

State Project Implementation Unit (SPIU),  
National Cyclone Risk Mitigation Project II,  
Revenue & Forest Department (Relief & Rehabilitation)  
Government of Maharashtra. 1st floor Main Mantralaya  
(Near Control Room), Mumbai – 4000 32

Bid No.: IN-R&RD-MAH-156674-CS-CQS


Dated 16<sup>th</sup> March 2020

Corrigendum – I

The name of the consulting assignment: Appointment of the Internal Auditor CA firm for Financial year 2019-20 to 2020-21

| Reference   | Original Clause/Item as per REOI  | Modified Clause/Item  |
|---|---|---|
| REOI page 2<br>Deadline for<br>submission of<br>Expression of<br>interest | Further information can be obtained at the address below during office hours i.e. 09:45 AM to 5:30 PM on or before <b>16<sup>th</sup> March 2020</b><br>Expressions of Interest must be delivered in the written form to the address below <b>on or before 16<sup>th</sup> March 2020 by 1500 hours</b> in sealed envelopes (To the address given). | Further information can be obtained at the address below during office hours i.e. 09:45 AM to 5:30 PM on or before <b>23<sup>rd</sup> March 2020</b><br>Expressions of Interest must be delivered in the written form to the address below <b>on or before 23<sup>rd</sup> March 2020 by 1500 hours</b> in sealed envelopes (To the address given). |

If there is conflict between this corrigendum and REOI or other issued corrigendum, the terms of this corrigendum will prevail.

  
Under Secretary  
Government of Maharashtra

**Request for Expressions of Interest (REOI)  
(Consulting Services-Selection of Firm)**

**Date:** 10<sup>th</sup> February 2020

**Country:** India  
**Name of Project:** National Cyclone Risk Mitigation Project (NCRMP) II  
**Assignment Title:** Appointment of the Internal Auditor CA firm for Financial year 2019-20 to 2020-21

**Reference No.** IN-R&RD-MAH-156674-CS-CQS

The Government of India has received financing from the World Bank towards the cost of the NCRMP II and intends to apply part of the proceeds for consulting services.

The overall Project Development Objective (PDO) is to reduce vulnerability to cyclone and other hydro-meteorological hazards of coastal communities in participating project states, and to increase the capacity of the state entities to effectively plan for and respond to disasters.

Under the NCRMP II – Maharashtra Component, the project will be implemented in Coastal Districts of Maharashtra covering the districts of Ratnagiri, Sindhudurg, Raigad and Palghar. The focus of the Program is to reduce vulnerability to cyclone and other hydro-meteorological hazards through development of infrastructure including, inter alia, Construction of Multipurpose Cyclone Shelters (MPCS), Strengthening of Saline Embankments and Underground Cabling Works.

The NCRMP II – Maharashtra Component intends to apply part of the proceeds of the funds for procurement of consulting services related to Project Internal Audit. The consulting services (“the Services”) include provision of project related Internal Audit Services for NCRMP II – Maharashtra Component, till the completion of the project. The purpose of the services is to provide the State Project Implementation Unit (SPIU) with an assessment of the adequacy of internal control mechanisms and provision of timely information and recommendations on the audited aspects of the project to enable the SPIU to take corrective measures, wherever necessary.

The Project Director, SPIU, NCRMP-II, Department of Relief and Rehabilitation, Government of Maharashtra now invites eligible firms (“Consultant”) to indicate their interest in providing the services.

Interested consultants must provide information indicating that they are qualified to perform the services (Brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.) The EOI would be reviewed on the basis of the following minimum qualification requirements, to prepare a shortlist for further consideration.

1. Chartered Accountancy firm registered in India under applicable Act. as a partnership firm or Limited Liability Partnership firm with Institute of Chartered Accountants of India, New Delhi [copy of Registration certificate, copy of Partnership deed, Copy of registration with ICAI, New Delhi required]
2. The firm should have been in existence for at least 10 years in the profession (will be assessed based on the year of establishment) and should be empanelled with CAG for “Major Audits for 2018-19”. (ICAI Firm Constitution Certificate should be submitted and CAG Empanelment letter to be submitted)
3. The firm should have annual turnover of Rs.25 lakhs or more in each of the last three (3) financial years. [Relevant documents viz, audited financial statements in support of satisfying the criteria should be submitted]

4. Experience of having undertaken at least 5 similar internal audit assignments with central/state governments/international donor funded projects in the last 5 years.
5. The firm shall have a minimum 6 full time chartered accountants employed with the firm. (Out of which 5 should be full time and 1 could be a full time paid employee) The break up details in terms of (i) Partners of Firm i.e. number of full time chartered accountant partners (ii) employee chartered accountants.
6. The firm should have office in Mumbai, Maharashtra
7. The Chartered Accountancy firm or any of its partners have not been declared guilty of any professional and / or other misconduct under the provisions of the chartered accountancy act 1949 during the current year and immediate past five years (Declaration that they do not suffer from any of the above disqualifications and the details furnished in this regards are true and correct. Any incorrect information will lead to rejection of the EOI)

**Expressions of Interest (EOI) must include:**

The EOI should contain sufficient supporting document to substantiate the claim of the Consultant towards their qualification as per the shortlisting criteria. It should, inter alia, include the following:

- The requested information with supporting documents should be submitted in the suggested format for submission of expression of interest.
- Details of relevant audit assignments (including internal audit assignments) undertaken for Public Sector/Government organizations including similar audit of international donor funded projects such as those funded by the World Bank, ADB, other international donors.
- Annual Audited Financial statement for the last 3 years

The Terms of Reference will be available on the website <http://www.maharashtra.gov.in/>

In case of difficulty in accessing the Government of Maharashtra website, you may communicate at project email [pmncrmpmaha@gmail.com](mailto:pmncrmpmaha@gmail.com).

The attention of interested Consultants is drawn to the paragraph 1.9 of the World Bank's Guidelines: Selection and Employment of Consultants under IBRD Loans & IDA Credits & Grants by World Bank Borrowers January 2011 (Revised July 2014) ("Consultant Guidelines"), setting forth the World Bank's policy on conflict of interest when providing information demonstrating that they have the required qualifications and relevant experience to perform the Services.

Consultants may associate with other firms in the form of a joint venture or a sub-consultancy to enhance their qualifications. Such association must be clearly stated in the EOI and should mention whether the association is in the form of a "joint venture" or "sub-consultancy". In the case of an association, all members of such "association" should have real and well defined inputs to the assignment

A Consultant will be selected in accordance with the **Consultant's Qualification Based Selection (QCS) method** set out in the Consultant Guidelines.

Further information can be obtained at the address below during office hours i.e. 09:45 AM to 5:30 PM on or before **16<sup>th</sup> March 2020**

**Expressions of Interest must be delivered in the written form to the address below on or before 16<sup>th</sup> March 2020 by 1500 hours in sealed envelopes (To the address given).**

State Project Director, SPIU, NCRMP II  
Relief and Rehabilitation Department.  
Office of Director - Disaster Management  
Government of Maharashtra  
1st floor Main building, near Mantralaya Control Room,  
Mumbai-400 032  
Tel: +91-22-22026712  
E-mail: [pmncrmpmaha@gmail.com](mailto:pmncrmpmaha@gmail.com)

## Suggested checklist and Format for submission of Expression of Interest

|                                  |   |
|----------------------------------|---|
| Project Name                     | National Cyclone Risk Mitigation Project (NCRMP) II   |
| Address:                         | State Project Director, SPIU, NCRMP II<br>Relief and Rehabilitation Department<br>Office of Director - Disaster Management<br>Government of Maharashtra<br>1st floor Main building, Near Mantralaya Control Room,<br>Mumbai-400 032<br>Tel: +91-22-22026712<br>E-mail: pmncrpmaha@gmail.com |
| Assignment Title                 | Appointment of the Internal Auditor CA firm for Financial year 2019-20 to 2020-21   |
| Reference No.                    | IN-R&RD-MAH-156674-CS-CQS   |
| Date of issue                    | 10 <sup>th</sup> February 2020  |
| Original last date of submission | 16 <sup>th</sup> March 2020   |

