



## MISSION DIRECTOR NATIONAL HEALTH MISSION, J&K

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**NHM Help Line for Jammu Division 18001800104: Kashmir Division 18001800102**

### Notice Inviting Tender

for

### Appointment of Concurrent Auditors for the Financial Year: 2023-24

The State Health Society, NHM, J&K invites Technical and Financial Bids from C&AG empanelled Chartered Accountants /Cost Accountants firms, meeting the minimum eligibility criteria for providing their services as Concurrent Auditors under National Health Mission, J&K to the State Health Society (HQ) and 20 District Health Societies of J&K UT for the financial year 2023-24, as per the guidelines issued by the Ministry of Health & Family Welfare, Govt. of India with monthly fee (including TA/DA & GST) for SHS (HQ) and each Districts each.

#### 1. Firms must qualify the following minimum eligibility criteria:

- Firm must be empanelled with C&AG and ICAI for the period under Audit.
- Firm must have at least 2 full time partners (FCA -1 & ACA-1) for a period not less than 3 (three) years.
- Firm must have Annual Average Turnover of Rs.25 Lac during the last three years.
- Firm must have carried out at least 5 (Five) Concurrent Audits of Govt./Corporate/PSU entities and at least 3 (Three) audit assignments in Externally Aided Projects/Social Sector Projects, etc.

#### 2. Detailed Request For Proposal:-

The detailed Request for Proposal (RFP) comprising background Term of Reference (ToR) and guidelines for submitting the proposals can be downloaded from our websites [www.jknhm.com](http://www.jknhm.com).

Whereas, in respect of State Health Society (HQ), the Technical and Financial Bids should be put in separate sealed envelopes, with a bank draft of **Rs.1000/-** payable to Financial Advisor & CAO, NHM, J&K and should be attached with the Technical Bid as cost of the RFP and the successful participant will have to submit a CDR of **Rs.10000/-** pledged to Financial Advisor & CAO, NHM, J&K, which shall be released only after successful completion of concurrent audit assignment. The bids for State Health Society (HQ) shall be submitted to the office of Mission Director, NHM, J&K at Regional Institute of Health & Family Welfare, Kandoli Nagrota, Jammu -181221 by or before 15/02/2023 till 4:00 pm. The bids shall be opened on 20/02/2023 at 11:00 am.

Whereas, in respect of District Health Societies, the bank draft of **Rs.1,000/-** should be payable to concerned Chief Medical Officer (Vice-Chairman, District Health Society) and the successful participant will have to submit a CDR of **Rs.10000/-** pledged to Vice-Chairman, District Health Society, shall be released only after successful completion of audit assignment. The Technical and Financial Bids should be submitted to the office of respective District Health Societies, who shall receive the bids upto 15/02/2023 till 4:00 pm. The bids shall be opened on 21/02/2023 at 11:00 am.

#### Note:-

- Any firm not qualifying the minimum criteria shall be rejected summarily.
- Any clarifications regarding the same can be had from O/o Mission Director, NHM, J&K, Near Sainik School, Nagrota, Jammu in person or through e-mail ([fmgjammukashmir@gmail.com](mailto:fmgjammukashmir@gmail.com)) by or before 10<sup>th</sup> February, 2023 (upto 4 pm)

No: SHS/J&K/NHM/19788-91

Dated: 28-01-2023

Sd/-  
Mission Director

NHM, J&K



# **Request for Proposal (RFP)**

**For Appointment of Concurrent Auditors for State Health Society (HQ) and 20 District Health Societies of UT of J&K to Conduct Audit of all Programmes under NHM including NRHM, NUHM, Disease Control Programmes (Communicable & Non- Communicable) & COVID-19 Package (ECRP-I & II).**

**[2023-24]**

## **REQUEST FOR PROPOSAL (RFP):**

State Health Society J&K, seeks to invite Proposal(s) from the **C&AG empaneled Chartered Accountants/Cost Accountants firms**, meeting the minimum eligibility criteria, for providing their services for Concurrent Audit assignment during the financial year **2023-24** of State Health Society (HQ) and 20 District Health Societies of the J&K implementing various Programs (including ECRP) under the National Health Mission.

Details about the background of auditee, units to be covered under audit, Scope of Work, Terms of Reference, and the Eligibility Criteria for selection of Chartered /Cost Accountants firms are given in following paragraphs.

### **Section-I: Background**

National Rural Health Mission (NRHM) of the Ministry of Health & Family Welfare was launched on 12<sup>th</sup> April, 2005 by the Government of India to improve medical facilities in all the rural area in the country. The NRHM seeks to provide accessible, affordable and quality healthcare to rural population, especially vulnerable sections. It also seeks to reduce Maternal Mortality Ratio (MMR), Infant Mortality Rate (IMR) and Total Fertility Rate (TFR) in the Country. It has now been termed as National Health Mission (NHM). NHM is overarching NUHM and also includes Disease Control Programmes (Communicable & Non-Communicable) & COVID-19 Package (ECRP - I & II) as well.

### **Funding & Accounting Arrangements**

Funds for various Programmes are transferred from Pay & Accounts Office of the MoH&FW, Govt. of India to State/ UT Treasury and then from Treasury to the State Health Society through Administrative Department. Government of India transfer funds in the form of Grants-in-Aid to State Health Society on the basis of State Programme Implementation Plan (SPIPs) and approved Annual Work Plans which are prepared on the basis of District Health Action Plans (DHAPs) of each District in the State/ UT. Under the umbrella of integrated State Health Society/ District Health Societies, each programme use to have separate Bank Accounts, maintains separate Books of Accounts and other Financial Records as per the requirement of financial guidelines of the Ministry of Health & Family Welfare, Govt. of India.

