



Request for Expression of Interest (REoI)
(2nd Call)

REoI No. 1255/ISGPP/PROC-73/2022 dated 20.10.2022

Name of assignment: 'Hiring professional firm for conducting
Internal Audit for FY 2022-23 of ISGP Program II'



Institutional Strengthening of Gram Panchayats (ISGP) Program-II
Panchayats & Rural Development Department
Government of West Bengal

Mrittika Bhavan, 6th Floor 18/9, D.D. Block, Sector-I, Salt Lake City, Kolkata-700 064
e-mail: scu.wbisgpp@gov.in, Website: www.mis.wbprd.gov.in

Memo. No. 1255/ISGPP/PROC-73/2022

Date: 20.10.2022

Expression of Interest (EOI) (2nd Call)

Institutional Strengthening of Gram Panchayats Program II under Panchayats and Rural Development Department, Govt. of West Bengal invites online e-‘Expression of Interest’ (e-EOI) 2nd Call from reliable, resourceful, bonafide and experienced firms/companies to undertake the work/ service: Hiring professional firm for conducting Internal Audit for FY 2022-23 of ISGP Program II’.

Intending applicants may download the Request for EOI documents from the website <https://wbenders.gov.in> directly with the help of Digital Signature Certificate.

This document contains the followings:

A. Invitation for EOI: (Copy of advertisement)

Institutional Strengthening of Gram Panchayats (ISGP) Program II
Panchayats & Rural Development Department
Government of West Bengal

Request for Expression of Interest (REoI) (2nd Call)

Memo No. 1255/ISGPP/PROC-73/2022 dated 20.10.2022

“Hiring professional firm for conducting Internal Audit for FY 2022-23 of ISGP Program II”

The detail REoI can be seen at <https://wbenders.gov.in>

The last date for bid submission is 31st October 2022 up to 17:00 hrs.

Scope of Work

In conducting the audit, special attention should be paid to assessing whether adequate controls have been established and complied with to ensure:

All external funds have been disbursed in accordance with the conditions of the relevant legal agreements¹, only for the purposes for which the financing was provided, and within the timelines agreed;

- Counterpart funds have been provided in accordance with the relevant legal agreements and only for the purposes for which they were provided;
- Program assets are adequately safeguarded and used solely for their intended purposes; and
- All necessary supporting documents, records, and accounts have been kept in respect of all program transactions including expenditures reported via ERP version of TALLY

- (d) Goods and services have been procured during the period in accordance with the ISGPP-II's procurement guidelines mentioned in revised POM and financing agreements.

In conducting the audit special attention should be paid to the following:

Financial Management

- Whether books of accounts are being maintained in the manner and formats defined by the Financial and Administrative Manual of the Program and subsequent office orders;
- Whether the financial transactions are being accurately and completely recorded;
- Whether the fund management is being done in compliance with Financial Management guidelines of the ISGPP-II;
- Whether funds have been used with due regard to economy, efficiency and for the purposes they were provided;
- Whether release of money is adequately supported;

Special emphasis may be laid on items like:

- Timely and accurate preparation of Bank Reconciliation Statements
- Timely and accurate preparation of financial reporting statements
- Surplus funds lying unutilized for long
- Financial records and registers being maintained
- Disbursement of funds to the third parties
- Understand the process of tagging and maintenance of assets acquired by the ISGPP-II.
- The auditors may perform physical verification of assets (if considered necessary)
- Whether capacities for financial management as indicated in the operations manual have been created

Procurement

- Whether goods, works and services are being procured following the procurement procedures agreed with the Bank;
- Whether all procurements are approved by the appropriate authority of ISGPP-II and are as per procurement guideline mentioned in revised POM
- Whether goods, works and services are being procured in accordance with the procurement plan and sanctioned budgets
- Whether time schedule for procurement of goods, works and services is in line with the Program Procurement Plan
- Whether required documentation for procurement activity and contract management is being maintained for all purchases made
- Adequacy of internal controls relating to contract management with regard to sub Programs.
- Monitoring of contract management – completion is on time or not
- Actions taken in case of delays
- Whether payments are being made in time
- Review previous procurement audit report for any reported procurement issues and how these were addressed

Others

- Whether appropriate internal controls as specified by the Financial and Administrative Manual/The Program Operations Manual (Revised) /The Procurement Guideline mentioned in revised POM/any other relevant notifications, if any, are operating satisfactorily. The auditor should suggest methods for improving weak controls or creating them where need be.