### I. Consulting Firm Information (Eligibility Criteria)

| Details Required  | Particular Furnished | Document Required  |
|---|----------------------|--|
| Consultant Name:  |                      | Registration Certificate   |
| Country of Incorporation: Independent legal existence and should be registered in India under the applicable Act. |                      | Registration Certificate, Copy of Partnership deed, Copy of Registration with ICAI |
| Year of Incorporation   |                      | ICAI Firm Constitution Certificate   |
| Pan no.   |                      | Pan Card   |
| GST no.   |                      | GST Registration certificate   |
| CAG Empanelment with Major Audits 2018-19   |                      | Proof of CAG Empanelment   |

| Details Required  | Particular Furnished   | Document Required  |
|---|--|--|
| Number of years in the profession   |  | ICAI Firm Constitution Certificate   |
| Annual Turnover   | Year 2018-19 – Rs<br>Year 2017-18 – Rs<br>Year 2016-17 – Rs  | Audited Financial Statements   |
| Experience of having undertaken at least 5 similar internal audit assignments with central / state governments / international donor funded projects in the last 5 years. | Brief Details (assignment name, year and cost of assignment to be provided):-<br><br>Experience -1 details –<br><br>Experience -2 details –<br><br>Experience -3 details –<br><br>Experience -4 details –<br><br>Experience -5 details – | Experience Certificate and self attested copies of contract Agreements/work orders |
| The firm shall have a minimum 5 full time chartered accountants employed with the firm. The break up details in terms of (i) Partners of Firm i.e. number of full         | Name and number of Partners and CA employee.<br><br>Partner 1 –<br><br>Partner 2 –   | ICAI Firm Constitution Certificate   |

| <b>Details Required</b>   | <b>Particular Furnished</b>  | <b>Document Required</b>                                   |
|---|--|--|
| time chartered accountant partners (ii) employee chartered accountants.   | Partner 3 –<br>Partner 4 –<br>Partner 5 –<br>Others<br>Number of Full time Partners –<br>Number of Employee Chartered Accountant – |  |
| Address of office in Mumbai, Maharashtra –  |  | ICAI Firm Constitution Certificate                         |
| Must not be debarred/ blacklisted by any state / Central government or World Bank or International Financial Institution              |  | A self - certificate to be attached in the enclosed format |
| Deceleration as to not guilty of any professional and/or other misconduct under the provisions of the Chartered Accountants Act, 1949 |  | A self - certificate to be attached in the enclosed format |

## **II. Assignment Specific Qualifications and Experience**

Your EOI shall demonstrate technical competence and geographical experience based on project references.

### **A. Management Competence (Please answer each question in one paragraph)**

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A.1 – Do your Firm has clearly defined quality management policies & procedures

A.2 – How will you address all components of Scope of Work?

A.3 – What is your Audit plan and Sampling – Methods for designing and selection of audit sample, performing procedures and evaluation of sample results and preparation of internal audit plan?

A.4 – Is your Methodology outlined is as per Standards of Internal Audit issued by ICAI, New Delhi?

A.5 Do the implementation of the main activities/tasks of the assignment is realistic and implementable, their content and duration, phasing and interrelations, milestones (including interim approvals by the Client) clearly laid out?



A.6 What is the Tentative delivery dates of the reports. Is the the proposed work plan is consistent with the technical approach and methodology?

A.7 Give details of Organization and Staffing - The structure and composition of team, including the list of the Key Experts, Non-Key Experts and relevant technical and administrative support staff is detailed ?

## **B. Technical Competence**

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Highlight the technical qualifications of your entity/consortium in undertaking similar assignments.

Provide details of past experience working with similar project authorities.

### **B1 - Firm's specialisation in Internal Audit/ Concurrent Audit of Government & externally aided projects (Number of projects)**

B1a- Give details as to Expertise & experience in Internal Audit/Concurrent audit of externally aided project

B1b - Give details as to Expertise & experience in Internal Audit/Concurrent audit of government projects/PSU

B1c - Give details as to Expertise & experience in Internal Audit/Concurrent audit of Infrastructure project in government sector

**Give details as to Firm's specialization in Procurement Audit of Government & externally aided projects (Number of projects).**

B2a - Expertise & experience in all spheres of procurement Audit of externally project

B2b - Expertise & experience in all spheres of Procurement Audit of government project

B2c - Expertise & experience in all spheres of Procurement Audit of Infrastructure projects

B3d – Give details as to other experiences-

**C. Geographical Experience**

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Cross-referencing the selected from your profile projects, present experience in similar geographic areas.

**(Experience in Maharashtra to be highlighted )**

**D. Other Information**

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**E. Project References**

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Please select most relevant projects to demonstrate the firm's technical qualifications and geographical experience.

| Period | Client | Project | Country | Firm |
|--------|--------|---------|---------|------|
|        |        |         |         |      |

**III. Comments on Terms of Reference**

**VI. Key Considerations in approaching this assignment**

**VII. Key Experts**

List experts that you propose to deploy for this assignment, **attach their CVs** to EOI attachment. Highlighting Qualification, Experience in handling internal audit assignments, Experience in procurement audit assignments and Regional Experience.

| Name | Email | Consultant Status | Firm |
|------|-------|-------------------|------|
|      |       |                   |      |

**VIII. EOI Attachments (Please put all the documents in sequence)**

| Title | Type | Description | Category | Page Number |
|-------|------|-------------|----------|-------------|
|       |      |             |          |             |
|       |      |             |          |             |
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|       |      |             |          |             |

**IX. Eligibility Declaration**

We, the undersigned, certify to the best of our knowledge and belief:

- We have read the advertisement, including the terms of reference (TOR), for this assignment.
- Neither the consulting firm nor its associate or any of its experts prepared the TOR for this activity.
- We confirm that the project references submitted as part of this EOI accurately reflect the experience of the specified firm/ consortium.
- We further confirm that, if any of our experts is engaged to prepare the TOR for any ensuing assignment resulting from our work product under this assignment, our firm and the expert(s) will be disqualified from short-listing and participation in the assignment.
- All consulting entities and experts proposed in this EOI are eligible to participate in World Bank, -supported and –administered activities.
- The lead entity and associates are NOT currently sanctioned by any MDB. Neither the consulting firm nor the associates has ever been convicted of an integrity-related offense or crime related to theft, corruption, fraud, collusion or coercion.
- We understand that it is our obligation to notify World Bank should any member of the consortium become ineligible to work with World Bank or other MDB or be convicted of an integrity-related offense or crime as described above.
- Associate/s, including all proposed consultants named in this EOI, have confirmed their interest in this activity in writing.
- Associate/s, including all proposed consultants named in this EOI, have confirmed their eligibility to participate in this activity in writing.
- Associate/s, including all proposed consultants named in this EOI, have authorized us in writing to represent them in expressing interest in this activity.
- None of the proposed consortium are subsidiaries of and/or dependent on the Executing or the Implementing Agency or individuals related to them.
- We understand that any misrepresentations that knowingly or recklessly mislead, or attempt to mislead may lead to the automatic rejection of the proposal or cancellation of the contract, if

awarded, and may result in further remedial action, in accordance with World Bank's Policy.

Seal & Signature of the authorized Representative with Dates  
Name of the Firm

## Format of checklist for submission

| <i>Sl No</i> | <i>Particulars</i>  | <i>Details</i> |
|--------------|---|----------------|
| 1            | Chartered Accountancy firm registered in India under applicable Act. as a partnership firm or Limited Liability Partnership firm with Institute of Chartered Accountants of India, New Delhi [copy of Registration certificate, copy of Partnership deed, Copy of registration with ICAI, new Delhi required] Attached Yes/ No  |                |
| 2            | <i>If Yes Mention the ICAI Registration number of the firm.</i>   |                |
| 3            | The firm shall have a standing of at least 10 years in the profession (will be assessed based on the year of incorporation) and should be empaneled with CAG for “Major Audits in 2018-19”. (whether fulfil the criteria Yes/No)  |                |
| 4            | <i>If yes mention the year of incorporation from ICAI firm constitution certificate</i>   |                |
| 5            | <i>Number of years of Experience (no of Years)</i>  |                |
| 6            | The firm should have annual turnover of Rs.25 lakhs or more in each of the last three (3) financial years. [Relevant documents viz, audited financial statements in support of satisfying the criteria should be submitted] (whether fulfil the criteria Yes/No)  |                |
| 7            | <i>If yes mention the Turnover for 2018-19 (in lakhs)</i>   |                |
| 8            | <i>Turnover for 2017-18 (in lakhs)</i>  |                |
| 9            | <i>Turnover for 2016-17 (in lakhs)</i>  |                |
| 10           | Experience of having undertaken at least 5 similar internal audit assignments with central/state governments/international donor funded projects in the last 5 years. (whether fulfil the criteria Yes/No)  |                |
| 11           | <i>If yes mention the No of assignment -similar internal audit assignments with central/state governments/international donor funded projects in the last 5 years (1 April 2014 to 31st March 2019)</i>   |                |
| 12           | The firm shall have a minimum 6 full time chartered accountants employed with the firm. (Out of which 5 should be full time and 1 could be a full time paid employee) The break up details in terms of (i) Partners of Firm i.e. number of full time chartered accountant partners (ii) employee chartered accountants. (whether fulfil the criteria Yes/No)  |                |
| 13           | <i>If Yes mention Partners of Firm i.e. number of full time chartered accountant partners</i>   |                |
| 14           | <i>No of employee chartered accountants</i>   |                |
| 15           | The firm should have office in Mumbai, Maharashtra (whether fulfil the criteria Yes/No)   |                |
| 16           | The Chartered Accountancy firm or any of its partners have not been declared guilty of any professional and / or other misconduct under the provisions of the chartered accountancy act 1949 during the current year and immediate past five years ( Declaration that they do not suffer from any of the above disqualifications and the details furnished in this regards are true and correct. Any incorrect information will lead to rejection of the EOI) (Declaring Attached (Yes/ No) |                |

Seal & Signature of the authorized Representative with Dates  
Name of the Firm

### Tentative scheme of Marking of EOIs

| Tentative Evaluation Criteria  |
|--|
| <b>(i) Management Competence : [ Total 20]</b>   |
| <b>a) Technical approach &amp; Methodology</b>   |
| <b>b) Work Plan &amp; Schedules</b>  |
| <b>(ii) Technical Competence : [ Total 30]</b>   |
| <b>Firm's specialization in Internal Audit of Government &amp; externally aided projects (Number of projects)</b>    |
| <b>Firm's specialization in Procurement Audit of Government &amp; externally aided projects (Number of projects)</b> |
| <b>(iii) Geographic Competence (Firms Regional / State Experience and office) [Total 15]</b>                         |
| <b>(iii) Evaluation of Key professional staff Qualification and competence for the Assignment [35]</b>               |

**Draft Terms of Reference**  
**Project Internal Audit Services**  
**National Cyclone Risk Mitigation Project- II- Maharashtra Component**

**1. Introduction**

**1.1. Project Background**

The Government of India has initiated the National Cyclone Risk Mitigation Project (NCRMP) with a view to address cyclone risks in the country. The overall objective of the Project is to undertake suitable structural and non-structural measures to mitigate the effects of cyclones and other hydro meteorological hazards in the coastal States/UTs of India.

