

## **Punjab Engineering College (Deemed to be University), Chandigarh Technical Education Quality Improvement Programme (TEQIP-III)**

**Subject: Application for Appointment of Internal auditor for TEQIP-III Project of Punjab Engineering College (Deemed to be University), Chandigarh.**

The Project ,Third phase of Technical Education Quality Improvement Programme (referred to as TEQIP-III) project is fully integrated with Twelfth Five Year Plan objectives for Technical Education as a key component for improving Quality of TEQIP-III Engineering Education in existing institutions with a special consideration for Low income states and Special Category States and support to strengthen the few affiliated Technical Universities to improve their policy academic and management practices. The Punjab Engineering College (Deemed to be University), Chandigarh has been selected under TEQIP-III under sub component 1.3 twinning arrangements to build capacity and improve performance of Participating Institutes. The MHRD has approved TEQIP-III Project at a cost of Rs.7crore and it was initiated w. e. f July 2017.

The TEQIP-III Project is implemented through Ministry of Human Resources Development (MHRD) of the Government of India as a “**Central Sector Scheme**”(CSS) wherein 100% funding is the Government of India. TEQIP-III Project will have a span of Three years which may further divided into Quarters for reporting as well as for monitoring purpose.

The details regarding statutory audit is attached.

The bids are called for in 2 (two) parts Expression of Interest (Annexure 1) and Financial Bid (Annexure 2) sealed in 2 (two) separate envelops clearly superscribing “Expression of Interest” and “Financial Bid” on respective envelops. Both the envelops shall be sealed in a 3<sup>rd</sup> separate envelope with complete tender details superscribing tender number & date name & address of the bidder and addressed to Director, Punjab Engineering College (Deemed to be University), Chandigarh may be dropped /submitted on /or before **3:00 P.M.** on **09 July, 2018** at **TEQIP-III Office** Punjab Engineering College (Deemed to be University), Chandigarh. Bids received after due date and time and not confirming to enquiry will not be considered and will be disqualified. The Technical Bid will be opened on at 4:00 P.M on **11 July, 2018**. The Financial Bid of only technically qualified bidders will be opened in the presence of their representatives, if attending bid opening on a specified communicated date and time. The date of opening of Financial Bid will be informed later on. All bids must be accompanied by a bid security/EMD of Rs.5,000/- (Rupees Five thousand only) in form of Demand Draft / Fixed Deposit Receipt / Bank Guarantee from a commercial bank in fav our of Director, Punjab Engineering College (Deemed to be University), Chandigarh. Bids without EMD will be considered unresponsive and will be rejected. EMD of successful bidder would be returned after completing the process. No interest will be allowed on EMD. The Punjab Engineering College (Deemed to be University), Chandigarh reserves the rights to accept or reject quotations without assigning any reason. The bids shall remain valid for a period not less than 60 days after the last date of bid submission.

# **Punjab Engineering College (Deemed to be University), Chandigarh Technical Education Quality Improvement Programme (TEQIP-III)**

## **TERMS OF REFERENCE FOR INTERNAL AUDITOR**

**Position: Internal Auditor**

**Organization: Punjab Engineering College (Deemed to be University), Chandigarh**

**Duty Station: TEQIP-III Office**

**Duration:** Initially for 1 year (further extension for 2 years based on performance)

### **SCOPE OF AUDIT:**

The overall scope of Internal Audit in TEQIP II project will include:

- a) enable the auditor to confirm compliance with Financial Management Guidelines laid down for the project.
- b) provide SPIU with timely and real time information on financial management aspects of the project, including internal controls, compliance with financing agreements and Institutions/areas in need for improvement and to enable follow-up action. This will involve regular and frequent visits to Institutions to check adherence with internal control requirements like bank reconciliations, timely maintenance of books/accounting software and accuracy of reporting.

### **COVERAGE OF AUDIT:**

The audit would cover the entire project i.e., covering all sources and application of funds for the project, as considered necessary for the audit. The audit would also cover all consultancies or other contracts that may be entered into by the implementing agencies.

### **FINANCIAL TRANSACTIONS:**

Internal audit of each implementing agency (IA) should be conducted on a semi-annual basis. It should be carried out in accordance with the Internal Auditing Standards of Institution of Chartered Accountants of India, and will include such substantive and control tests as the Internal Auditor considers necessary under the circumstances.