In pursuance to instructions from the Department of Expenditure, Ministry of Finance, Govt. of India, vide office memorandum No.: 1(13)PFMS/FC/2020 dated: 23/03/2021, regarding procedure for release of funds under Centrally Sponsored Schemes (CSSs) and monitoring utilization of the funds released, and in pursuance to subsequent communications from the MoH&FW, Govt. of India, an altogether new and revamped mechanism for release of funds came into vogue under National Health Mission in J&K with effect from 01<sup>st</sup> July 2021, whereunder:

- State Health Society (SHS) was designated as ‘State Nodal Agency’ for implementation of National Health Mission (NHM) in the Union Territory of Jammu & Kashmir.
- Main Group Bank A/c of State Health Society, NHM, J&K was designated as ‘Single Nodal A/c (SNA)’ for NHM funds.
- Funds available in Bank A/c(s) of all down-the-ladder Implementing Agencies were transferred to SNA.
- All Implementing Agencies have to open Zero Balance A/c(s) within the same Bank as that of SNA, and to register itself on PFMS with its Zero Balance A/c mapped on PFMS. Under NHM in J&K, as State Nodal Agency as well as most of the Implementing Agencies, barring few VNS&NCs having Bank A/c(s) in

State Bank of India or Grameen/ Co-operative Banks, have its Bank A/c(s) with the Jammu & Kashmir Bank Ltd. Accordingly, in-stead of opening any new A/c(s), existing Bank A/c(s) of down the ladder Implementing Agencies were converted into Zero Balance A/c(s) and thereafter, registered/ mapped on PFMS.

- In order to ensure implementation of NHM, State Nodal Agency, as per the availability of funds in SNA, allocate drawing limits in favour of down-the-ladder Implementing Agencies from time to time, which accordingly draw funds from SNA through respective Zero-Balance A/c(s) on real time basis as & when payments are to be made to beneficiaries, vendors, etc.
- Now, all the funds remain physically parked in one Single Nodal A/c (SNA) of State Nodal Agency, and all down-the-ladder Implementing Agencies utilize funds to the extent of allocated drawing limits, through respectively mapped ZBA(s) on PFMS.
- Drawing limits for various Programmes/ Schemes under NHM, including NRHM, NUHM, Routine Immunization & Family Planning, National Disease Control Programmes, both Communicable and Non-Communicable, are allocated to the ZBA(s) of concerned Implementing Agencies, from where it is utilized by concerned Implementing Agencies, maintaining detailed financial records towards utilization of funds under concerned Programmes/ Schemes, as per existing NHM and other financial guidelines.

## **Broad Programmes, pool-wise, under National Health Mission in J&K:**

### **A. NRHM-RCH Flexible Pool:**

#### **1. RCH Flexible Pool:**

- RCH Flexible Pool (RCH)
- Routine Immunization (RI)
- Pulse Polio Immunization (PPI)
- National Iodine Deficiency Disorder Control Programme (NIDDCP)

#### **2. Health System Strengthening under NRHM:**

- Mission Flexible Pool (MFP)
- National Programme for Prevention and Control of Deafness (NPPCD)
- New Initiatives under HSS i.e., NOHP, NPPC, NPPCF

### **B. NUHM Flexible Pool**

### **C. Flexible pool for Communicable Diseases (CD):**

- Integrated Diseases Surveillance Programme (IDSP)
- National Vector Borne Disease Control Programme (NVBDCP)
- National Tuberculosis Elimination Programme (NTEP)
- National Leprosy Eradication Programme (NLEP)
- National Viral Hepatitis Control Programme (NVHCP)

### **D. Flexible pool for Non-Communicable Diseases (NCD):**

- National Trachoma & Blindness Control Programme (NTPCB)
- National Mental Health Programme (NMHP)
- National Programme for Prevention & Control of Cancer, Diabetes, Cardiovascular, Disease & Stroke (NPCDCS)
- National Tobacco Control Programme (NTCP)
- National Programme for Health Care for Elderly (NPHCE)

## **Section-II: Detailed Scope of Work**

### **Concurrent Audit**

Concurrent Audit is a systematic examination of financial transactions on a regular basis to ensure accuracy, authenticity, compliance with procedure and guidelines. The emphasis under concurrent audit is not on test checking but on substantial entity to determine whether the financial management arrangements (including internal control mechanisms) are working effectively and to identify areas of improvement to enhance efficiency.

Independent Chartered /Cost Accountants firms shall be appointed as Concurrent Auditors at State Health Society (HQ) & District Health Societies level to undertake periodical audits and report on vital parameters which would depict the true picture of financial and accounting health of each programme.

### **Objective**

Key objectives of Concurrent Audit 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 & improve overall internal control systems.

### **Scope of Audit**

The responsibilities of Concurrent Auditor(s) shall include, but not limited to, 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 for the operational guidelines, especially Statutory Compliances under the Income Tax Act, 1961, the Jammu & Kashmir Goods and Services Tax Act 2017, the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and other applicable Statutes.

The concurrent audit shall be carried out both at State as well as District level.

### **Scope of work of “State Concurrent Auditor” is as follows:**

- Audit of the SHS accounts and expenditure incurred by SHS.
- Verification of Quarterly FMRs with Books of Accounts.
- Audit of Advances at the SHS level.
- Audit of the Provisional Utilization Certificates sent to GoI.
- Monitoring timely submission of the District Concurrent Audit Reports.
- Detailed analysis and compilation of the District Concurrent Audit Reports.

- Vetting of the State Action Taken Reports and providing observations thereon.
- Follow-up & Monitoring over ATRs prepared by Districts on the observations made in the audit.
- Preparation of Quarterly Executive Summary to be sent to GoI in the prescribed format.
- Any other evaluation work, as desired by the State Health Society.

### **Scope of work of “District Concurrent Auditor” is as follows:**

- Review of the DHS Accounts and Expenditure incurred by the DHS, and its peripheral units.
- Audit of Financial Statements of DHS, including those of Blocks and other peripheral units in the District(s).
- Certification of the Statement of Expenditure on monthly basis.
- Review and analysis of the age-wise and party-wise Advances Report.
- Comparison between Financial and Physical Performance and Analysis.
- **Visits to sample Blocks (in a way to cover all Blocks in a Year) and peripheral units.**
- Filling in the Checklist provided.
- Vetting of the District ATRs and Providing Observations thereon.
- Any other evaluation work, as desired by the District Health Society.