The National Cyclone Risk Mitigation Project (NCRMP) is pioneer project drawn up by Ministry of Home Affairs (MHA) Government of India (GOI) to be implemented in 13 cyclones prone coastal states/UTs with World Bank assistance. In Maharashtra, the project will be implemented in Coastal Districts i.e. Thane, Ratnagiri, Sindhudurg, Raigad, Mumbai Suburban. The focus of the Program is to reduce vulnerability to cyclone and other hydro-meteorological hazards through construction of Multipurpose Cyclone Shelters (MPCS), Strengthening of Saline Embankment and Underground Cabling works.

The Project Development Objective (PDO) is to reduce vulnerability to cyclone and other hydro-meteorological hazards of coastal communities in project states and increase the capacity of the state entities to effectively plan for and respond to disasters.

**The key objectives of the Project are as follows:**

- Reduction in cyclone vulnerability of coastal states, through creation of appropriate infrastructure which can help mitigate the adverse impacts of cyclone
- Strengthening of cyclone warning systems enabling quick dissemination of warnings and advisories from source/district/sub-district level to the community and vice versa for their timely reception and adequate response.

**1.2. Project Components**

The project has the following four components:

**Component A: Early Warning Dissemination Systems (EWDS)**

**The installation of an EWDS** based on Satellite, Radio, Internet and Global System for Mobile Communication (GSMC) based technologies, including strengthening State Emergency Operation Centres (SEOCs) to send the warning through different communication channels directly to the village level. Providing satellite phones/alternative technology to key officials to fail proof the EWDS and also expand a new radio based wireless communication technology in selected blocks in each state;

**Component B: Cyclone Risk Mitigation Infrastructure**

This component is to increase the preparedness and reduce the vulnerability of coastal communities through strategic infrastructure investments, i.e., improving their capacity/access to emergency shelter. The portfolio of risk mitigation infrastructure under this component includes a broad range of investment such as Multipurpose Cyclone Shelters, Underground Electric cabling, strengthening of saline embankments in the state.

**Component C: Technical Assistance for Multi-Hazard Risk Management**

This component will improve the quality of available information on multi-hazard risks for decision making, and strengthen multi-hazard risk management at a national level. The PMU-NDMA will be the nodal agency for this component. The components will be included the activities such as Coastal Multi-Hazard Risk Modelling and Assessment, Strengthening Emergency Recovery Capacity, Enhancing the Capacity for Disaster Risk Management and Response in Non-Coastal States, Hydro-Meteorological Resilience Action Plans, Design of a National Seismic Risk M Hydro-Meteorological Resilience Action Plans

**Component D: Project Management and Implementation Support**



This component will support the incremental operating costs of the Project Management Unit (PMU) and the State PIUs

### **1.3. Proposed Implementation/ Funds Flow Arrangements:**

The NCRMP shall be coordinated by a central Project Management Unit (PMU) set up at NDMA. Department of Relief and Rehabilitation, Government of Maharashtra is the State Project Implementation Unit (SPIU). The SPIU will coordinate with NDMA, World Bank and other external agencies involved. The Department of Relief and Rehabilitation, Government of Maharashtra will coordinate with the line agencies, i.e., PWD (coastal engineer), Saline Embankment (Superintendent Engineer), MSEDCL (Chief Engineer) of the State Government which will be implement civil works under the Project. Rest works under the project will be implemented by the Department of Relief and Rehabilitation, Government of Maharashtra. The external aid disbursed by the World Bank will be first received by the Central Government. Expenditure under the project will either be made centrally at the SPIU through Treasury System and / or through Separate Bank Account opened exclusively for this purpose. SPIU making payments will maintain regular books of account and records as per the prescribed procedures.

## **2. Objective of the Internal Audit**

- The objective of the internal audit is to determine whether the Project management arrangements including procurement, financial management, and physical progress monitoring and internal control mechanisms are working effectively. The auditor shall also identify areas for improvement and enhancing efficiency.
- This should include aspects such as adequacy and effectiveness of accounting, financial, procurement related and other 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 them where there are none; verification of assets and liabilities; and integrity, controls, security and effectiveness of the operation of the computerized system.
- The internal auditor shall provide the SPIU with timely information and recommendations on the financial management, procurement, project management and physical progress aspects of the Project to enable the management to take corrective measures, wherever necessary.

## **3. Scope of Audit Services, Tasks and expected Deliverables.**

### **3.1 Scope of Audit Services**

The audit will be carried out in accordance with applicable professional standards & will include such tests & controls, as auditors are considered necessary under the circumstances. In conducting the audit special attention should be paid to the following:

#### **A. Procurement**

- To confirm that the IA followed agreed procurement procedures and arrangements for works, goods and services. While doing so, the checklist attached with this TOR will be followed by the internal auditor.
- That all the expenditures have the necessary supporting documentation; and that it has been incurred in accordance with the World Bank guidelines, and the Procurement manual.
- That proper and complete Records have been kept as prescribed in the Finance Management Manual.
- verify the procurement and contracting procedures and processes followed for the contracts in the representative sample, and, as appropriate, identify noncompliance with the Loan, Credit or Trust Fund Agreement, the Procurement Plan, Guidelines, etc; and , inappropriate practices by the IA or other parties;

- verify the physical completion and existence of the goods and works and, where applicable, non-consulting services resulting in a physical output, which have been procured under the contracts;
- review and evaluate the contract management practices of the IA within the context of the representative sample of contracts;
- review and evaluate the record keeping and file management arrangements of the IA
- Recommend actions to correct the identified deficiencies.

The Procurement review will be based on the Consultant's review of a representative sample of contracts that are subject to post review under the Loan, Credit or Trust Fund Agreement. The Consultant will select this representative sample on a random basis from the latest, updated Project Procurement Plan. The size of the representative sample of contracts should generally not be less **one in ten contracts**.

Typically, the following documents are examined:

- (a) Invitation for bids, advertising procedures and bidding period
- (b) Bidding documents and addenda if any
- (c) Receipt and opening of bids.
- (d) Bid evaluation and recommendation for award of the contract
- (e) Draft contract in the bidding documents versus the awarded contract
- (f) Timeliness of payment to contractors/suppliers/consultants
- (g) Projected versus actual completion schedule
- (h) Variation orders and time extensions
- (i) Acceptance or substantial completion certificate

(a) Physical Inspection. The physical inspection of goods and works and, where applicable, non-consulting services resulting in a physical output, is an indispensable part of the review it should draw attention to missing, diverted or relocated assets procured through Bank financing. The Consultant will be expected to visit the locations of about 20% of the assets covered in the selected representative sample of post review contracts and report the presence and condition of these assets. The Consultant is encouraged to illustrate his findings with photos of these assets. Any insurmountable impediments in gaining access for physical inspection should be detailed in the PPR. The consultant should also review the IA's inventory system, in order to ascertain whether or not each asset is properly accounted for in the asset accounting records and being used for the intended purpose under the project. The draft Procurement review Report should include follow up on findings of previous review and retain recommended actions not yet implemented.

Besides the above the Consultant shall also consider the following :

- 1) Going beyond checking the box: reviewers may add any important observation
- 2) Same issues appear year-after-year: Please discuss with IAs to find out whether adequate remedial actions were taken by the Implementing Agency on finding of previous PPRs and record the same in detail.
- 3) Quality of Physical inspection: If there are subject experts in PPR team, they should be used for carrying physical inspections;
- 4) Sample: High value contracts are to be given preference
- 5) Report of Auditors: Please also look at major audit observations (in previous years financial audit report) as they may include observations on procurement process. This may be added in list of documents required as well as should be recorded in PPR report.

### Final Outputs:

- Procurement procedure and processes review Report based on the checklist (at the end )
- Contract management review Report
- Comments and observations to include :

- systems and controls that were examined during the course of review;
- identify specific deficiencies and areas of weakness (if any ) in systems and controls and make recommendations for their correction;
- Report on the degree of compliance with the procurement / internal control procedures.
- Information compiled in regard to any complaints received.
- Bring to attention any other matter that the auditor considers pertinent.