The internal auditor will conduct an assessment of the adequacy of the project Financial Management system, including internal controls. This would include aspects such as:-

- a) Whether appropriate controls as specified by the Financial Management Manual (FMM), Project Appraisal Document (PAD), General Financial Rules (GFRs), Project Implementation Plan (PIP) and other relevant Central/State Government notifications are operating satisfactorily. The auditor should suggest methods for improving weak controls or creating them where these controls do not exist.
- b) That proper books of account/operation of accounting software as laid down in the Financial Management Manual and adequate documentation is being maintained for timely and accurate reporting for project activities.

- c) An assessment of compliance with provisions of the financing agreements (Grant Agreement; Project Agreements, Memorandum of Understanding (MoU) between Institution and SPIU and State and NPIU.
- d) Efficiency and timeliness of funds flow mechanism at the level of State and institutions for project activities.
- e) That an adequate system is in place to ensure that goods, works and services are being procured in accordance with the procurement procedures prescribed for the project. The audit should report by exception any such cases found where these guidelines are not followed.
- f) That an appropriate system of accounting and financial reporting exists, on the basis of which claims are prepared and submitted for reimbursement.
- g) Adequate records are maintained regarding assets created and assets acquired by the project, including details of cost, identification and location of assets.
- h) Checking adherence to FM aspects of Disclosure Management requirement of the project by implementing agencies.
- i) Verifying compliance with the recommendation of the internal audit report of the previous period (s) and provide comments thereon.

**TIMING AND COVERAGE:**

Internal audit will be carried out on a semi-annual basis and will include institutions. The Internal Audit firm will submit an Audit Schedule in advance to SPIU/CFIs and agree the schedule with the SPIU/CFIs.

**REPORTING:**

In addition to detailed internal audit report, the auditor should provide an **Executive Summary** highlighting critical issues which require the attention of the Head of SPIU and Board of Governor (BOG) of Institution and the status of action on the previous recommendations.

S. No	Period	No. of Institutions	Audit to be conducted in	Submission of Audit Report
1	1 <sup>st</sup> April – 30 <sup>th</sup> September		October	15 <sup>th</sup> November
2	1 <sup>st</sup> October – 31 <sup>st</sup> March		April	15 <sup>th</sup> May

**PERIOD OF APPOINTMENT:**

The Statutory Auditor would be appointed to conduct audit of the project from July 2017 and cover the Financial Year ending on 31st March, 2018. The Contract may be extended to another two years on the basis of performance of the auditor.

**GENERAL:**

The auditor should be given access to all legal documents, correspondence, Books of Accounts, Finance Management Manual of the project, Project Implementation Plan (PIP), Project Appraisal Document (PAD), Development Credit Agreement, Memorandum of Understanding (MOU) between the State and the Institution, Government Orders and Office Orders and any other information associated with the Project and as deemed necessary by the Auditor.

**SUGGESTED FORMAT OF INTERNAL AUDIT REPORT**

**Part A: Brief details of the Auditee and Audit:**

- a) Name and address of the Auditee:
- b) Names of Office bearers :
- c) Name/s of Audit Team Members:
- d) Days of audit:
- e) Period covered in the previous audit:
- f) Period covered in the current audit :

**Part B: Executive Summary:**

The Executive Summary should normally cover the following items:

- a) Objectives of audit
- b) Methodology of audit
- c) Status of implementation of the financial management system
- d) Status of compliance of previous audit reports, including major audit observations pending compliance
- e) Key areas of weaknesses that need improvement, classified into the following areas:
  - i. Disallowance of expenditure as per the World Bank rules
  - ii. Procedural Lapse
  - iii. Accounting Lapse
  - iv. Accounting books & records not maintained.
- f) Recommendations for improvements

Executive Summary to include the following format:-

Para No.	Observations	Implications with risks involved	Recommendations for improvement	Auditee's Comments/ Agreed Action	Agreed Timeline for compliance

**Part C: Compliance to previous Audit Reports**

In this part, provide status of compliance with previous reports and detail pending audit observations. The views of the auditee should also be mentioned. In case there is any difficulty or problem in resolution of audit findings, these should be clearly highlighted.