### **Frequency**

- *The Concurrent Audit will be carried out on “Monthly basis”.*

### **Coverage**

- The State Concurrent Auditor should ensure coverage of all the Districts and the District Concurrent Auditor should ensure that all the Blocks are covered over the entire year.
- For Districts containing:
  - ✓ Upto 4 healthcare facilities, including 3 Blocks and 1 District Hospital, it shall be ensured that all these healthcare facilities shall be covered once in a period of 4 months. These District(s) include – Bandipora, Poonch, Samba & Shopian.
  - ✓ Upto 6 healthcare facilities, including 5 Blocks and 1 District Hospital, it shall be ensured that all these healthcare facilities shall be covered once in a period of 6 months. These District(s) include – Doda, Ganderbal, Kathua, Kishtwar, Kulgam, Pulwama, Ramban, Reasi and Srinagar.
  - ✓ District(s) having more than 6 healthcare facilities, which include remaining District(s), it shall be ensured that all Blocks(s) and District Hospital(s) shall be covered at least once during the year.
- Audit Plan should include a visit to at least 50% PHCs/ CHCs, 3 Sub-Centre and 3 VHSNCs located within the Block selected for visit.
- Audit has to include accounts maintained under NUHM, RKS and NDCPs (wherever applicable).

### **Methodology for Conducting Audit:**

- Audit Team shall be led by the Chartered /Cost Accountant - Proprietorship / Partner of the Audit Firm with experienced assistants as the work may warrant.

- Format of Executive Summary Report shall be signed both by the Chartered /Cost Accountant and Chief Medical Officer/ Block Medical Officer/ In charge CHC/ PHC as the case may be.
- Necessary assistance shall be provided to the concerned State Health Society/ District Health Society by way of associating concerned State Accounts Manager/ District Accounts Manager/ Block Accounts Manager or Accountant.
- Audit Personnel for the audit period should not be changed so that continuity and consistency is maintained. The audit firm shall conduct appropriate due diligence before employing any personnel who will be entrusted with the work of conducting concurrent audit of District Health Society and its peripheral units. Audit Firm is also responsible for any commission and omission of its employees which may cause and or likely to cause any loss/ damage to the State Health Society/ District Health Society.
- If there is any change in the constitution of Audit Firm during the period of appointment, it shall be informed to the State Health Society/ District Health Society immediately.
- Before commencing audit, members of Audit Team should be properly introduced to the State Health Society/ District Health Society by proper introduction letter duly attested by the Proprietor/ Partner of the Chartered /Cost Accountant Firm.
- Audit is guided by the Circulars, Manuals of Instructions and other Guidelines, issued by the MoH&FW, Gov of India from time to time and available with the State/ District Health Societies.
- Auditors should keep watch on Withdrawals/ Purchases and any deviations to the codal formalities, especially Purchase Procedures, shall have to be reported to the Controlling Officer immediately.

### **Methodology for Reporting:**

- As on the last day of month, audit firm shall prepare an Executive Summary Report signed by both the Auditor and Controlling Officer.
- Executive Summary Report should cover critical areas mentioned in checklist/ guidelines and the irregularities/ shortcomings observed during audit. However, auditors are free to report any other deficiencies which they may come across during Audit.
- Any transactions of serious nature which are unusual/ not normal to usual course of business or any other un-healthy practices indulged by the District Health Society, Block & down below Staff, persistent irregularities, observed during physical verification, transactions of fraudulent nature, other irregularities, like disbursements without proper sanction/ incomplete documentation/ irregularities as per guidelines, as a whole on a monthly basis may however be reported immediately to the concerned Chief Medical Officer (Vice–Chairman, District Health Society) by way of separate letter alongwith Executive Summary Report with copy of the same to State Health Society.
- Serious irregularities, if any, noticed shall be covered exhaustively in Executive Summary Report submitted to the State Health Society.
- Following is an indicative list of **Specific Compliances to be Reported**, alongwith nature/ extent of deviations – observed if any, with the Executive Summary Report:
  - a. Procurement Procedures followed at District Health Society, Blocks and other peripheral units;
  - b. Compliance to the provisions of the Income Tax Act, 1961 especially those relating to Tax Deduction at Source;



- c. Compliance to the provisions of the Jammu and Kashmir Goods & Services Tax Act, 2017 especially those relating to Tax Deduction at Source;
- d. Compliance to the provisions of the Employees' Provident Fund & Miscellaneous Provisions Act, 1952;
- e. Maintenance of other relevant records, in addition to various financial record, which shall include, but not limited to, Attendance Register, Logbooks, Fixed Assets Register, Consumable Register, etc. which are required to substantiate propriety and accountability in utilization of public exchequer.
- In addition, Concurrent Auditor shall have to submit Receipt & Payment A/c of the concerned District Health Society(s), including all its peripheral units, on Quarterly basis, taking into consideration the new system for release, and monitoring, of funds as came into vogue under NHM w.e.f. 01<sup>st</sup> July 2021.
- Executive Summary alongwith annexure(s) should be submitted by the Auditor so as to reach State Health Society by 10<sup>th</sup> of succeeding month.

### **Contents of Audit Report:**

**A.) For State Health Society:** Concurrent Audit Report of State Health Society should contain following Financial Statements and Documents:

- Duly filled in Checklist
- Financial Statements including:
  - Audited Receipts & Payments A/c
  - Audited Income & Expenditure A/c
  - Balance Sheet
  - Audited Statement of Expenditure
  - Bank Reconciliation Statement
  - List of Outstanding Advances
- Observations and Recommendations – particularly covering the following aspects:
  - Deficiencies noticed in Internal Control System.
  - Suggestions to improve the Internal Control System.
  - Extent of non-compliance with Guidelines issued by GoI.
- Action Taken on previous audit observations, alongwith auditor's observations on the same.

**B.) For District Health Society:** Concurrent Audit Report of District Health Society should contain following Financial Statements and Documents:

- Duly filled in Checklist
- Financial Statements as prescribed
  - Audited Receipts & Payments A/c
  - Audited Income & Expenditure A/c
  - Balance Sheet
  - Audited Statement of Expenditure
  - Bank Reconciliation Statement
  - List of Advances
- Observations and Recommendations, including observations on Block/ Peripheral Units visited
- Action Taken by District Health Society on previous audit observations, alongwith auditors' observations on the same.