Audit report should be submitted as part of the financial audit report but as a separate section .The audit should cover both qualitative aspects (Checklist #1) as well as transaction specific aspects (Checklist #2 & 3). These checklists are only to guide the auditors in taking up the procurement audit in systematic fashion and are not required to be submitted along with the audit report.

### **B. Financial Management**

- Whether books of accounts are being maintained in the manner and formats defined by the Financial Management Manual of the Project
- Whether the financial transactions are being accurately and completely recorded
- Whether utilization certificates and FMRs submitted are prepared in time and reflect the correct status of utilization of funds as recorded in the books of accounts of the Project
- Whether the fund management is being done in compliance with Financial management guidelines of the Project.
- 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
  - Maintenance of separate accounts for NCRMP
  - 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 under the Project.
- 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
- Physical and Financial Outlay of NCRMP II Maharashtra to be audited is attached as annexure 1

### **C. Project Management**

- Whether the physical progress tracking mechanism defined for the Project has been operationalized.
- Whether physical progress reports being submitted have been reviewed for their correctness and authenticity before submission
- Whether physical progress reports are being submitted as per the timelines and formats defined by the Project tracking framework.

### **D. Other Institutional aspects**

- Whether appropriate internal controls as specified by the Financial Management Manual, Operations Manual, Procurement Manual and 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
- Deviations (if any) from Project guidelines have been reported to the SPIU in time and requisite approvals obtained  
Any other issues that the Project Internal Auditor considers as important for management attention.

#### 4. Reporting and Audit Opinion

The internal auditor should review and assess the analysis drawn from the internal audit evidence obtained as the basis for his conclusion on the efficiency and effectiveness of systems, processes and controls. Each report shall have the following sections:

- Introduction- Objective, scope, nature and coverage of the audit including period covered, locations reviewed, work carried out, staff involved, level of coverage of all listed aspects
- The internal auditor's opinion as to the overall adequacy of the systems of internal control,
- Key findings; separately for Financial Management, Procurement, Project Management and Others.
- Detailed internal audit findings, with adequate descriptions of weaknesses identified and the associated risk. This section will be supported with details, tables, annexure.
- Recommendations; separately for Procurement, Financial Management, Project Management & Institutional Aspects and Others.
- Responses to findings and recommendations by authorized persons stating the timeline for remediation and the person responsible
- Progress on earlier set of recommendations and constraints faced.
- An Executive Summary highlighting the critical issues preferably classified as per thematic area. 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. Copies of all internal audit reports shall be made available to the external auditors.

#### 5. Timeline for Audit and Period of Contract

The auditor will commence the audit immediately after appointment and complete the audit as per the reporting requirements and time schedule for deliverable. The semi-annual internal audit report will be addressed to the Project Director at the SPIU and the copies will be provided to the NDMA.

The audit will be done as follows–

| <b>Deliverable</b>  |
|---|
| <b>1st internal audit report April 2019 to March 2020</b>     |
| <b>2nd internal audit report April 2020 to September 2020</b> |
| <b>3rd internal audit report Oct 20 to March 21</b>           |

The scope of the initial contract under this assignment will cover a period of 2 audit years till 31<sup>st</sup> March 2021. Subject to satisfactory performance of the auditor and subject to additional funds being available under the project, the contract may be considered for extension till project closure.

- 6. Applicable Guidelines and Method of procurement:** Applicable Guidelines are SELECTION AND EMPLOYMENT OF CONSULTANTS UNDER IBRD LOANS AND IDA CREDITS & GRANTS BY WORLD BANK BORROWERS January 2011 (Revised July 2014) The method procurement will be Selection Based on the Consultants' Qualifications (CQS).

- 7. Composition of Review Committee to Monitor the progress of Internal audit and compliance to the issued report.**

The following officers will be on the committee to monitor Internal Auditor's Report:

1. Secretary, Relief and Rehabilitation, Government of Maharashtra
2. Chief Engineer from respective Implementing Agencies
3. Executive Director, MSEDCL Underground Cabling
4. Project Director/Project Manager, NCRMP-II
5. Any other

The Committee will review the audit report and send the action taken report to the funding agency.

## 8. Support/Inputs to be provided by the SPIU

The internal auditor will be given access to all legal documents (Financing Agreement, Project Appraisal Document), Project Procurement Plan, Project Financial Management Manual, Procurement Manual, Procurement Check List and any other unclassified information associated with the Project and deemed necessary by the auditor. It is extremely important that the auditors become familiar with the Project Guidelines on Disbursements and Procurements. All these documents will be provided to the auditor by the SPIU/PMU.

## 9. Qualification and Team Composition

The Internal Auditor team must have considerable experience and expertise in conducting audits particularly on infrastructure development projects. The Consultants should also have experience in carrying out review of agreed procurement process and audit practices of World Bank assisted projects. The list of professional required are given in the table below, only CV's and experience of key experts will be evaluated for selection purpose:

| <b>Key Experts</b> |                         |   |  |                           |
|--------------------|-------------------------|---|--|---------------------------|
| <b>S. No</b>       | <b>Professionals</b>    | <b>Description of Services to be provided</b>   | <b>Experience</b>  | <b>Estimated Man Days</b> |
| 1                  | Partner/<br>Team Leader | Overall coordination, & planning, team leadership, reporting, liaison with client   | Qualified Chartered Accountant with at least 15 years' experience as a partner with expertise in internal audit, procurement audit, auditing in PSU, government and infrastructure sector, audit planning, execution and reporting. Experience of procurement / procurement audit of externally aided fund is desirable. | 30                        |
| 2                  | Audit Manager 1         | Responsibility to lead the audit teams in the field, planning and execution of the audits, discussion with heads of offices at district / state units and reporting writing and finalization. | Qualified Chartered Accountant with at least 12 years' experience in internal audit, auditing in PSU, government and infrastructure sector with ability to lead a team and interact with senior level government officials. Experience of procurement / procurement audit of externally aided fund is desirable.         | 30                        |
| 3                  | Auditor – 1 no.         | Responsibility to conduct the   | Qualified Chartered Accountants with at least 8 years' experience in   | 20                        |

| <b>Key Experts</b>    |                         |   |   |                           |
|-----------------------|-------------------------|---|---|---------------------------|
| <b>S. No</b>          | <b>Professionals</b>    | <b>Description of Services to be provided</b>   | <b>Experience</b>   | <b>Estimated Man Days</b> |
|                       |                         | internal audit teams in the field, planning and execution of the audits, discussion, report with heads of offices at district / state units and reporting writing and finalization. | internal audit, auditing in PSU, government and infrastructure sector with ability to lead a team and interact with senior level government officials. Specifically, required experience is in works accounting, procedures and testing controls related to payments and having experience of procurement review preferably who has received training in procurement review. Experience of Procurement / procurement audit of externally aided fund is desirable. |                           |
| <b>Non-Key Expert</b> |                         |   |   |                           |
| 4                     | Audit Assistant – 2 no. | Supporting in execution of the audit as per the audit plan.   | Semi Qualified Chartered Accountant ( CA Inter/CA Final) with at least three years of experience in auditing.   | 44                        |

#### **10. Frequency and Time Lines for conducting the internal audit**

At the beginning of each year, an assessment would be made by SPIU of the work being executed based on the Procurement plan. Based on this assessment, SPIU will prepare a draft internal audit calendar detailing the scope, coverage and frequency of review. This audit calendar would be reviewed by the Project Director of the PIU and forwarded to the Project Director, PMU for inputs (if any). Based on the inputs provided, the internal audit coverage would be finalised for the PIU and the PMU for the year.

The guidelines for finalizing the internal audit coverage are as follows:

- The audit should cover at least 50% of the expenditure incurred by the SPIU during the year.
- The audit coverage should be decided considering the need for follow up audits at locations where significant observations have been reported previously.
- The audit calendar to also include certain works/line departments where there is significant delay in utilization of funds released.