Verifying compliance with recommendations of the earlier audit reports and commenting thereon

- Whether statutory compliance has been made in a timely manner

B. Instructions to the Consultants:

- Expression of Interest will have to be submitted online concurrently duly digitally signed in the website <https://wbtenders.gov.in> as per time schedule stated herein under.

ii. PRICE OR RATE WILL NOT BE QUOTED WITH EOI

iii. Schedule of complete bidding process

a)	Date of uploading of R E.O.I. & other Documents (online) (Publishing Date)	date 21.10.2022, Time: 10.00 hrs.
b)	Documents download start date (Online)	date 21.10.2022, Time: 10.00 hrs.
c)	Documents download end date (Online)	date 31.10.2022, Time: Up to 17.00 hrs.
d)	Online EOI Submission Start Date & Time	Date 21.10.2022, Time: 10.00 hrs.
e)	Online EOI Submission Last Date & Time	date 31.10.2022, Time: Up to 17.00 hrs.
f)	Time and Date of Opening of EOI.	date 02.11.2022, Time: 17.00 hrs.
g)	Publication/ Uploading of names of shortlisted Applicants.	date 03.11.2022
h)	Date of uploading of RFP & other Documents (online) (Publishing Date) & Documents download start date (Online) for Limited Bid.	date 04.11.2022
i)	RFP & other Documents download end date (Online) & Online Bid Submission Last Date & Time	To be notified later
j)	Time and Date of Opening of Technical Bid of RFP (Bid will be opened by the Authorized Officer)	To be notified later
k)	Publication/ Uploading of names of shortlisted Applicants & Date for opening of Financial Application (Online)	To be notified later

- Amendments if any to this EOI will be uploaded only on the website.
- Only eligible applicants having the required qualification shall be considered for short listing and only the shortlisted firms shall be issued Request for Proposal (RFP) document for submission of their applications.
- ISGPP-II reserves the right to reject any or all applications without assigning any reason thereof.
- Pre-qualification/ short listing does not necessarily mean that a job will be assigned to the applicant.
- The cost incurred by the applicants in preparation & submission of this application of EOI / RFP providing clarifications or attending discussions in connection with process of Pre-qualification/ short listing shall be borne by the applicant/bidder. ISGPP-II in no case will be responsible or liable for these costs regardless of the outcome of the process.
- Lists of common documents which shall have to be submitted by each applicants at the time of submission of EOI:-**
 - The applications must be properly signed by the proprietor in case of a proprietary firm and Power of Attorney holder for corporate entities.
 - Income Tax Return (For last 3yrs)
 - Pan Card
 - Valid 15 digit Goods and Services Taxpayer Identification Number (GSTIN) under GST Act, 2017
 - Technical Credential.

- v) Financial turn over Certificate (for three years).
- b) List of documents shall have to upload by a Partnership Firm in addition to **List of common documents**
 - i) The power of Attorney for the firm for signing the tender by a partner.
 - ii) Partnership Deed.
- c) Joint Venture (JV) /consortium will not be allowed.

All the uploaded documents should be organized in proper order in the respective folders assigning names to the individual documents, failing which bid may liable to be cancelled.