**Notes:**

The report at both the State and District level will include consolidated report of NHM-RCH Flexible Pool, NUHM Flexible pool, Flexible pool for Communicable Diseases and Flexible pool for Non-Communicable Diseases including COVID-19 Package (ECRP - I & II). In addition, it should also include instances of misappropriation/ unauthorized diversion of funds as noticed during the audit.

**Management Letter:**

In addition to Executive Summary Report, Receipt & Payment A/c, Auditor will prepare a 'Management Letter', in which it should summarize its observations on Internal Control issues (other than those which materially affect in his opinion on the financial statements) as under:

- Give comments and observations on the accounting records and internal control system that were examined during the course of the audit;
- Identify specific deficiencies and area of weakness in the system of internal controls and make recommendations for their improvement;
- Report on the level of compliance with regard observations of previous period.
- Communicate matters that have come to the attention during the audit which might have significant impact on the implementation of the project; and
- Bring to Society's attention any other matter that the auditor considers pertinent.

*The observations in the management letter must be accompanied by the implications, suggested recommendations from the auditors and management comments/ response on the Observations/ recommendations have to be obtained and reported along with the Audit report.*

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## Section–III: Eligibility Criteria, Evaluation Methodology and Selection Process

### A) Eligibility Criteria:

1. The firm must be empaneled with C&AG for the year under Audit and the particulars of firm, Head Office, Branch Office and Chartered / Cost Accountants (Partners) should match with the certificate issued by ICAI not later than 1<sup>st</sup> January 2023, without which the application of the firm would not be considered.
2. The firms having head office within the State may be given preference. Such Head Office should be existed within the State for not less than three years as per the ICAI Certificate.
3. Firms must qualify following minimum criteria:

S. No.	Particular	Minimum Criteria
1.	CA firm must have at least One (1) FCA & One (1) ACA member of ICAI associated with the firm for not less than 3 years	2
2.	Average Annual Turnover OF CA Firm in last three financial years	Rs.25.00 Lakhs
3.	Number of Years of Experience of CA firm	3 Years
4.	No. of Audit Assignments: Concurrent Audit of Govt./ Corporate/ PSUs entities	5
5.	Experience in Audit of Externally Aided Projects/ Social Sector Projects	3

- a) Any firm not qualifying the minimum criteria given shall be **Rejected Summarily**. Further any clarifications regarding the same can be had from this office in person or through e-mail ([mdnhmjk@gmail.com](mailto:mdnhmjk@gmail.com)/ [fmgjammukashmir@gmail.com](mailto:fmgjammukashmir@gmail.com)) by or before **10<sup>th</sup> February 2023 (upto 04.00 PM)**.
- b) **Supporting Documents for Eligibility Criteria:** Following supporting documents must be submitted by the firm along with the technical proposal:
  - i. For S. No.1 above, firm must submit an attested copy of the Certificate of ICAI and C&AG as on 01/01/2023.
  - ii. For S. No.2, firm must submit, copies of audited Balance Sheet & Profit & Loss Account for the last three years, otherwise a certificate issued by any other C.A. firm may also be provided in this regard giving the break-up of fees (Audit Fee, Taxation and Others).
  - iii. For S. No.4 & 5, firm must submit a copy of the appointment letters from the auditee organizations.
  - iv. The firm or any partner of the firm should not be blacklisted by any PSUs or Govt. Department or any other organization in respect of any assignment or behavior. *[Self-attested affidavit on Rs.100/- stamp paper is to be given in this regard by the authorized person of the firm].*

### B) Submission of Proposal(s)/ Bid(s):

#### I. Appointment of Concurrent Auditor for State Health Society, NHM, J&K:

- Eligible Chartered /Cost Accountant firms, willing to apply for Concurrent Audit assignment at State Health Society, NHM, J&K, shall have to submit bid along with bank draft of Rs.1000/- payable to

Financial Advisor & CAO, NHM, J&K in 2 (Two) Covers, comprising Cover-1: Technical Bid & Cover-2: Financial Bid, properly sealed in two separate envelopes marked as 'Technical Bid' and 'Financial Bid', and thereafter both these envelopes sealed in one single envelope and super-scribed as "Bid for Concurrent Audit Assignment of State Health Society, NHM, J&K for the financial year – 2023-24", in the O/o Mission Director State Health Society, National Health Mission, J&K at Regional Institute of Health & Family Welfare, Near Sainik School, Kandoli Nagrota, Jammu – 181221 **by or before – 15<sup>th</sup> February 2023 (upto 04.00 PM).**

- Bids can be submitted in person, or through Registered Post/ Speed Post. However, State Health Society will not be responsible for any delay due to any reasons whatsoever.
- All the documents shall be duly signed by the Proprietors/ Partner/ Authorized Signatory having the capacity to sign documents for and on behalf of CA firm. Unsigned bids will be rejected summarily, whereas, unsigned documents, if any, will not be considered during Technical/ Financial Evaluation.
- Bids once submitted shall remain valid for a period of Ninety (90) Days from the last day of submission of bids and can not be withdrawn or modified during the validity period.

## **II. Appointment of Concurrent Auditor for District Health Societies, NHM, J&K:**

- Likewise, eligible Chartered/Cost Accountant firms, willing to apply for Concurrent Audit assignment at any one or more of the District Health Societies, shall have to submit bid along with bank draft of Rs.1000/- payable to Chief Medical Officer (Vice Chairman, District Health Society) , in Two Covers, comprising Cover-1: Technical Bid & Cover-2: Financial Bid, properly sealed in two separate envelopes marked as 'Technical Bid' and 'Financial Bid', and thereafter both these envelopes sealed in one single envelope and super-scribed as "Bid for Concurrent Audit Assignment of District Health Society, \_\_\_\_\_ (Name of District) for the financial year – 2023-24", in the O/o concerned Chief Medical Officer (Vice Chairman, District Health Society) **by or before – 15<sup>th</sup> February 2023 (upto 04.00 PM).**
- Bids can be submitted in person, or through Registered Post/ Speed Post. However, District Health Societies will not be responsible for any delay due to any reasons whatsoever.
- All the documents shall be duly signed by the Proprietors/ Partner/ Authorized Signatory having the capacity to sign documents for and on behalf of CA firm. Unsigned bids will be rejected summarily, whereas, unsigned documents, if any, will not be considered during Technical/ Financial Evaluation.
- Bids once submitted shall remain valid for a period of Ninety (90) Days from the last day of submission of bids and cannot be withdrawn or modified during the validity period.
- While applying for more than one District(s), eligible Chartered /Cost Accountant Firms shall keep it into consideration that in any case not more than 6 (Six) Districts will be allotted to a Single Chartered/Cost Accountants firm during the financial year under consideration.

