



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

Millennium City IT Park, Tower - II, 3rd Floor (Unit D), DN - 62, Sector - V, Salt Lake City, Kolkata – 700 091
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No: 918/ISGPP/PROC-22/2017

Date: 10.07.2017

" Hiring professional firm for conducting Internal Audit of ISGP Program II "

Call for Expression of Interest

1. The Panchayats and Rural Development Department, Govt. of West Bengal, receive a credit from The International Bank for Reconstruction and Development (IBRD) for Institutional Strengthening of Gram Panchayats Program II in West Bengal, and it intends to apply part of the proceeds of this credit to payments under the contract for " Hiring professional firm for conducting Internal Audit of ISGP Program II ".

2. The Scope of work are as follows:

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

- a) All external funds have been disbursed in accordance with the conditions of the relevant legal agreements¹ and only for the purposes for which the financing was provided;
- b) Counterpart funds have been provided in accordance with the relevant legal agreements and only for the purposes for which they were provided;
- c) Program assets are adequately safeguarded and used solely for their intended purposes; and
- d) All necessary supporting documents, records, and accounts have been kept in respect of all program transactions including expenditures reported via ERP version of TALLY.

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;



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- 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 Cell;
- 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 Cell.
- 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 approved by the appropriate authority of ISGPP Cell.
- 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.

Others



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- Whether appropriate internal controls as specified by the Financial and Administrative Manual/The Operations Manual/The Procurement Manual/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.
3. 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 Cell. The audit would also cover all consultancies or other contracts that may be entered into by the implementing agencies. 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 Cell.
 - b) An assessment of the adequacy of the program financial management systems, 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 Cell of WBSRDA.
 - d) Efficiency and timeliness of funds flow mechanisms maintained by the DPRDO in each district 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 at the district level.



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- 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 Cell 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.
 - l) Bank reconciliations have been carried out on a monthly basis.
4. This assignment requires a highly competent firm with following requirements.
- a) The applicant firm is Independent of the entity to be audited.
 - The audit firm is not the incumbent Internal Auditor of the project/program or the PMU.
 - 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 PMU. 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 PMU.



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- From the time of appointment and for one year after (to be counted from the date of issue of final audit report) the Firm ceases to be Auditor, no other assignment of any kind to the PMU/project (including consultancy) will be accepted, either by the firm or by its partners or relatives of partners of the firm or by its associates.
 - The audit will not be done by a person who was either an employee in the project or a partner/employee of the retiring auditor, unless such person is employed with the firm for at least one year.
- b) The audit firm is not one against which disciplinary orders have been issued by the Public Companies Accounting Oversight Board and these orders are in force. Also, any partner/senior manager of the audit firm is not associated with the audit in any manner if he/she –
- has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India/ the Institute of Cost Accountants of India or any other professional body of certified internal auditors; or
 - is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board.
- c) Whether they have adequate experience in conducting audit of Externally Aided Projects either in Central Government or in State Government level
- d) Whether a partnership firm with at least five (5) partners with a minimum turnover of INR 1 Cr for the last three financial years.
- e) Whether the firm have an office situated in Kolkata, West Bengal.
5. The Agency / firm will be selected in accordance with the Selection under Fixed Budget System (FBS) procedure set out in the World Bank's Guidelines: Selection and Employment of Agency by Bank Borrower, January 2011 available at www.worldbank.org/procure.
6. Interested Consultant firms may obtain further information at the address given below from 10.30 -17.00 hours from Monday to Friday.



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7. Expression of Interest (along with detailed information indicating qualification to perform the Services as indicated above) super scribed " **Hiring professional firm for conducting Internal Audit of ISGP Program II** " must reach the following address not later than **26th July 2017 (4.00 P.M.)**.

Program Director. ISGP Program II, Panchayats & Rural Development Department, Millennium City IT Park, Tower - II, 3rd Floor (Unit D), DN - 62, Sector – V, Salt Lake, Kolkata-700 091.

8. The EoIs are to be submitted in Hard copy only.

Program Director
ISGP Program II