C. Pre-qualification criteria:

Name of the work/service	Eligibility Criteria	DisqualificationCriteria	Rejection Criteria
Hiring professional firm for conducting Internal Audit for FY 2022-23 of ISGP Program II	The Firm should be affiliated by “The Institute of Chartered Accountants of India/ The Institute of Cost Accountants of India/ The Institute of Internal Auditors of India etc. The Firm should be empanelled with the “Comptroller and Auditor General of India” in major audit for the Financial Year 2021-22 (Applicable only for CA firms registered in India). The applicant firm is Independent of the entity to be audited. The audit firm is not the External Auditor of the program for the FY 2020-21. 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 program. 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 program. The audit firm is not one against which disciplinary orders have been issued by the ISGPP-II, Public Companies Accounting Oversight Board (PCAOB) / National Financial Reporting Authority (NFRA) and these orders are in force. Also, any partner/senior manager of the	Even though the bidders meet the eligibility criteria, they would be disqualified if they have: Made misleading or false representation in the forms, statements, affidavits and attachments submitted in proof of the qualification requirements and or record of submission of any false / fake document(s). Record of poor performance such as abandoning the works, not properly completing the contract, inordinate delays in completion, litigation history, or financial failures etc.	During scrutiny of EOI/ proposal if it is found that any information is incorrect or inadequate in the Bid documents, the same will be rejected without assigning any reason thereof.

	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/Cos Accountants of India, or is one against whom disciplinary action orders have been passed by the PCAOB /NFRA. <u>(Please provide supporting document / declaration / statement for the abovementioned points, otherwise your proposal will be treated as non-responsive)</u>	
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D. Shortlisting of Consultant:

Pass Fail criteria:

This assignment requires a highly competent firm of Internal Auditors with following requirements.

- Minimum 05 years of experience required in similar nature (audit) of assignment
- Minimum 3 no. of assignments (External/Internal audit conducted in Externally Aided Project/ Central or State Govt. sponsored project/program either in HQ or regional level) executed by the firm during last 5 years.
- Whether a partnership firm with at least five (5) partners with a minimum yearly turnover of INR 20 Lakh for the last three (3) consecutive financial years.
- Whether the firm have an office situated in West Bengal.

All the consultants who meet minimum criteria mentioned above will be shortlisted and issued RFP

The Agency / firm will be selected in accordance with the selection procedure of Combined Quality cum Cost Based System (CQCCBS) under State Government's notification no. 8385-F(Y) dated 22 Nov, 2013.

S/d

Special Secretary to the Govt. of West Bengal

Panchayats & Rural Development Department and Program
Director, ISGPP-II

Formats

Format for Past experience of the firm

Name of the Assignment:					
Name of the Consultant:					
EoI No & Date:					
1. List only previous assignments successfully completed in the last ...05 years.					
Consultant's Experience					
Sl. No.	Duration (with contract start & end date)	Assignment name/& brief description of main deliverables/outputs	Name of Client with Address (phone no, email id)	Contract value. Exclusive of service tax / GST(in INR)/ Amount paid to your firm	Role on the Assignment (Mention Externally Aided Project where applicable)

Format for Financial strength of the consultant

Name of the Assignment:					
Name of the Consultant:					
EoI No & Date:					
Financial strength of the consultant					
Sl. No.	Particulars	Financial Year.....	Financial Year.....	Financial Year.....	Remarks (if any)
1.	Turnover figure				
2.	Net Profit				

TOR for Hiring professional firm for conducting Internal Audit for FY 2022-23 of ISGP Program II

Introduction

The Government of West Bengal in partnership with Government of India has initiated Institutional Strengthening of Gram Panchayats Program Phase 2 (ISGPP-II) of approximately US\$ 595.25 million with the objective to develop institutionally strengthened GPs with funding of US\$ 210 million (including PBG and non PBG funds) from the World Bank. Achievement of the PDO will be measured in terms of the by the end of the program to strengthen the institutional and financial capacities of Gram Panchayats (GPs) across the State

Program Scope & Components

The Government program (ISGPP-II) will focus on a universe of approximately 3227 GPs (excluding 112 GPs in first Year 2017/18) within 21 districts. The three key expenditure area of ISGPP-II for the period FY 16/17- FY 21/22 are stated below:

- i. Performance Based Grants to GPs (INR 3507.07 Crore) - Around 88% of Program expenditures comprise of performance-based grants to GPs, of which a share will be sourced from the DLIs on PBGs (INR 933.3 Crore). The other two PBG sources are SFC. The PBG will be allocated during the four years starting from FY 2017/18 till FY 2022-23 whereas other activities will continue until FY 2022-23, and the PPF supported preparatory activities in FY 2016/17. A single blended PBG grants will be provided to GPs in their PBG Savings Account, based on their achievement of annual performance assessment of basic minimum condition, expanded minimum condition and performance scores. The State will receive the IBRD funds based on achievement of Disbursement Liked Indicators. The process of DLI allocation and disbursement are explained in detail in the PBG/APA chapter of Program Operations Manual.
- ii. Capacity building and institutional development support (INR 359.8 Crore) - IBRD funds will be provided to ISGPP-II to strengthen institutional capacities of GPs. The expenditure area on capacity building expenditures encompasses: Formal training support to the GPs on planning, budgeting, financial management, procurement, own source revenue mobilization, safeguards compliance, vertically integrated planning, gender budgeting and social inclusion and other areas of local government functioning. These will be provided through various agencies/institutions such as STARPARD or any private agency. Also handholding support will be provided to the GPs for improved local government functioning by providing focused mentoring support on planning, financial management and engineering design & supervision, support from the district coordinators under the Program, and support to up-grading the core staffing positions at the GP level, focusing on the executive assistants, secretary and engineers, which show significant gaps across GPs.
- iii. Program management, coordination and monitoring (INR 121.3 Crore) - IBRD will provide funds to ISGPP-II to support implementation and management of program related activities. Specific support for APA , roll out and refinements of GPMS, GIS and MIS, GRM, web based monitoring systems and Integrated IT based capacity building and monitoring platforms including video conferencing facilities. It also encompasses support to directorate of social audit for mainstreaming social audits in GPs; and support to P&RDD for developing a robust system of internal audit in GPs.

Implementation Arrangements

The P&RDD will have the primary responsibility for Program implementation and ensuring that the Program development objectives are met, and will execute the Program through the WBSRDA, which will also be responsible for inter-institutional coordination. The ISGPP-II in WBSRDA will assume direct, state-wide responsibility for day to day Program management and coordination. The ISGPP-II will be staffed by both cross-cutting management and support staff and specialists dealing with specific technical areas, and it will identify from amongst its staff focal personnel for each of the program activity, who will be in charge of implementation, coordination, monitoring and reporting on their respective activity.

The Program Operations Manual will provide a detailed description of the program and outline the key program operational modalities and instruments.

Financial Management Arrangements

The design of the financial management arrangements for the Program is largely predicated on the findings of the Integrated Fiduciary Assessment report dated November 2016 and the GoWB's existing Acts, guidelines, rules on public financial management.

As the nodal implementing agency of the ISGPP-II, the ISGPP-II will be responsible for the accounting and reporting for all state and district level expenditures and consolidating the expenditures incurred at ISGPP-II. There are two types of ISGPP funds that will flow through ISGPP-II:

- i. Performance Based Grants to Gram Panchayats- PBG blended funds will be transfer to qualifying GPs through electronic transmission to individual GP's bank account directly.
- ii. Funds other than PBG- These include funds to meet the program related expenditure of ISGPP-II. ISGPP-II will retain a bulk of the funds to meet the program related expenditure. The fund release will be accounted for as 'grants in aid' in the books of WBSRDA. This will include;
 - a. Capacity Building and institutional development support- Funding support for Formal Learning and Training, Mentoring Support, Support for HR recruitment for GPs, Systems development & Roll out
 - b. Program management, coordination and monitoring- Funding support for timely completion of APAs etc.

The program funds (both PBG and non PBG) will flow from the State budget to ISGPP-II of WBRDA. ISGPP-II will transfer the PBG funds (including ISGPP-II IBRD DLI based PBG and 100% SFC grants) to respective GPs PBG Savings Account in line with the existing GoWB procedures.

GPs will utilize the grant funds for implementation of various Program activities in accordance with their approved plans and budgets.

Other key features of the proposed financial management arrangements under the Program are summarized as follows:

- a) The program will be budgeted in the state budget under the P&RDD
- b) The ISGPP-II maintains separate bank account and books of accounts are maintained to record all program-related receipts and payments, including expenditures incurred by the respective district level teams. A chart of accounts is being developed to ensure that expenditures can be tracked by program expenditure and activity areas. The ISGPP-II uses ERP version of TALLY for accounting and reporting for Program funds.