## **C) Opening of Bid(s):**

1. Technical bid(s) for appointment of Concurrent Auditor for State Health Society will be opened on 20<sup>th</sup> February 2023 in the office of State Health Society, National Health Mission, J&K at Regional Institute of Health & Family Welfare, Near Sainik School, Kandoli Nagrota, and Jammu – 181221 at 11.00 AM in the presence of participant who intend to remain present on the occasion.
2. Likewise, Technical bid(s) for appointment of Concurrent Auditor for respective District Health Societies will be opened on 21<sup>st</sup> February 2023 in the office(s) of concerned District Health Societies/ Chief Medical Officer(s) at 11.00 AM in the presence of participant(s) who intend to remain present on the occasion.

3. Date(s) for opening of Financial Bid(s) shall be notified to those bidders who qualify for financial bid opening as per the evaluation criteria stipulated in succeeding paragraphs. In addition, such dates will also be updated on NHM web-site [www.jknhm.com](http://www.jknhm.com) for information of all the concerned.

**D) Evaluation and Selection Methodology:**

- **Opening of Cover- 1 and Preliminary Evaluation:** Bid(s) of all the applicant firms will be evaluated in light of minimum eligibility criteria and Chartered/Cost Accountant firms not meeting the eligibility criteria shall be rejected summarily.
- With respect to Chartered /Cost Accountant firms, fulfilling the minimum eligibility criteria, detailed two-stage evaluation procedure, using Quality cum Cost Based Selection (QCBS) methodology awarding 60% weightage to Technical Evaluation and 40% weightage to Financial Evaluation, will have to be followed.
- **Technical Evaluation:** After opening cover – I, i.e., Technical Cover, evaluation of ‘Eligible’ proposal(s)/ bid(s) shall be on following parameters:

S. No.	Particulars	Minimum Criteria	Max Score	Evaluation Criterion
1.	<b>FCA/ ACA Members:</b> Number of full-time FCA & ACA members associated with CA firm for not less than 3 years. Association of at least One (1) FCA member is must	2	15	✓ Firms with 2 FCA/ ACA Partners = <b>5 Marks</b> ✓ Firms with $>2 \leq 5$ FCA/ ACA Partners = <b>10 Marks</b> ✓ Firms with $> 5$ FCA/ ACA Partners = <b>15 Marks</b>
2.	<b>Turnover:</b> Average annual turnover of CA firm during last three financial years	Rs.25.00 Lakhs	15	✓ Turnover Rs.25.00 Lakhs = <b>5 Marks</b> ✓ Turnover $> \text{Rs.25.00 Lakhs} \leq \text{Rs.40 Lac}$ = <b>10 Marks</b> ✓ Turnover $> \text{Rs.40 Lac}$ = <b>15 Marks</b>
3.	<b>Working Experience:</b> Overall working experience of CA Firm	3 Years	10	✓ Experience of firm $\geq 3 < 5$ years = <b>5 Marks</b> ✓ Experience of firm $\geq 5$ years = <b>10 Marks</b>
4	<b>No. of Assignments:</b> Experience of Commercial/ Concurrent Audit of Govt./ Corporate/ PSUs entities	5	20	✓ No. of Assignments in Govt./ Corporate/ PSUs Sector = 5 = <b>10 Marks</b> ✓ No. of Assignments in Govt./ Corporate/ PSUs Sector $> 5$ = <b>20 Marks</b>

S. No.	Particulars	Minimum Criteria	Max Score	Evaluation Criterion
5.	Experience of Audit in Externally Aided Projects/ Social Sector Project of State/ Centre	3	20	<ul style="list-style-type: none"> <li>✓ Experience of audit in externally aided projects/ Social Sector Project of the State/ Centre = 3 = <b>10 Marks</b></li> <li>✓ Experience of audit in externally aided projects/ Social Sector Project of the State/ Centre &gt; 3 = <b>20 Marks</b></li> </ul>
6.	On-Roll Professional Staff including Qualified/ Semi-Qualified Staff, but excluding FCA/ ACA (mentioned at S. No. 1)	5	20	<ul style="list-style-type: none"> <li>✓ Firm having <b>5</b> No. of Professional Staff = <b>10 Marks</b></li> <li>✓ Firm having <b>5 to 10</b> No. of Professional Staff = <b>15 Marks</b></li> <li>✓ Firm having <b>&gt; 10</b> No. of Professional Staff = <b>20 Marks</b></li> </ul>
<b>Total Maximum Score</b>			<b>100</b>	

- i. After opening of Technical Cover, all bid(s) shall be evaluated as per above-mentioned evaluation parameters.
- ii. During Technical evaluation, Score is assigned, out of maximum 100, to each of the 'Eligible' bid(s), as per above-mentioned parameters.
- iii. Technical Score of bidders shall be normalized as under:

$$T(n) = T(b) / T(\max) * 100$$

Where,

T(n) = Normalized Technical Score for Bidder under Consideration

T(b) = Evaluated Technical Score for Bidder under Consideration

T(max) = Maximum Evaluated Score for any Bidder

- iv. Illustration of Technical Scoring:

S. No.	Bidder	T(b)	T(max)	T(n) [= {T(b)/ T(max)}*100]
1.	Bidder – 1	80	90	89
2.	Bidder – 2	90	90	100
3.	Bidder – 3	60	90	67
4.	Bidder – 4	70	90	78
5.	Bidder - 5	50	90	56

\* In this illustration, bidder – 5, scoring 56 is Not Eligible for Financial bid opening.