#### **11. Reporting Requirements and Time Schedule for Deliverables**

| <b>Reporting requirement against deliverables</b>                         | <b>Period to be covered under audit</b>       | <b>Timeline for submission of report</b>  |
|---|---|---|
| 1st Internal Audit report with separate report on Procurement findings ** | 1st April 2019 to 31 <sup>st</sup> March 2020 |   |
| Draft report for discussion with SPIU                                     |   | 31 <sup>st</sup> May 2020 or Within 45 days from date of appointment whichever is later |

| <b>Reporting requirement against deliverables</b>                                    | <b>Period to be covered under audit</b>                       | <b>Timeline for submission of report</b>                                     |
|--|---|--|
| Final report - discussed and agreed with SPIU the auditable unit                     |   | 30th June 2020 or within 60 days from date of appointment whichever is later |
| 2 <sup>nd</sup> Internal Audit report with separate report on Procurement findings** | 1 <sup>st</sup> April 2020 to 30 <sup>th</sup> September 2020 |  |
| Draft report for discussion with SPIU  |   | 30th November 2020   |
| Final report - discussed and agreed with SPIU  |   | 31st December 2020   |
| 3 <sup>rd</sup> Internal Audit report with separate report on Procurement findings** | 1 <sup>st</sup> October 2020 to 31 <sup>st</sup> March 2021   |  |
| Draft report for discussion with SPIU  |   | 31st May 2021  |
| Final report - discussed and agreed with SPIU the auditable unit                     |   | 30 <sup>th</sup> June 2021   |

\*\* Refer to the template at annex A

All report to be submitted in original in 2 copies along with soft copy. 1 copy for SPIU and 1 copy for NDMA

**Annexure 1 - Physical and Financial Outlay of NCRMP II Maharashtra**

| <b>Project Component</b>  | <b>No. / Area of sites</b> | <b>Implementing Agency</b>                                   | <b>Total Cost (INR crore)</b>  |
|---|----------------------------|--|--|
| Component A - Early Warning Dissemination System                    |                            |  | <b>26.60</b>   |
| Component B - Cyclone Risk Mitigation Infrastructure                |                            |  | <b>339.00</b>  |
| A. Multipurpose Cyclone Shelters(MPCS)                              | <b>11</b>                  | Public Works Department – Harbor Division                    | 39.00  |
| B. Underground electrical Cabling (UGC)                             | <b>3</b>                   | Maharashtra State Electricity Distribution Corporation Ltd   | 200.00   |
| C. Renovation of Saline Embankments (SE)                            | <b>4</b>                   | Kharland Development Corporation, Water Resources Department | 100.00   |
| Component D - Project Implementation Support                        |                            |  | <b>32.35</b>   |
| <b>TOTAL</b>  |                            |  | <b>397.95</b>  |
| Component C - Technical Assistance for Multi-Hazard Risk Management |                            |  | Direct funding by GoI based on the Training Plan and Budget outlay proposed by State Governments |



## Annex A. Templates for the Procurement Review Report

|                                   |  |
|-----------------------------------|--|
| Review conducted by*:             |  |
| No. of contracts reviewed         |  |
| Total value of contracts reviewed |  |
|                                   |  |

### 1. Executive Summary

*Provide a brief description of Post Review objective, key findings/issues, and recommendations.*

### 2. Possible Indication of Noncompliance requiring Bank Action (including misprocurement)

*Reasons for potential actions on noncompliance*

### 3. Findings on the Review of the Procurement Arrangements Agreed with the Borrower

*Staffing, unit organization, internal controls, project manual, etc.*

### 4. Findings on the Review of Procurement Processes and contract administration

*Provide a brief description of findings on procurement processes, including procurement planning, publications, bidding, evaluation, complaints handling, awards and timeliness of procurement.*

### 5. Indication of Possible Governance issues

*Provide a brief description of findings on contract administration, including implementation, payments, disputes resolution, and compliance.*

## **Annex B. Check Lists**

### **Checklist 1: Qualitative Aspects of Procurement**

- 1) Whether any manual on procurement procedure have been prepared and are available on site? If no, how the procurement procedure is guided?
- 2) Whether the Bank's standard bidding documents are used for preparation of tenders etc.? If no, how the tenders are prepared?
- 3) Whether dedicated procurement staff are in place? If no, who handles the procurement?
- 4) Whether the staff handling the procurement have exposure or training related to the procurement?
- 5) Whether complete list of contracts issued is available? Whether these data are computerized?
- 6) Whether the procurement related documents are available systematically?
- 7) Whether internal approvals are taken for inviting quotations/placing orders?
- 8) Whether financial negotiations are conducted frequently? If yes, under what circumstances and with whom (with all or lowest bidder)?
- 9) Is there a procurement related compliant handling system in the agency? If yes, whether bidders are aware of the same?
- 10) Whether the agency discloses the bid opportunity, put the tender documents and contract award information on its website?
- 11) Whether a procurement plan is available? If yes, whether the actual progress is being monitored against the plan? If there are delays, what measures are being taken to cover the delays?
- 12) Whether any procurement related irregularities were reported in the previous audit report? If yes, what actions have been taken in this regard?
- 13) Whether there is separation of duties between various functions viz. indenting/receiving, procurement and releasing funds?
- 14) Feedback from procurement staff and other officials met on how to reduce delays and improve the process

### **Checklist 2: Procurement of Works/Goods**

- 1) Whether the method of procurement (based on the estimated value) adopted is in accordance with the Project Agreement? If no, list the deviations (major/minor)
- 2) Whether bidding document used for this work is according to the standard model cleared with the Bank? If no, list the deviations from standards (major/minor)
- 3) Whether price adjustment clause provided in the bid document? (Required when period of completion is more than 12 months)
- 4) Whether bill of quantities provides schedule of quantity for each slice separately and also one schedule for the combined work/goods?
- 5) Whether the guidelines have been followed in fixing the Bid Security? If not, why?  
(No exemption should be permitted to any bidder or any class of bidders)
- 6) Whether any preference on price or other conditions allowed in the bidding document/award for any bidder or class of bidders? If yes, list the preferences.  
(No preferential treatment should be given to any bidder or class of bidders either for price or for conditions unless specifically cleared with the Bank and stipulated in the Project Agreement.)
- 7) Whether the Cost of bidding documents is reasonable?
- 8) Whether the Notice inviting tender (NIT) published in national newspapers?
- 9) Whether minimum 30 days provided for sale of bid documents?
- 10) If pre-bid conference was held, whether the minutes were prepared and circulated to all the prospective bidders?
- 11) Whether the last date of receipt of bids and the date of opening of bids are different (Both should be the same)
- 12) Whether bids were evaluated as per the criteria given in the bid document?
- 13) Has award been made to the lowest responsive bidder? (Award should be made to the lowest responsive bidder.) If no, the reasons for ignoring lower offers?
- 14) Were any negotiations held with the bidders after opening of bids? If yes, whether Bank's clearance was obtained before holding negotiations and when? If Bank's clearance was not obtained why? (Bank does not favor any negotiations.)

- 15) Whether the award was made within the original bid validity?
  - i) if no, what are the reasons for delay?
  - ii) if extension of bid validity was sought, was that from all bidders and not from the lowest alone?
  - iii) Was the period of extension exceeded 8 weeks?
  - iv) If affirmative, was Bank's clearance obtained?
- 16) Has the successful bidder furnished performance security in accordance with the conditions of contract?
- 17) Whether Items received/work completed as per the schedule indicated in the contract document?
- 18) Whether payment released timely and as per the terms given in the contract?
- 19) Whether the assets procured are being utilized for the intended purpose?
- 20) Whether all the documents/records related to the contract were available?

### **Checklist 3: Selection of Consultants**

- 1) Whether the method of selection adopted is in accordance with the Project Agreement
- 2) Whether the terms of reference include the following?
  - i) Concise statement of objectives
  - ii) Outline of tasks to be carried out
  - iii) Schedule for completion of tasks
  - iv) Support/inputs to be provided by the employer
  - v) Final outputs required from the consultant
  - vi) Review procedures
- 3) Whether the terms of reference have been reviewed and cleared with the Bank?
- 4) Whether the cost estimate has been prepared (Cost estimate, or budget, should be based on borrower's perception of the assignment requirements in terms of level and type of personnel, period to be spent in the field and in the home office, physical inputs and other items required for the services.)
- 5) Whether a short list of the consultants/ consultant firms has been drawn? (The short list should have 6 consultants)
- 6) Whether the draft letter of Invitation with draft or contract according to the Bank's standard document? If not/reasons thereof
- 7) Whether at least 30 days given for submission of proposals
- 8) Whether the proposals were evaluated as per criteria set out in the Letter of invitation.
- 9) Whether the financial proposals opened in presence of technically qualified consultants?
- 10) Whether the financial negotiations were held with the highest ranked firm (financial negotiations are not allowed if price is a factor for selection)
- 11) Whether proposals were evaluated as per the criteria given in the RFP document?
- 12) Has award been made to the highest ranked consultant? (Award should be made to the consultant scoring highest rank based on evaluation of technical and financial proposals)? If no, the reasons for ignoring the highest ranked proposal?
- 13) Whether the award was made within the original proposal validity? If no, what are the reasons for delay?
- 14) Whether the assignment completed as per the schedule indicated in the contract document?
- 15) Whether payment released timely and as per the terms given in the contract?
- 16) Whether all the documents/records related to the contract were available?

**State Project Implementation Unit (SPIU)  
National Cyclone Risk Mitigation Project (NCRMP II)  
Revenue & Forests Department (Relief and Rehabilitation)  
Mantralaya, Mumbai 400 032**

**Adv. No: DMU -2019 /CR-02 /DMU-1**

**Date: 10/02/2020**

**Tender Notice under National Competitive Bidding**

The Government of India has received financing from the World Bank toward the cost of the NCRMP II and intends to apply part of the proceeds toward payments under the below mentioned contract. Tenders are invited by the State Project Director, SPIU NCRMP II.

| Name of Civil Work  | Reference No.               | Estimated Cost of Work | Bid Security    | Cost of Document | Period of Completion* |
|---|-----------------------------|------------------------|-----------------|------------------|-----------------------|
| Construction of 11 Multipurpose Cyclone Shelters (MPCS) in Maharashtra          | IN-R&RD-MAH-144739-CW-RFB-2 | INR 42.39 Crore        | INR 43.00 Lakhs | INR 10,000.00    | 18 Months             |
| Renovation of Saline Embankment at Vadhiv Taluka & District Palghar Maharashtra | IN-R&RD-MAH-156669-CW-RFB   | INR 17.80 Crore        | INR 17.80 Lakhs | INR 5,000.00     | 18 Months             |

\*The period of the completion of contract may fall beyond the project scheduled period.