- c) For each program year, the ISGPP-II will release blended PBG funds (IBRD DLI based, SFC and PBG) to GPs directly to the qualifying GPs through bank transfer from PMU . A separate confirmation of the fund transfers will be sought from the bank handling the PBG funds at the district level.
- d) For the non PBG funds, the final bills for payment will be forwarded to the ISGPP-II, WBSRDA for payment.
- e) The ISGPP-II follows the Financial and Administrative Manual (2016) and subsequent orders for its operation
- f) ISGPP-II will engage a professional firm of internal auditors to conduct quarterly internal audit for the program, an exercise that will form an integral part of the internal control and management framework.
- g) The ISGPP-II will engage a reputed firm of chartered accountants, to conduct annual external audit and certify the consolidated program annual financial statements.

Standards to be followed for audit of ISGPP-II

The internal audit will be carried out in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The internal auditor should accordingly evaluate risk exposures relating to the ISGPP-II's governance, operations and information systems, and plan the examination to detect indicators of fraud and corruption.

Guidelines: The professional firm conducting the internal audit of ISGPP-II must refer to the following:

- i. Associated rules administering the finance and treasury functions of Govt. of West Bengal –
 - a. Supplementary Government Order on Fourteenth Finance Commission -Performance Based Grant
 - b. Financial & Administrative Manual for the Institutional Strengthening of Gram Panchayats Program-II (ISGPP-II) (July 2016)
 - c. Orders issued by ISGPP-II
- ii. Technical Assessment- West Bengal ISGPP-II (December,2016)
- iii. Draft Integrated Fiduciary Assessment Report (November,2016)
- iv. Program Operational Manual-ISGPP (2021)
- v. Financial and Administrative Manual - ISGPP (2016)

Scope

In conducting the audit, special attention should be paid to assessing whether adequate controls have been established and complied with to ensure:

- (e) All external funds have been disbursed in accordance with the conditions of the relevant legal agreements², only for the purposes for which the financing was provided, and within the timelines agreed;
- (f) Counterpart funds have been provided in accordance with the relevant legal agreements and only for the purposes for which they were provided;
- (g) Program assets are adequately safeguarded and used solely for their intended purposes; and

² “Relevant legal agreements” include the Financing Agreement, the Program Agreement, and the Minutes of Negotiations.

- (h) All necessary supporting documents, records, and accounts have been kept in respect of all program transactions including expenditures reported via ERP version of TALLY
- (i) Goods and services have been procured during the period in accordance with the ISGPP-II's procurement guidelines mentioned in revised POM and financing agreements.

In conducting the audit special attention should be paid to the following:

Financial Management

- Whether books of accounts are being maintained in the manner and formats defined by the Financial and Administrative Manual of the Program and subsequent office orders;
- Whether the financial transactions are being accurately and completely recorded;
- Whether the fund management is being done in compliance with Financial Management guidelines of the ISGPP-II;
- Whether funds have been used with due regard to economy, efficiency and for the purposes they were provided;
- Whether release of money is adequately supported;

Special emphasis may be laid on items like:

- Timely and accurate preparation of Bank Reconciliation Statements
- Timely and accurate preparation of financial reporting statements
- Surplus funds lying unutilized for long
- Financial records and registers being maintained
- Disbursement of funds to the third parties
- Understand the process of tagging and maintenance of assets acquired by the ISGPP-II.
- The auditors may perform physical verification of assets (if considered necessary)
- Whether capacities for financial management as indicated in the operations manual have been created

Procurement

- Whether goods, works and services are being procured following the procurement procedures agreed with the Bank;
- Whether all procurements are approved by the appropriate authority of ISGPP-II and are as per procurement guideline mentioned in revised POM
- Whether goods, works and services are being procured in accordance with the procurement plan and sanctioned budgets
- Whether time schedule for procurement of goods, works and services is in line with the Program Procurement Plan
- Whether required documentation for procurement activity and contract management is being maintained for all purchases made
- Adequacy of internal controls relating to contract management with regard to sub Programs.
- Monitoring of contract management – completion is on time or not
- Actions taken in case of delays
- Whether payments are being made in time
- Review previous procurement audit report for any reported procurement issues and how these were addressed