- v. Technical bid(s) scoring more than 60% will be considered as 'Technically Qualified' for Financial Bid Opening, and the rest would be considered technically non-responsive and would not be considered further. However, this shall be subject to exception(s) mentioned at S. No. (vii) & (viii) below.
- vi. **Associations:** In case of Association, evaluation of technical proposal shall be made of Lead Firm with respect to parameter(s) 1 to 5 and evaluation of parameter 6, i.e., Team Composition, will include evaluation of professional staff from Associate Firms as well.

- vii. If after technical evaluation, neither of the participating CA firm is able to score more than 60%, then next three firms scoring highest between 50% to 60%, may be taken into consideration for opening of financial cover.
- viii. **Insufficient Competition/ Absence of Competition:** In case, only 2 bids qualify for 'Financial' cover opening, same may be considered. However, in case of any absence of competition, i.e., only 'Single' bid scoring more than 60%, next two firms scoring highest between 50% to 60%, may be taken into consideration for opening of financial cover.
- ix. **Absence of Participation:** In case of absence of participation, matter may be referred the office of the Mission Director, National Health Mission, J&K for necessary instructions/ action.
- **Opening of Cover – 2 i.e., Financial Bid Opening and Evaluation:** Cover – II, i.e., Financial Cover shall be opened only of those firms who secure at least 60% in technical evaluation, or as suggested at S. No. (vii) and (viii) above.
- i. **Thereafter, financial proposals are given Cost-Based Score on relative ranking of prices, with 100 marks for the lowest and Pro-Rated Lower marks for Higher Priced Offers.**
- ii. Financial Score of bidders shall be normalized as under:  

$$F(n) = F(\text{min}) / F(b) * 100$$
Where,  
F(n) = Normalized Financial Score for Bidder under Consideration  
F(b) = Evaluated Cost for Bidder under Consideration  
F(min) = Minimum Evaluated Cost for any Bidder
- iii. Illustration of Financial Scoring:

S. No.	Bidder	F(b) (in Rs.)	F(min) (in Rs.)	F(n) [= {F(min)/ F(b)}*100]
1.	Bidder – 1	1,200	1,050	88
2.	Bidder – 2	1,100	1,050	95
3.	Bidder – 3	1,500	1,050	70
4.	Bidder – 4	1,050	1,050	100

- **Overall Evaluation: Overall evaluation of bids shall be as follows:**

i. Total Score shall be obtained by weighting the Quality and Cost Scores in the ratio of 60:40 and adding the same, as under:  

$$B(n) = T(n) * 60\% + F(n) * 40\%$$
Where,  
B (n) = Overall Score of Bidder under Consideration  
T (n) = Technical Score of Bidder under Consideration  
F (n) = Financial Score of Bidder under Consideration

ii. Firm Obtaining the Highest Score shall be selected for Award of Contract.

iii. Illustration of Overall Scoring:

S. No.	Bidder	Technical Score T(n)	Weighted Technical Score T(n) * 60%	Financial Score F(n)	Weighted Financial Score F(n) * 40%	Aggregate Weighted Score B(n)
1.	Bidder – 1	89	53	88	35	88

S. No.	Bidder	Technical Score T(n)	Weighted Technical Score T(n) * 60%	Financial Score F(n)	Weighted Financial Score F(n) * 40%	Aggregate Weighted Score B(n)
2.	Bidder – 2	100	<b>60</b>	95	<b>38</b>	<b>98</b>
3.	Bidder – 3	67	<b>40</b>	70	<b>28</b>	<b>68</b>
4.	Bidder – 4	78	<b>47</b>	100	<b>40</b>	<b>87</b>

✓ In this illustration, bidder – 2, scoring Highest 98 is Eligible for Award of Contract.

- In case of any tie between bidder(s), in view of emphasis on operational requirements during Concurrent Audit, Evaluation Committee will be at liberty to consider (i) Strength of FCA(s) & ACA(s), and (ii) Strength of other on-Roll professional staff, including Qualified/ Semi-Qualified, of participant(s) between whom there is a tie, and unless deemed appropriate otherwise to the Evaluation Committee, CA firm having more work force may be considered for Award of Contract. However, final decision in the matter rests with the concerned Evaluation Committee which will be at liberty to take appropriate decision after recording the reasons/ justifications in writing.
- Decision of Evaluation Committee regarding evaluation of responses to RFP shall be final. No correspondence will be entertained.
- Evaluation Committee may ask for meetings with the Bidders to seek clarifications on their proposals.
- Evaluation Committee reserves the right to reject any or all proposal(s) on the basis of any deviation(s) without assigning any reason thereof.
- Each of the response(s) shall be evaluated as per the criteria and requirements specified in the RFP.
- Any conditional bid(s) would be summarily rejected.
- In respect of firm(s) which could not be selected, no communication will be sent to them by State Health Society/ District Health Society and no correspondence will be entertained.

**E) Award of Contract:**

- After completion of detailed evaluation, as stated above, selected CA firm will be awarded the Contract for Concurrent audit of State Health Society/ District Health Societies by issuance of Letter of Award (LoA), after which firm shall have to execute a Contract with the State Health Society/ concerned District Health Societies within 1 (one) week from the date of issuance of LoA. The firm shall enter into an agreement as per Form C-1. Failure of CA firm to execute the agreement within fifteen days from the date of issuance of LoA, may lead to cancellation of the LoA, after which State Health Society/ concerned District Health Societies may be at liberty to award the contract to next CA firm scoring highest marks
- If any successful CA firm does not agree to undertake audit work for any reasons whatsoever, State Health Society/ concerned District Health Societies, in addition to barring such firm from participating in Tenders of NHM, J&K for a period of three (3) years, may be at liberty to award the contract to next participant scoring highest marks.

**F) Contract Period:**

- Appointment of Concurrent Auditor, at State Health Society/ District Health Societies shall be purely contractual and for an initial period of one year, extendable for another period of one year, subject to satisfactory performance and continuation of eligibility of such CA firm towards conducting concurrent audit under NHM in J&K.
- Maximum period of contract shall be restricted to 2 years.