The complete bidding process will be online (E-Tendering). All the notifications regarding this tender notice hereafter will be published online on website <http://mahatenders.gov.in>. Tender document can be downloaded from the website <http://mahatenders.gov.in> from 10 Feb. 2020, 15:00 hrs. Bids can be submitted online in the e-tendering portal [www.mahatenders.gov.in](http://www.mahatenders.gov.in) on or before 15:00 hours on 16 March 2020 and will be publicly opened on 16 March 2020 at 15:30 hours.

| Name of Consulting Service  | Reference No.             |
|---|---------------------------|
| Appointment of the Internal Auditor CA firm for Financial year 2019-20 to 2020-21 | IN-R&RD-MAH-156674-CS-CQS |

Interested firms may submit "Expression of Interest" for above referred services in separate sealed envelopes clearly superscripted as Expression of Interest for consultancy services "name of service". Consulting Firms may obtain further information at <http://www.maharashtra.gov.in> Expressions of Interest must be delivered to the address below, by 16<sup>th</sup> March 2020 before 15.00 Hrs (IST)

**State Project Director, SPIU, NCRMP II**

**Request for Expressions of Interest (REOI)  
(Consulting Services-Selection of Firm)**

**Date:** 10<sup>th</sup> February 2020

**Country:** India  
**Name of Project:** National Cyclone Risk Mitigation Project (NCRMP) II  
**Assignment Title:** Appointment of the Internal Auditor CA firm for Financial year 2019-20 to 2020-21

**Reference No.** IN-R&RD-MAH-156674-CS-CQS

The Government of India has received financing from the World Bank towards the cost of the NCRMP II and intends to apply part of the proceeds for consulting services.

The overall Project Development Objective (PDO) is to reduce vulnerability to cyclone and other hydro-meteorological hazards of coastal communities in participating project states, and to increase the capacity of the state entities to effectively plan for and respond to disasters.

Under the NCRMP II – Maharashtra Component, the project will be implemented in Coastal Districts of Maharashtra covering the districts of Ratnagiri, Sindhudurg, Raigad and Palghar. The focus of the Program is to reduce vulnerability to cyclone and other hydro-meteorological hazards through development of infrastructure including, inter alia, Construction of Multipurpose Cyclone Shelters (MPCS), Strengthening of Saline Embankments and Underground Cabling Works.

The NCRMP II – Maharashtra Component intends to apply part of the proceeds of the funds for procurement of consulting services related to Project Internal Audit. The consulting services (“the Services”) include provision of project related Internal Audit Services for NCRMP II – Maharashtra Component, till the completion of the project. The purpose of the services is to provide the State Project Implementation Unit (SPIU) with an assessment of the adequacy of internal control mechanisms and provision of timely information and recommendations on the audited aspects of the project to enable the SPIU to take corrective measures, wherever necessary.

The Project Director, SPIU, NCRMP-II, Department of Relief and Rehabilitation, Government of Maharashtra now invites eligible firms (“Consultant”) to indicate their interest in providing the services.

Interested consultants must provide information indicating that they are qualified to perform the services (Brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.) The EOI would be reviewed on the basis of the following minimum qualification requirements, to prepare a shortlist for further consideration.

1. Chartered Accountancy firm registered in India under applicable Act. as a partnership firm or Limited Liability Partnership firm with Institute of Chartered Accountants of India, New Delhi [copy of Registration certificate, copy of Partnership deed, Copy of registration with ICAI, New Delhi required]
2. The firm should have been in existence for at least 10 years in the profession (will be assessed based on the year of establishment) and should be empanelled with CAG for “Major Audits for 2018-19”. (ICAI Firm Constitution Certificate should be submitted and CAG Empanelment letter to be submitted)
3. The firm should have annual turnover of Rs.25 lakhs or more in each of the last three (3) financial years. [Relevant documents viz, audited financial statements in support of satisfying the criteria should be submitted]

4. Experience of having undertaken at least 5 similar internal audit assignments with central/state governments/international donor funded projects in the last 5 years.
5. The firm shall have a minimum 6 full time chartered accountants employed with the firm. (Out of which 5 should be full time and 1 could be a full time paid employee) The break up details in terms of (i) Partners of Firm i.e. number of full time chartered accountant partners (ii) employee chartered accountants.
6. The firm should have office in Mumbai, Maharashtra
7. The Chartered Accountancy firm or any of its partners have not been declared guilty of any professional and / or other misconduct under the provisions of the chartered accountancy act 1949 during the current year and immediate past five years (Declaration that they do not suffer from any of the above disqualifications and the details furnished in this regards are true and correct. Any incorrect information will lead to rejection of the EOI)

**Expressions of Interest (EOI) must include:**

The EOI should contain sufficient supporting document to substantiate the claim of the Consultant towards their qualification as per the shortlisting criteria. It should, inter alia, include the following:

- The requested information with supporting documents should be submitted in the suggested format for submission of expression of interest.
- Details of relevant audit assignments (including internal audit assignments) undertaken for Public Sector/Government organizations including similar audit of international donor funded projects such as those funded by the World Bank, ADB, other international donors.
- Annual Audited Financial statement for the last 3 years

The Terms of Reference will be available on the website <http://www.maharashtra.gov.in/>

In case of difficulty in accessing the Government of Maharashtra website, you may communicate at project email [pmncrmpmaha@gmail.com](mailto:pmncrmpmaha@gmail.com).

The attention of interested Consultants is drawn to the paragraph 1.9 of the World Bank's Guidelines: Selection and Employment of Consultants under IBRD Loans & IDA Credits & Grants by World Bank Borrowers January 2011 (Revised July 2014) ("Consultant Guidelines"), setting forth the World Bank's policy on conflict of interest when providing information demonstrating that they have the required qualifications and relevant experience to perform the Services.

Consultants may associate with other firms in the form of a joint venture or a sub-consultancy to enhance their qualifications. Such association must be clearly stated in the EOI and should mention whether the association is in the form of a "joint venture" or "sub-consultancy". In the case of an association, all members of such "association" should have real and well defined inputs to the assignment

A Consultant will be selected in accordance with the **Consultant's Qualification Based Selection (QCS) method** set out in the Consultant Guidelines.

Further information can be obtained at the address below during office hours i.e. 09:45 AM to 5:30 PM on or before **16<sup>th</sup> March 2020**

**Expressions of Interest must be delivered in the written form to the address below on or before 16<sup>th</sup> March 2020 by 1500 hours in sealed envelopes (To the address given).**

State Project Director, SPIU, NCRMP II  
Relief and Rehabilitation Department.  
Office of Director - Disaster Management  
Government of Maharashtra  
1st floor Main building, near Mantralaya Control Room,  
Mumbai-400 032  
Tel: +91-22-22026712  
E-mail: [pmncrmpmaha@gmail.com](mailto:pmncrmpmaha@gmail.com)



## Suggested checklist and Format for submission of Expression of Interest

|                                  |  |
|----------------------------------|--|
| Project Name                     | National Cyclone Risk Mitigation Project (NCRMP) II  |
| Address:                         | State Project Director, SPIU, NCRMP II<br>Relief and Rehabilitation Department<br>Office of Director - Disaster Management<br>Government of Maharashtra<br>1st floor Main building, Near Mantralaya Control Room,<br>Mumbai-400 032<br>Tel: +91-22-22026712<br>E-mail: pmncrmpmaha@gmail.com |
| Assignment Title                 | Appointment of the Internal Auditor CA firm for Financial year 2019-20 to 2020-21  |
| Reference No.                    | IN-R&RD-MAH-156674-CS-CQS  |
| Date of issue                    | 10 <sup>th</sup> February 2020   |
| Original last date of submission | 16 <sup>th</sup> March 2020  |

### I. Consulting Firm Information (Eligibility Criteria)

| Details Required  | Particular Furnished | Document Required  |
|---|----------------------|--|
| Consultant Name:  |                      | Registration Certificate   |
| Country of Incorporation: Independent legal existence and should be registered in India under the applicable Act. |                      | Registration Certificate, Copy of Partnership deed, Copy of Registration with ICAI |
| Year of Incorporation   |                      | ICAI Firm Constitution Certificate   |
| Pan no.   |                      | Pan Card   |
| GST no.   |                      | GST Registration certificate   |
| CAG Empanelment with Major Audits 2018-19   |                      | Proof of CAG Empanelment   |

| Details Required  | Particular Furnished   | Document Required  |
|---|--|--|
| Number of years in the profession   |  | ICAI Firm Constitution Certificate   |
| Annual Turnover   | Year 2018-19 – Rs<br>Year 2017-18 – Rs<br>Year 2016-17 – Rs  | Audited Financial Statements   |
| Experience of having undertaken at least 5 similar internal audit assignments with central / state governments / international donor funded projects in the last 5 years. | Brief Details (assignment name, year and cost of assignment to be provided):-<br><br>Experience -1 details –<br><br>Experience -2 details –<br><br>Experience -3 details –<br><br>Experience -4 details –<br><br>Experience -5 details – | Experience Certificate and self attested copies of contract Agreements/work orders |
| The firm shall have a minimum 5 full time chartered accountants employed with the firm. The break up details in terms of (i) Partners of Firm i.e. number of full         | Name and number of Partners and CA employee.<br><br>Partner 1 –<br><br>Partner 2 –   | ICAI Firm Constitution Certificate   |

| <b>Details Required</b>   | <b>Particular Furnished</b>  | <b>Document Required</b>                                   |
|---|--|--|
| time chartered accountant partners (ii) employee chartered accountants.   | Partner 3 –<br>Partner 4 –<br>Partner 5 –<br>Others<br>Number of Full time Partners –<br>Number of Employee Chartered Accountant – |  |
| Address of office in Mumbai, Maharashtra –  |  | ICAI Firm Constitution Certificate                         |
| Must not be debarred/ blacklisted by any state / Central government or World Bank or International Financial Institution              |  | A self - certificate to be attached in the enclosed format |
| Deceleration as to not guilty of any professional and/or other misconduct under the provisions of the Chartered Accountants Act, 1949 |  | A self - certificate to be attached in the enclosed format |

## **II. Assignment Specific Qualifications and Experience**

Your EOI shall demonstrate technical competence and geographical experience based on project references.