**Part D: Serious Observations:**

In this part, provide details of serious audit observations, such as ineligible expenses, major lapses in internal controls, systemic weaknesses, procurement procedures not followed, incorrect information submitted for

reimbursements, difference between cash drawn and expenditure reported, procedural lapse, accounting lapse, accounting books & records not maintained etc.

**Part E: Other Observations:**

Observations that are not serious in nature, but nonetheless require the attention of the Project should be detailed in this part.

**Part F: Executive Summary and Suggestions/Recommendations:**

Provide an Executive Summary of the observations mentioned in Part C and D along with suggestions/recommendations. Provide specific recommendations on internal control and systemic weaknesses. In addition to audit reports, the auditor will provide a report to Project Management highlighting findings during the period under review. This will be in the form of a **consolidated Management Letter**, which will inter-alia include:

- a) Comments and observations on the financial management records, systems and controls that were examined during the course of the review.
- b) Deficiencies and areas of weaknesses in systems and controls and recommendation for their improvement.
- c) Compliance with covenants in the financing agreement and comments, if any, on internal and external matters affecting such compliance.
- d) Matters that have come to attention during the review and might have a significant impact on the implementation of the Project.
- e) Any special review procedures required of a compliance nature (for example, compliance of procurement procedures and procedure for selection of consultants etc. recommended by the World Bank).
- f) Any other matters that the auditor considers pertinent.

## Selection Criteria for Audit of Financial Statements are as under:

### 1. Appointment of Auditors

The auditors will be appointed in accordance with the guidelines for procurement of consultants as contained in the Procurement Manual of the Project. The process of appointment should be completed before the commencement of the FY for which the audit is to be done. The auditors may be appointed initially for a period of two year and then for another year, subject to annual performance review. This will ensure continuity and the auditors will be able to assess the progress over time. However, in case of re-appointment of the same auditor –

- ensure compliance with the Procurement Guidelines of the Manual; and
- re-confirm that the audit firm continues to satisfy the eligibility criteria as prescribed in the ToR.

### 2. Eligibility Criteria:

- I. The firm must be empanelled with C & AG, without which the application of the firm would not be considered.
- II. Firms must qualify following minimum criteria:

Sl. No.	Particulars*	Minimum Criteria
1.	Number of Full Time Partners associated with the firm for not less than 3 years with at least one being a Fellow CA (As per Certificate of ICAI as on 1.1.2009)	4
2.	Turnover of the firm (Average annual in last three financial yrs.)	Minimum Rs.25 Lakhs
3.	No. of Years of Firm Existence	5 Yrs.
4.	No. of assignments of Statutory Audit of Corporate/PSUs entities except Bank Branch Audit having a turnover of not less than Rs 25 crores in the last 3 years.	4
5.	No. of assignments: Experience of audit of Externally Aided Projects/ Social Sector Projects (other than Audit of Charitable Institutions & NGOs) in the last 3 years	4

- a) Any firm not qualifying these minimum criteria need not apply as their proposal shall be summarily rejected.
- 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, the firm must submit an attested copy of Certificate of ICAI.
  - ii. For S. No. 2, the firm must submit, a copy of the balance sheet for the last three years.
  - iii. For S. No. 4 & 5, the firm must submit a copy of the appointment letters from the auditee organizations. Branch Audit of any Bank shall not be considered while taking into account the total number of assignments.
- III. The firm or any partners of the firm should not be black listed by any PSUs or Govt. Co. or any other organization in respect of any assignment or behavior. [Self attested affidavit on Rs.100/- stamp paper to be given in this regard by the authorized person of the firm].

## EVALUATION CRITERIA FOR SELECTION OF AUDITOR

### Evaluation Criteria: Expression of Interest (EOI)

The Evaluation Criteria for selecting the auditor are mentioned below:

S.No.	Evaluation Criteria	Maximum Marks
1	Number of Partners (2 marks up to 3 partners,1 for each additional partner)	10
2	Presence of the Firm in Project State	10
3	Number of Professionally Qualified Staff Between 10-25 staff-(5 marks) More than 25 Staff-(10 marks)	10
4	Turnover for the last five years More than 50 lacs and up to 75 Lacs-2 marks for each year More than 75 Lacs-4 marks for each year	20
5	Number of Audit and similar assignments undertaken during last 5 years (5 marks for each assignment, maximum three)	15
6	Number of World Bank Project Audits** undertaken during the last 5 years (5 marks for each assignment, maximum seven assignments)	35
	<b>Total Marks</b>	<b>100</b>

\* The audit firms must be empaneled with the C&AG and eligible for major audits

\*\* World Bank audits means any audit conducted by the firm for World Bank clients, and includes both external audit and internal audit.