- State Health Society reserves the right to terminate the contract at any point of time for whatsoever reasons as the State Health Society may deem fit.
  - Likewise, with respect to Concurrent Auditors appointed for District(s), State Health Society, on the recommendation(s) of concerned District Health Societies, reserves the right to terminate the contract at any point of time.
- G) Review of Performance of Auditor:** System of Concurrent Audit has been introduced mainly with the following objectives.
- To keep all routine work of District Health Societies/ Block(s) and below the line agencies under continuous check so as to supplement State Health Society's efforts to ensure a robust internal control system in critical and sensitive areas.
  - To pick up and report early warning signals in right time to alert the administration.
  - To report serious irregularities noticed at the District Health Societies / Block(s) and down the line agencies to respective Controlling Officer(s) at right time.
  - The audit firm shall own professional responsibility for concealment of facts, not reporting serious irregularities or losses on account of non-reporting/ non-detection of early warning signals/ frauds.
  - State Health Society may convene meetings of selected auditors at periodical intervals for interaction.
  - By accepting the appointment, CA firm(s) undertake to indemnify State Health Society/ District Health Societies against all actions, omissions, proceedings, claims, suits, damages and any other expenses for causes attributable to the auditors' firm including any loss suffered on account of any breach of the terms and conditions of the offer of the appointment.
  - In case, performance of CA firm(s) is found wanting, then the services of such CA firm(s) shall be terminated, and such audit firms stand de-empaneled with immediate effect. This shall be without prejudice to the right of State Health Society, NHM, J&K regarding referring the matter to the Professional Body and also claims damages for such unsatisfactory services, whatsoever by the firm or any of its employees.
- H) Termination / Cancellation of Empanelment / Appointment:**
- If any of the information/ documents furnished by CA firm is found to be incorrect/ false/ misleading, the offer will automatically stands cancelled 'ab-initio' without any further correspondence in the matter.
  - In case, offer of any CA firm is rejected for any false/ misleading information reasons mentioned above, State Health Society/ District Health Societies will be at liberty to appoint new auditor in its place. In such case, said CA firm whose bid has been rejected will not be entitled to claim any right for audit of said or any other District Health Society.
  - After termination of contract, CA firm shall not use or keep any of the material information given by the State Health Society/ District Health Societies or make any representations public or outsiders as continuing this agreement. CA firm shall return all material belonging to the State Health Society/ District Health Societies after termination of the agreement, unless otherwise instructed in writing by the State Health Society.
  - State Health Society shall have the absolute discretion to allotting the District Health Society, revising fee structure, stipulating terms and conditions of appointment like experience in Concurrent Audit of District Health Society and termination of services of empaneled CA firm after giving due notice at any point of time including during pendency of contract.



**Letter of Transmittal**

**The Mission Director/ Chief Medical Officer,  
State Health Society/ District Health Society, NHM,  
Jammu/ Kashmir (J&K)**

Dear Madam/ Sir,

We, the undersigned, offer to provide the audit services for [*Name of State Health Society/ District Health Society*] in accordance with your Request for Proposal dated [*Insert Date*]. We are hereby submitting our Proposal, which includes a Technical Proposal and a Financial Proposal sealed under a separate envelope.

We are submitting our Proposal in association with: [*Insert a list with full name and address of each associated firm*]

We hereby declare that all the information and statements made in this Proposal are true and accept that any misinterpretation contained in it may lead to our disqualification.

The prices quoted by us in the Financial Proposal (Form F-1) are valid till six months from the date of submission of the quotation. We confirm that this proposal will remain binding upon us and may be accepted by you at any time before the expiry date.

Prices have been arrived independently without consultation, communication, agreement or understanding (for the purpose of restricting competition) with any competitor.

We agree to bear all costs incurred by us in connection with the preparation and submission of the proposal and to bear any further pre-contract costs.

We understand that State Health Society/District Health Society [*Insert Name of the State/District*] 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 confirm that I have authority of [*Insert Name of the C.A. Firm*] to submit the proposal and to negotiate on its behalf.

In Acceptance

Sig. & Seal of the Proprietor/  
Partner/ Authorized Representative  
Membership No.:  
FRN:

**Particular/ Details of the Firm****Form T-2**

<b>S. No.</b>	<b>Particulars</b>	<b>Supporting Documents to be submitted alongwith this Form</b>
1	Name of the Firm	
2	Addresses of the Firm:	
	Head Office	Phone No: Fax No: Mobile No. of Head Office In-charge:
	Date of establishment of the firm	
	Date since when H.O. is at the existing Station	
	Branch Office 1,2,3 (Particulars of each branch to be given)	Phone No: Fax No: Mobile of each Branch Office In-charge:
3	Firm Income Tax PAN No.	Attach copy of PAN card
4	Firm GST No.	Attach copy of Registration Certificate
5	Firm's Registration No. with ICAI	Attach copy of Registration Certificate
6	Empanelment No. with C & A G	Attach proof of latest empanelment with C&AG for the year under Audit.
7	No. of Years of Firm Existence & Date of establishment of Firm	Attach copy of Partnership Deed
8	Turnover of the Firm in last three years	Attach audited Balance Sheet and P&L A/c of the last three years with C.A. certificate give Break-up of Audit Fee and Other Fees received.
9	Annual Average Turnover with Break-up of Fee towards Audit, Income Tax matters and others	Provide a Chart
10	<p>Details of Partners: Provide following details:</p> <ul style="list-style-type: none"> <li>• Number of Full Time Fellow Partners associated with the firm.</li> <li>• Name of each partner</li> <li>• Date of becoming ACA and FCA</li> <li>• Date of joining the firm,</li> <li>• Membership No.</li> <li>• Qualification</li> <li>• Experience</li> <li>• Whether the partners is engaged full time or part time with the firm.</li> </ul>	Attested copy of Certificate of ICAI as on 1/01/2023.
11	If applying in Joint venture, then provide similar details for the firms participating in Joint venture.	Letter jointly signed by all the firms participating in Joint venture whereby they have agreed for the Lead Auditor.