### **A. Management Competence (Please answer each question in one paragraph)**

---

A.1 – Do your Firm has clearly defined quality management policies & procedures

A.2 – How will you address all components of Scope of Work?

A.3 – What is your Audit plan and Sampling – Methods for designing and selection of audit sample, performing procedures and evaluation of sample results and preparation of internal audit plan?

A.4 – Is your Methodology outlined is as per Standards of Internal Audit issued by ICAI, New Delhi?

A.5 Do the implementation of the main activities/tasks of the assignment is realistic and implementable, their content and duration, phasing and interrelations, milestones (including interim approvals by the Client) clearly laid out?

A.6 What is the Tentative delivery dates of the reports. Is the the proposed work plan is consistent with the technical approach and methodology?

A.7 Give details of Organization and Staffing - The structure and composition of team, including the list of the Key Experts, Non-Key Experts and relevant technical and administrative support staff is detailed ?

## **B. Technical Competence**

---

Highlight the technical qualifications of your entity/consortium in undertaking similar assignments.

Provide details of past experience working with similar project authorities.

### **B1 - Firm's specialisation in Internal Audit/ Concurrent Audit of Government & externally aided projects (Number of projects)**

B1a- Give details as to Expertise & experience in Internal Audit/Concurrent audit of externally aided project

B1b - Give details as to Expertise & experience in Internal Audit/Concurrent audit of government projects/PSU

B1c - Give details as to Expertise & experience in Internal Audit/Concurrent audit of Infrastructure project in government sector

**Give details as to Firm's specialization in Procurement Audit of Government & externally aided projects (Number of projects).**

B2a - Expertise & experience in all spheres of procurement Audit of externally project

B2b - Expertise & experience in all spheres of Procurement Audit of government project

B2c - Expertise & experience in all spheres of Procurement Audit of Infrastructure projects

B3d – Give details as to other experiences-

**C. Geographical Experience**

---

Cross-referencing the selected from your profile projects, present experience in similar geographic areas.

**(Experience in Maharashtra to be highlighted )**

**D. Other Information**

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**E. Project References**

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Please select most relevant projects to demonstrate the firm's technical qualifications and geographical experience.

| Period | Client | Project | Country | Firm |
|--------|--------|---------|---------|------|
|        |        |         |         |      |

**III. Comments on Terms of Reference**

**VI. Key Considerations in approaching this assignment**

**VII. Key Experts**

List experts that you propose to deploy for this assignment, **attach their CVs** to EOI attachment. Highlighting Qualification, Experience in handling internal audit assignments, Experience in procurement audit assignments and Regional Experience.

| Name | Email | Consultant Status | Firm |
|------|-------|-------------------|------|
|      |       |                   |      |

**VIII. EOI Attachments (Please put all the documents in sequence)**

| Title | Type | Description | Category | Page Number |
|-------|------|-------------|----------|-------------|
|       |      |             |          |             |
|       |      |             |          |             |
|       |      |             |          |             |
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|       |      |             |          |             |

**IX. Eligibility Declaration**

We, the undersigned, certify to the best of our knowledge and belief:

- We have read the advertisement, including the terms of reference (TOR), for this assignment.
- Neither the consulting firm nor its associate or any of its experts prepared the TOR for this activity.
- We confirm that the project references submitted as part of this EOI accurately reflect the experience of the specified firm/ consortium.
- We further confirm that, if any of our experts is engaged to prepare the TOR for any ensuing assignment resulting from our work product under this assignment, our firm and the expert(s) will be disqualified from short-listing and participation in the assignment.
- All consulting entities and experts proposed in this EOI are eligible to participate in World Bank, -supported and –administered activities.
- The lead entity and associates are NOT currently sanctioned by any MDB. Neither the consulting firm nor the associates has ever been convicted of an integrity-related offense or crime related to theft, corruption, fraud, collusion or coercion.
- We understand that it is our obligation to notify World Bank should any member of the consortium become ineligible to work with World Bank or other MDB or be convicted of an integrity-related offense or crime as described above.
- Associate/s, including all proposed consultants named in this EOI, have confirmed their interest in this activity in writing.
- Associate/s, including all proposed consultants named in this EOI, have confirmed their eligibility to participate in this activity in writing.
- Associate/s, including all proposed consultants named in this EOI, have authorized us in writing to represent them in expressing interest in this activity.
- None of the proposed consortium are subsidiaries of and/or dependent on the Executing or the Implementing Agency or individuals related to them.
- We understand that any misrepresentations that knowingly or recklessly mislead, or attempt to mislead may lead to the automatic rejection of the proposal or cancellation of the contract, if



awarded, and may result in further remedial action, in accordance with World Bank's Policy.

Seal & Signature of the authorized Representative with Dates  
Name of the Firm

## Format of checklist for submission

| <i>Sl No</i> | <i>Particulars</i>  | <i>Details</i> |
|--------------|---|----------------|
| 1            | Chartered Accountancy firm registered in India under applicable Act. as a partnership firm or Limited Liability Partnership firm with Institute of Chartered Accountants of India, New Delhi [copy of Registration certificate, copy of Partnership deed, Copy of registration with ICAI, new Delhi required] Attached Yes/ No  |                |
| 2            | <i>If Yes Mention the ICAI Registration number of the firm.</i>   |                |
| 3            | The firm shall have a standing of at least 10 years in the profession (will be assessed based on the year of incorporation) and should be empaneled with CAG for “Major Audits in 2018-19”. (whether fulfil the criteria Yes/No)  |                |
| 4            | <i>If yes mention the year of incorporation from ICAI firm constitution certificate</i>   |                |
| 5            | <i>Number of years of Experience (no of Years)</i>  |                |
| 6            | The firm should have annual turnover of Rs.25 lakhs or more in each of the last three (3) financial years. [Relevant documents viz, audited financial statements in support of satisfying the criteria should be submitted] (whether fulfil the criteria Yes/No)  |                |
| 7            | <i>If yes mention the Turnover for 2018-19 (in lakhs)</i>   |                |
| 8            | <i>Turnover for 2017-18 (in lakhs)</i>  |                |
| 9            | <i>Turnover for 2016-17 (in lakhs)</i>  |                |
| 10           | Experience of having undertaken at least 5 similar internal audit assignments with central/state governments/international donor funded projects in the last 5 years. (whether fulfil the criteria Yes/No)  |                |
| 11           | <i>If yes mention the No of assignment -similar internal audit assignments with central/state governments/international donor funded projects in the last 5 years (1 April 2014 to 31st March 2019)</i>   |                |
| 12           | The firm shall have a minimum 6 full time chartered accountants employed with the firm. (Out of which 5 should be full time and 1 could be a full time paid employee) The break up details in terms of (i) Partners of Firm i.e. number of full time chartered accountant partners (ii) employee chartered accountants. (whether fulfil the criteria Yes/No)  |                |
| 13           | <i>If Yes mention Partners of Firm i.e. number of full time chartered accountant partners</i>   |                |
| 14           | <i>No of employee chartered accountants</i>   |                |
| 15           | The firm should have office in Mumbai, Maharashtra (whether fulfil the criteria Yes/No)   |                |
| 16           | The Chartered Accountancy firm or any of its partners have not been declared guilty of any professional and / or other misconduct under the provisions of the chartered accountancy act 1949 during the current year and immediate past five years ( Declaration that they do not suffer from any of the above disqualifications and the details furnished in this regards are true and correct. Any incorrect information will lead to rejection of the EOI) (Declaring Attached (Yes/ No) |                |

Seal & Signature of the authorized Representative with Dates  
Name of the Firm

### Tentative scheme of Marking of EOIs

| Tentative Evaluation Criteria  |
|--|
| <b>(i) Management Competence : [ Total 20]</b>   |
| <b>a) Technical approach &amp; Methodology</b>   |
| <b>b) Work Plan &amp; Schedules</b>  |
| <b>(ii) Technical Competence : [ Total 30]</b>   |
| <b>Firm's specialization in Internal Audit of Government &amp; externally aided projects (Number of projects)</b>    |
| <b>Firm's specialization in Procurement Audit of Government &amp; externally aided projects (Number of projects)</b> |
| <b>(iii) Geographic Competence (Firms Regional / State Experience and office) [Total 15]</b>                         |
| <b>(iii) Evaluation of Key professional staff Qualification and competence for the Assignment [35]</b>               |

**Draft Terms of Reference**  
**Project Internal Audit Services**  
**National Cyclone Risk Mitigation Project- II- Maharashtra Component**

**1. Introduction**

**1.1. Project Background**

The Government of India has initiated the National Cyclone Risk Mitigation Project (NCRMP) with a view to address cyclone risks in the country. The overall objective of the Project is to undertake suitable structural and non-structural measures to mitigate the effects of cyclones and other hydro meteorological hazards in the coastal States/UTs of India.

