stock registers, fixed Assets Registers, Field visit of District/ Block officials-

reports- and follow up there on, (iv) position of civil works-maintenance of connected records, (v) Procurement records-maintenance of records by following the procedure and other records like the (vi) FMR, (vii) physical and financial performance etc as mentioned in the agreement and the check list provided by the CDMO as well as the position of adherence to internal control mechanism mentioned in the Operational Guidelines for Financial Management issued by the GoI, delegation of financial powers issued by the Mission Directorate, NHM etc.. **(The list is illustrative and not exhaustive for which the check list may be referred to).**

III. Comments on persistent irregularities and Recommendations of the Auditor(Health facility wise);

IV Certification of Financial Statements (quarterly).

V. Signature **with dated** seal of the Auditor





### Appendix-3

Ref: Item 3 in Table below paragraph 2 and items 7 (ii) and (iii) in the Table below paragraph 4.1

#### Name of the Chartered Accountants firm:

Statement showing details of the units audited by the firm in the social sector and corporate/commercial sectors (other than audit of branch/ division accounts of banking and insurance companies), types of audit, year of accounts audited during last three years (2013-14, 2014-15 and 2015-16).

Sl No.	Name and address including telephone Number(s) and e-mail id of the accounts of the unit audited	Whether copy of audit assignment letter enclosed* indicating letter No and date of the management (Yes/No)	Type of Unit (Social, Corporate or commercial Sector)	Type of audit carried out i.e Statutory (Financial)/ Cost/ Internal	Year of accounts audited	Date of commencement of audit	Date of completion of audit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.							
2.							
3.							

\*Please indicate the Annexure number

Certified that the information on the details of types of audit i.e Statutory (Financial)/ Cost/ or internal audits carried out by the firm in respect of the audit of accounts of the units belonging to the social / corporate / commercial sectors furnished above is true and at any time if any of the above information found incorrect/false, that I shall be held responsible for the same for taking any legal action that may deem fit including disqualification.

Name and Signature of Partner

Seal of the firm

**POM NO. SS-III/NRHM/1 Sub: Information on District wise number of  
SDHs/blocks/CHCs/PHCs/Sub Centres**

Sl. No.	District	Block	DHH	SDH	CHC	PHC(N)	Subcenter
1	Angul	8	1	3	9	31	166
2	Balasore	12	1	1	17	68	275
3	Baragarh	12	1	1	14	46	204
4	Bhadrak	7	1	0	7	50	178
5	Bolangir	14	1	2	15	42	226
6	Boudh	3	1	0	5	12	67
7	Cuttack	14	1	2	18	57	332
8	Deogarh	3	1	0	4	7	42
9	Dhenkanal	8	1	2	10	32	167
10	Gajapati	7	1	0	8	20	136
11	Ganjam	22	1	2	30	89	460
12	Jagatsinghpur	8	1	0	9	37	189
13	Jajpur	10	1	0	12	56	260
14	Jharsuguda	5	1	0	6	15	66
15	Kalahandi	13	1	1	16	43	242
16	Kandhamal	12	1	1	14	36	172
17	Kendrapara	9	1	0	9	45	227
18	Keonjhar	13	1	2	17	60	351
19	Khurda	10	2	0	13	46	202
20	Koraput	14	1	1	16	48	307
21	Malkangiri	7	1	0	8	25	158
22	Mayurbhanj	26	1	3	28	82	589
23	Nabarangapur	10	1	0	11	39	289
24	Nayagarh	8	1	0	12	37	166
25	Nuapada	5	1	0	6	17	95
26	Puri	11	1	0	16	45	241
27	Rayagada	11	1	1	11	36	235
28	Sambalpur	9	1	2	11	31	167
29	Subarnapur	6	1	1	5	18	89
30	Sundargarh	17	2	2	20	56	390
	<b>Grand</b>	<b>314</b>	<b>32</b>	<b>27</b>	<b>377</b>	<b>1226</b>	<b>6688</b>