12	Indicate the Lead Auditor in the Joint Venture.	Letter jointly signed by all the firms participating in Joint venture whereby they have agreed for the Lead Auditor.
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In Acceptance

Sig. & Seal of the Proprietor/  
Partner/ Authorized Representative  
Membership No.:  
FRN:

**A. Details of Qualified Staff (Chartered /Cost Accountants)**

(Please provide a self attested copy of Certificate of ICAI as on 1/1/2023 for each qualified staff)

S. No.	Name of Staff	Length of Association with the Firm (in years)	Educational Qualifications	Area of Key Expertise	Membership No.	Relevant Experience
1						
2						

**B. Details of Semi-qualified Staff (including Article Clerks etc)**

S. No.	Name of Staff	Length of Association with the Firm (in years)	Educational Qualification	Area of Key Expertise	Relevant Experience	Remarks
<b>Semi Qualified Staff:</b>						
1						
2						
..						
<b>Article Clerks:</b>						
1						
2						
..						
<b>Others:</b>						
1						
2						
..						

**Brief of Relevant Experience:**

**A. Experience of audit in relation to externally Aided projects/ State's Social Sector Projects (Excluding the audit of Charitable Institutions and NGOs).**

S. No.	Name of the Auditee Organization	Grant-in-aids handled of the auditee organization	Type/ Nature of Assignment	Scope & Coverage of the assignment	Duration of Completion of Assignment	Proof of the letter of Work or Assignment awarded by the Auditee Organization (Pl attach copy of the letter)

**B. Experience of audit in of Govt./Corporate/PSUs entities etc.**

S. No.	Name of the Auditee Organization	Turnover of The Auditee Organization	Type/ Nature of Assignment	Scope & Coverage of the Assignment	Duration of Completion of Assignment	Proof of the letter of Work or Assignment awarded by the Auditee Organization (Pl. attach a copy of the letter) and mention the Fee received.

**Comments and Suggestions on the Terms of Reference**

[Firm can present with justifications here, any modifications or improvements to the Terms of Reference which can significantly improve performance in carrying out the assignment (such as deletion of some activity which the firm considers unnecessary, adding other activities of significance, re-organizing the activities, additional human resource required at various levels etc. Such suggestions should be concise and to the point, and incorporated in the proposal]

<b>Particulars</b>	<b>Amount (in Rs.)</b>
Monthly Audit Fee inclusive of TA/ DA, GST etc. for State Health Society/ District Health Society.	Both in Numeric and Words  Fee (inclusive of TA/ DA) Rs. _____/- GST: Rs. _____/-  Total: _____

In Acceptance

Sig. & Seal of the Proprietor/  
Partner/ Authorized Representative  
Membership No.:  
FRN:



**SAMPLE OF CONTRACT FOR AUDIT FIRMS**

**CONTRACT**

THIS CONTRACT (“Contract”) is entered into this *[insert starting date of assignment]*, by and between *[name of STATE/DISTRICT HEALTH SOCIETY,]* (“the Client”) having its principal office at *[insert SHS/DHS’s address]*, and *[insert Firm’s/Auditor’s name]* (“the Auditor”) having its principal office located at *[insert Firm’s/Auditor’s address]*.

WHEREAS, the Client wishes to have the Auditor perform the services hereinafter referred to, and WHEREAS, the Auditor is willing to perform these services, NOW THEREFORE THE PARTIES hereby agree as follows:

- 1. Services**
- (i) The Auditor shall perform the services as per the RFP & TOR.
  - (ii) The Auditor shall provide the personnel “Auditor’s Personnel,” to perform the Services as per the proposal.
  - (iii) The Auditor shall submit to the Client the reports in the form and within the time periods “Auditor’s Reporting Obligations.”

- 2. Term** The Auditor shall complete the audit of DHS and SHS as per RFP/TOR within prescribed time of the signing of this “Contract’ or such extended time as may be mutually agreed with the client.

After completion of audit, the contract can be renewed for next financial year with a suitable enhancement in the fees with mutual understanding.

- 3. Payment**
- A. Ceiling**
- An amount not to exceed of audit fee *[insert amount]*. This amount has been established based on the understanding that it includes all of the Auditor’s costs and profits/TA/DA, GST etc obligations that may be imposed on the Auditor. The GST obligations shall be paid by the Auditor firm itself as applicable.

**B Schedule of Payments**

The schedule of payments is specified below:

Payments of fee shall be made to Auditors on the completion of Quarterly Audit and Report submitted to the District Health Society/State Health Society strictly as per terms & conditions laid down in the RFP/TOR.

C. Payment Conditions

Payment shall be made on submission of invoices in duplicate by the Auditor and its approval with the Coordinator designated in paragraph 4.

Conditions for deduction in fees for not following the timeliness and completion as mentioned in RFP are acceptable.

**1. Project Administration**

A. Coordinator.

The Client designates Mr. /Ms. *[insert name]* as Client's Coordinator; the Coordinator will be responsible for the coordination of activities under this Contract, for acceptance and approval of the reports and of other deliverables by the Client and for receiving and approving invoices for the payment.

**2. Performance Standards**

The Auditor undertakes to perform the Services with the highest standards of professional and ethical competence and integrity in line with the Engagement & Quality Control Standards issued by ICAI. Specific reference is invited to Standard (SA 600 – AAS 10- relying on work of another auditor) and SA 230 (AAS 3 - Documentation). The Auditor shall promptly replace any employees assigned under this Contract that the Client considers unsatisfactory and any substitution of staff, if necessary, shall be with a staff of at least the same level of qualifications.

**3. Ownership of Material**

Any studies reports or other material, graphic, software or otherwise, prepared by the Auditor for the Client under the Contract shall belong to and remain the property of the Client. The Auditor may retain a copy of such documents and software.

**4. Assignment**

The Auditor shall not assign this Contract or sub-contract any portion of it without the Client's prior written consent.

**5. Law Governing Contract and Language**

The Contract shall be governed by the laws of Government of India and the language of the Contract shall be English.

**6. Dispute Resolution**

Any dispute arising out of the Contract, which cannot be amicably settled between the parties, shall be referred to adjudication/arbitration in accordance with the laws of the Government of India.

FOR THE CLIENT

FOR THE AUDITOR

Signed by \_\_\_\_\_ Signed by \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_