### Criteria for Selection of Auditors – Request for Proposal (RFP)

The Evaluation Criteria for selecting the auditor are mentioned below:

<b>S. No.</b>	<b>Evaluation Criteria</b>	<b>Maximum Marks</b>
1	Number of External Audit / similar assignments undertaken during last 5 years (5 marks for each assignment, maximum of 4 assignment)	20
2	Number of World Bank project Audits*** undertaken during the last 5 years (5 marks for each assignment, maximum six assignments)	30
3	Based On Team proposed	
	> Partner	15
	> Audit Manager	15
	> Audit Staff	20
	<b>Total Marks</b>	<b>100</b>
	The individuals shall be rated on the following sub-criteria, as relevant to the task:	
	<u>General qualifications:</u> general education and training, length of experience, positions held, time with the firm as staff, experience in developing countries, and so forth;	20%
	<u>Adequacy for the assignment:</u> education, training, and experience in the specific sector, field, subject, and so forth, relevant to the particular assignment; and	50%
	Experience of working on World Bank projects	15%
	Experience of working with Government departments/similar projects	15%

\* The audit firms must be empaneled with the C&AG and eligible for major audits.



## Punjab Engineering College (Deemed to be University), Chandigarh Technical Education Quality Improvement Programme (TEQIP-III)

### Invitation for Expression of Interest (EOI) for Appointment of Internal Auditor

The interested Chartered Accountant Firms are requested to furnish the below details of your firm in the Expression of Interest (Annexure-I) and Financial Bid (in Annexure-2) and placed in 2 (two) separate envelopes clearly superscribing "Expression of Interest" and "Financial Bid" on respective envelopes. Both the envelopes shall be sealed in a 3rd separate envelope with complete tender details superscribing tender number & date name & address of the bidder and addressed to Director, Punjab Engineering College (Deemed to be University), Chandigarh may be dropped /submitted on /or before **3:00 P.M. on 09 July, 2018** at **TEQIP-III Office** Punjab Engineering College (Deemed to be University), Chandigarh. Bids received after due date and time and not confirming to enquiry will not be considered and will be disqualified. The Technical Bid will be opened on at 4:00 P.M on **11 July, 2018**.

Sl. No.	Particulars*	Minimum Criteria
1.	Number of Full Time Partners associated with the firm for not less than 3 years with at least one being a Fellow CA (As per Certificate of ICAI as on 1.1.2009)	4
2.	Turnover of the firm (Average annual in last three financial yrs.)	Minimum Rs.25 Lakhs
3.	No. of Years of Firm Existence	5 Yrs.
4.	No. of assignments of Statutory Audit of Corporate/PSUs entities except Bank Branch Audit having a turnover of not less than Rs 25 crores in the last 3 years.	4
5.	No. of assignments: Experience of audit of Externally Aided Projects/ Social Sector Projects (other than Audit of Charitable Institutions & NGOs) in the last 3 years	4

- a) Any firm not qualifying these minimum criteria need not apply as their proposal shall be summarily rejected.
- 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, the firm must submit an attested copy of Certificate of ICAI.
  - ii. For S. No. 2, the firm must submit, a copy of the balance sheet for the last three years.
  - iii. For S. No. 4 & 5, the firm must submit a copy of the appointment letters from the auditee organizations. Branch Audit of any Bank shall not be considered while taking into account the total number of assignments.
- c) The firm or any partners of the firm should not be black listed by any PSUs or Govt. Co. or any other organization in respect of any assignment or behavior. [Self attested affidavit on Rs.100/- stamp paper to be given in this regard by the authorized person of the firm].