Others

- Whether appropriate internal controls as specified by the Financial and Administrative Manual/The Program Operations Manual (Revised) /The Procurement Guideline mentioned in revised POM/any other relevant notifications, if any, are operating satisfactorily. The auditor should suggest methods for improving weak controls or creating them where need be. Verifying compliance with recommendations of the earlier audit reports and commenting thereon
- Whether statutory compliance has been made in a timely manner

Coverage for the Internal Audit of ISGPP-II

The audit would cover the entire program i.e., covering the implementing units at the Program level (State and district) and will cover ISGPP-II. The audit would also cover all consultancies or other contracts that may be entered into by the implementing agencies. The audit should in each quarter evaluate one specific area of operations of the ISGPP Cell and suggest possible measure to improve performance, such as on timelines, expenditure efficiency, etc. The audit will however, not extend to the Gram Panchayats, which are subject to separate departmental internal audit processes. Specific areas of coverage of the audit will include the following:

- a) An assessment of whether performance based grants are disbursed in a timely manner by the ISGPP-II
- b) An assessment of the adequacy of the program financial management systems and processes, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls, and any needs for revision; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports; methods of remedying weak controls or creating controls in areas where they are lacking; verification of assets and liabilities.
- c) Efficiency and timeliness of the funds flow mechanism at the State and district units of ISGPP-II of WBSRDA.
- d) Efficiency and timeliness of funds flow mechanisms maintained for Performance Based Grants to Gram Panchayats. This will include a review of the processes followed to ensure that the conditions (performance criteria) for each release (as provided in the chapter on PBG System) have been complied and are in line with the financing agreement and separate confirmations of the fund transfers have been obtained from the bank handling the funds.
- e) Whether the accounting for the advances and fund releases are properly recorded in the accounting books and systems in place for monitoring the receipt of periodic financial reports and follow up on outstanding advances are adequate.
- f) Whether the accounts of the District level expenditures are incorporated in a timely manner at the State level.
- g) An assessment of compliance with provisions of financing agreements (IBRD Program Agreement), especially those relating to procurement, accounting and financial matters.
- h) Goods, works and services financed have been procured in accordance with the procurement guidelines, procurement manual of the ISGPP-II and financing agreements.
- i) All necessary supporting documents, records, and accounts have been kept in respect of all program activities and that clear linkages exist between accounting records, accounts books and the periodic financial reports.
- j) Adequate records are maintained regarding the assets created and assets acquired by the Program, including details of cost, identification and location of assets and ensuring that there is a system of physical verifications of assets.

- k) The auditor is expected to obtain and satisfactorily document sufficient audit evidence to support audit conclusions.
- o) Bank reconciliations have been carried out on a monthly basis.
- p) The firm shall undertake the following tasks in respect of procurement of goods and services during the period of audit:
- list and categorize all procurements undertaken during the period covered under audit;
 - categorize by the nature and volume of procurements undertaken;
 - examine existing procurement calendar/planning, timeliness, implementation and documentation of procurement;
 - scrutinize and verify that the agreed procurement procedures and practices are being followed in all activities;
 - scrutinize the evaluation process for selection of firm whether adequate techniques/methods are being followed as per the norm and guidelines;
 - To examine the efficacy of using the norm while making procurement (both goods and services);
 - to analyze competitiveness, fairness, economy and efficiency in procurement practices;
 - to examine transparency including disclosure system and accountability mechanism in procurement practices;
 - to assess the verification systems to ascertain whether goods, works and consultancy supplied/completed the work/task according to the contract conditions.

Key Expert's qualifications and competence and number for the Assignment:

- a. Managing Partner (Qualified Chartered Accountant) [post qualification experience 15 years onwards]
- b. Audit manager/ Audit Team Leader/ Partner (One) (Qualified Chartered Accountant) [post qualification experience 8 years onwards]
- c. Qualified Assistant/ Team member (Minimum 5 Nos) (Qualified Chartered Accountant/ Cost Accountant) [post qualification experience 2 years onwards]
- d. Semi Qualified Assistant (Minimum 10 Nos) (CA/ ICWA Intermediate)

Period, Timing and sample coverage of Internal Audit of ISGPP-II

The contract period of the assignment is expected initially to be for FY 2022-23. The contract may be extended for further beyond this period subject to satisfactory performance of the firm.