**Evaluation Criteria: Expression of Interest (EOI)**

Sl. No.	Particulars*	Minimum Criteria	
1.	Name, Postal Address, Contact No. Mobile No. & Email id of Auditing Firm		
2.	Is the firm empanelled with C&AG: if yes copy Attached		
3.	Number of Full Time Partners associated with the firm for not less than 3 years with at least one being a Fellow CA (As per Certificate of ICAI as on 1.1.2009)	4	
4.	Number of Professionally Qualified Staff		
	Between 10-25 staff (5 marks)		
	More than 25 staff (10 marks)		
5.	Turnover of the firm (Average annual in last three financial yrs.)	Minimum Rs.25 Lakhs	
6.	No. of Years of Firm Existence	5 Yrs.	
7.	No. of assignments of Statutory Audit of Corporate/ PSUs entities except Bank Branch Audit having a turnover of not less than Rs 25 crores in the last 3 years.	4	
8.	No. of assignments: Experience of audit of Externally Aided Projects/ Social Sector Projects (other than Audit of Charitable Institutions & NGOs) in the last 3 years	4	
9.	Number of Audit and similar assignments undertaken during last 5 years (5 marks for each assignment, maximum three)		
10.	Number of World Bank Project Audits ** and similar assignments undertaken during last 5 years (5 marks for each assignment, maximum seven assignments)		

\* The audit firms must be empaneled with the C&AG and eligible for major audits

\*\* World Bank audits means any audit conducted by the firm for World Bank clients, and includes both external audit and internal audit.

**Financial Bid filled up and submitted in Envelop 2 must be duly sealed superscribed with name of the tender. Any condition given in the Financial Bid may cause rejection of the Bid.**

<b>Particular</b>	<b>Amount (in Rs.)</b>
Fee for audit	
ADD: GST as per applicable rate of service provided	
Total Fees	

Place:

Date:

(Authorized Signatory)

### Terms & Conditions for submission and evaluation of bids:

1. The bidder firm should submit his bids physically under two bid system i.e. Expression of Interest (Annexure-1) and Financial Bid (in Annexure-2) and placed in 2 (two) separate envelopes clearly superscribing "Expression of Interest" and "Financial Bid" on respective envelopes. Both the envelopes shall be sealed in a 3rd separate envelope with complete tender details superscribing tender number & date name & address of the bidder and addressed to Director, Punjab Engineering College (Deemed to be University), Chandigarh may be dropped /submitted on /or before **3:00 P.M.** on **09 July, 2018** at **TEQIP-III Office** Punjab Engineering College (Deemed to be University), Chandigarh. Bids received after due date and time and not confirming to enquiry will not be considered and will be disqualified. The Technical Bid will be opened on at 4:00 P.M on **11 July, 2018**.
2. All bids must be accompanied by a bid security/EMD of Rs.5,000/- (Rupees Five thousand only) in form of Demand Draft / Fixed Deposit Receipt / Bank Guarantee from a commercial bank in favour of Director, Punjab Engineering College (Deemed to be University), Chandigarh. Bids without EMD will be considered unresponsive and will be rejected.
3. EMD of successful bidder would be returned after completing the process.
4. No interest will be allowed on EMD.
5. Any effort by a bidder or bidder's agent, whosoever described to influence the department in any way concerning scrutiny / consideration / evaluation / comparison of the bid or decision concerning award of contract shall entail rejection of the bid.
6. The conditional bids shall not be considered and likely to be rejected in very first instance.
7. The envelope containing Expression of Interest shall be opened first on the scheduled date and time at the **TEQIP-III Office** in the presence of the representatives of the firm if any, who wish to present on the spot at that time. The Tender Evaluation Committee will evaluate the bids technically.
8. The Financial Bid of only technically qualified bidders will be opened in the presence of their representatives, if attending bid opening on a specified communicated date and time. The date of opening of Financial Bid will be informed later on. The Financial evaluation will be done on the basis of lowest quotes. The bidder whose quote is lowest will be declared as L1.
9. The bids shall remain valid for a period not less than 60 days after the last date of bid submission.
10. The firms who have been blacklisted by any Central/State Government Department/Authority/Agency/Board/Corporation need not apply.
11. The bidder who has been selected for statutory audit will not be eligible for internal audit.
12. All the disputes will be subject to Chandigarh Jurisdiction.
13. Each page must be signed by the authorized person.
14. The Director, Punjab Engineering College (Deemed to be University), Chandigarh reserves the rights to accept or reject quotations without assigning any reason.