The Internal Audit will be carried out on a quarterly basis. The selected firm(s) will submit in advance and agree with the ISGPP-II on a 'schedule of audit'. This will facilitate smooth and timely conduct of internal audit and submission of reports for closing the opinions expressed by the professional firm. The details of the period to be covered under audit and approximate time to be taken and units to be covered are as follows:

<i>Period for which audit will be done</i>	<i>Units to be covered</i>	<i>Timeline for completing audit</i>	<i>Timeline for submission of Final Audit</i>
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			Report
April'2022 to June'2022	ISGPP-II (PMU office at State headquarters along with all DCUs situated at all district headquarters across the state)	30 th December 2022	15 th January 2023
July 2022 to September 2022	ISGPP-II (PMU office at State headquarters along with all DCUs situated at all district headquarters across the state)	30 th December 2022	15 th January 2023
October' 2022 to December'2022	ISGPP-II (PMU office at State headquarters along with all DCUs situated at all district headquarters across the state)	28 th February ' 2023	15 th March 2023
January'2023 to March'2023	ISGPP-II (PMU office at State headquarters along with all DCUs situated at all district headquarters across the state)	15 th April 2023	25 th April 2023

Quarterly Reporting

The professional firm conducting the internal audit shall provide the reports with the following frequency:

- Audit report within the timeline mentioned above
- Summary of audit findings and recommendations
- Support/Inputs to be provided by the ISGPP-II.

Internal audit reports containing the following elements should be shared with the Program Manager ISGPP-II on a quarterly basis:

- a) The objective and scope of the internal audit
- b) A summary of the internal auditing procedures performed
- c) The internal auditor's opinion as to the overall adequacy of the systems of internal control, indicating unambiguously whether that opinion is unqualified, qualified, or adverse
- d) Key management issues
- e) Detailed internal audit findings, with adequate descriptions of weaknesses identified and the associated business impact and risk
- f) Appropriate and reasonable recommendations to address the identified weaknesses; and
- g) Responses to findings and recommendations by authorized persons stating the timeline for remediation and the person responsible
- h) Procurement process for both Goods & Services procured during the period of audit as per the approved procurement plan and all other procurement with adequate description of weakness identified and recommendations

The report should be discussed and agreed with the auditable units and should be structured to list the observations, the implications of the observations, the suggested recommendation and the

management comments/agreed actions. The audit observations should be supported by instances and quantified, as far as practicable.

General

The professional firm would be given access to all documents, correspondence, and any other information relating to the Program and deemed necessary by the auditor. The auditor should become familiar with the Program, and with the relevant policies and guidelines of the World Bank (including those relating to disbursements, procurement and financial management and reporting). The auditor would be provided copies of the Program Operations Manual, Technical Assessment Document of the World Bank, Development Credit Agreement and Program Agreement with IBRD (including agreed Minutes of negotiations), the Procurement Manual, Financial and Administrative Manual and procedures issued by ISGPP-II and the relevant World Bank policies and guidelines. It is also mandatory that the auditor must be acquainted with the state government rules and procedures for financial management, procurement etc. that will also be relevant to the Program implementation.

Review

A review committee consisting of the Program Director, and the Financial Manager at the IGSP-II will review the internal audit report submitted by the internal auditor and take further remedial measures on the discrepancies pointed out in internal audit.

The consolidated annual report of internal audit will be presented to the Principal Secretary, P&RDD for his review. Explanation from ISGPP PMU will be presented for resolving any open items. The resolution of comments/open items must be completed for every quarter.

Closure of annual cycle of Internal Audit of ISGPP

The key findings of the quarterly report of Internal Audit of ISGPP-II should be resolved by the ISGPP PMU within 2 months. The purpose of establishing internal audit function remains to strengthen internal control systems, ensure adherence to guidelines related to state's and program's financial and accounting framework, and timely identification and mitigation of fiduciary and performance related risks for ISGPP-II.