The National Cyclone Risk Mitigation Project (NCRMP) is pioneer project drawn up by Ministry of Home Affairs (MHA) Government of India (GOI) to be implemented in 13 cyclones prone coastal states/UTs with World Bank assistance. In Maharashtra, the project will be implemented in Coastal Districts i.e. Thane, Ratnagiri, Sindhudurg, Raigad, Mumbai Suburban. The focus of the Program is to reduce vulnerability to cyclone and other hydro-meteorological hazards through construction of Multipurpose Cyclone Shelters (MPCS), Strengthening of Saline Embankment and Underground Cabling works.

The Project Development Objective (PDO) is to reduce vulnerability to cyclone and other hydro-meteorological hazards of coastal communities in project states and increase the capacity of the state entities to effectively plan for and respond to disasters.

**The key objectives of the Project are as follows:**

- Reduction in cyclone vulnerability of coastal states, through creation of appropriate infrastructure which can help mitigate the adverse impacts of cyclone
- Strengthening of cyclone warning systems enabling quick dissemination of warnings and advisories from source/district/sub-district level to the community and vice versa for their timely reception and adequate response.

**1.2. Project Components**

The project has the following four components:

**Component A: Early Warning Dissemination Systems (EWDS)**

**The installation of an EWDS** based on Satellite, Radio, Internet and Global System for Mobile Communication (GSMC) based technologies, including strengthening State Emergency Operation Centres (SEOCs) to send the warning through different communication channels directly to the village level. Providing satellite phones/alternative technology to key officials to fail proof the EWDS and also expand a new radio based wireless communication technology in selected blocks in each state;

**Component B: Cyclone Risk Mitigation Infrastructure**

This component is to increase the preparedness and reduce the vulnerability of coastal communities through strategic infrastructure investments, i.e., improving their capacity/access to emergency shelter. The portfolio of risk mitigation infrastructure under this component includes a broad range of investment such as Multipurpose Cyclone Shelters, Underground Electric cabling, strengthening of saline embankments in the state.

**Component C: Technical Assistance for Multi-Hazard Risk Management**

This component will improve the quality of available information on multi-hazard risks for decision making, and strengthen multi-hazard risk management at a national level. The PMU-NDMA will be the nodal agency for this component. The components will be included the activities such as Coastal Multi-Hazard Risk Modelling and Assessment, Strengthening Emergency Recovery Capacity, Enhancing the Capacity for Disaster Risk Management and Response in Non-Coastal States, Hydro-Meteorological Resilience Action Plans, Design of a National Seismic Risk M Hydro-Meteorological Resilience Action Plans

**Component D: Project Management and Implementation Support**

This component will support the incremental operating costs of the Project Management Unit (PMU) and the State PIUs

### **1.3. Proposed Implementation/ Funds Flow Arrangements:**

The NCRMP shall be coordinated by a central Project Management Unit (PMU) set up at NDMA. Department of Relief and Rehabilitation, Government of Maharashtra is the State Project Implementation Unit (SPIU). The SPIU will coordinate with NDMA, World Bank and other external agencies involved. The Department of Relief and Rehabilitation, Government of Maharashtra will coordinate with the line agencies, i.e., PWD (coastal engineer), Saline Embankment (Superintendent Engineer), MSEDCL (Chief Engineer) of the State Government which will be implement civil works under the Project. Rest works under the project will be implemented by the Department of Relief and Rehabilitation, Government of Maharashtra. The external aid disbursed by the World Bank will be first received by the Central Government. Expenditure under the project will either be made centrally at the SPIU through Treasury System and / or through Separate Bank Account opened exclusively for this purpose. SPIU making payments will maintain regular books of account and records as per the prescribed procedures.

## **2. Objective of the Internal Audit**

- The objective of the internal audit is to determine whether the Project management arrangements including procurement, financial management, and physical progress monitoring and internal control mechanisms are working effectively. The auditor shall also identify areas for improvement and enhancing efficiency.
- This should include aspects such as adequacy and effectiveness of accounting, financial, procurement related and other 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 them where there are none; verification of assets and liabilities; and integrity, controls, security and effectiveness of the operation of the computerized system.
- The internal auditor shall provide the SPIU with timely information and recommendations on the financial management, procurement, project management and physical progress aspects of the Project to enable the management to take corrective measures, wherever necessary.

## **3. Scope of Audit Services, Tasks and expected Deliverables.**

### **3.1 Scope of Audit Services**

The audit will be carried out in accordance with applicable professional standards & will include such tests & controls, as auditors are considered necessary under the circumstances. In conducting the audit special attention should be paid to the following:

#### **A. Procurement**

- To confirm that the IA followed agreed procurement procedures and arrangements for works, goods and services. While doing so, the checklist attached with this TOR will be followed by the internal auditor.
- That all the expenditures have the necessary supporting documentation; and that it has been incurred in accordance with the World Bank guidelines, and the Procurement manual.
- That proper and complete Records have been kept as prescribed in the Finance Management Manual.
- verify the procurement and contracting procedures and processes followed for the contracts in the representative sample, and, as appropriate, identify noncompliance with the Loan, Credit or Trust Fund Agreement, the Procurement Plan, Guidelines, etc; and , inappropriate practices by the IA or other parties;

- verify the physical completion and existence of the goods and works and, where applicable, non-consulting services resulting in a physical output, which have been procured under the contracts;
- review and evaluate the contract management practices of the IA within the context of the representative sample of contracts;
- review and evaluate the record keeping and file management arrangements of the IA
- Recommend actions to correct the identified deficiencies.

The Procurement review will be based on the Consultant's review of a representative sample of contracts that are subject to post review under the Loan, Credit or Trust Fund Agreement. The Consultant will select this representative sample on a random basis from the latest, updated Project Procurement Plan. The size of the representative sample of contracts should generally not be less **one in ten contracts**.

Typically, the following documents are examined:

- (a) Invitation for bids, advertising procedures and bidding period
- (b) Bidding documents and addenda if any
- (c) Receipt and opening of bids.
- (d) Bid evaluation and recommendation for award of the contract
- (e) Draft contract in the bidding documents versus the awarded contract
- (f) Timeliness of payment to contractors/suppliers/consultants
- (g) Projected versus actual completion schedule
- (h) Variation orders and time extensions
- (i) Acceptance or substantial completion certificate

(a) Physical Inspection. The physical inspection of goods and works and, where applicable, non-consulting services resulting in a physical output, is an indispensable part of the review it should draw attention to missing, diverted or relocated assets procured through Bank financing. The Consultant will be expected to visit the locations of about 20% of the assets covered in the selected representative sample of post review contracts and report the presence and condition of these assets. The Consultant is encouraged to illustrate his findings with photos of these assets. Any insurmountable impediments in gaining access for physical inspection should be detailed in the PPR. The consultant should also review the IA's inventory system, in order to ascertain whether or not each asset is properly accounted for in the asset accounting records and being used for the intended purpose under the project. The draft Procurement review Report should include follow up on findings of previous review and retain recommended actions not yet implemented.

Besides the above the Consultant shall also consider the following :

- 1) Going beyond checking the box: reviewers may add any important observation
- 2) Same issues appear year-after-year: Please discuss with IAs to find out whether adequate remedial actions were taken by the Implementing Agency on finding of previous PPRs and record the same in detail.
- 3) Quality of Physical inspection: If there are subject experts in PPR team, they should be used for carrying physical inspections;
- 4) Sample: High value contracts are to be given preference
- 5) Report of Auditors: Please also look at major audit observations (in previous years financial audit report) as they may include observations on procurement process. This may be added in list of documents required as well as should be recorded in PPR report.

### Final Outputs:

- Procurement procedure and processes review Report based on the checklist (at the end )
- Contract management review Report
- Comments and observations to include :

- systems and controls that were examined during the course of review;
- identify specific deficiencies and areas of weakness (if any ) in systems and controls and make recommendations for their correction;
- Report on the degree of compliance with the procurement / internal control procedures.
- Information compiled in regard to any complaints received.
- Bring to attention any other matter that the auditor considers pertinent.

Audit report should be submitted as part of the financial audit report but as a separate section .The audit should cover both qualitative aspects (Checklist #1) as well as transaction specific aspects (Checklist #2 & 3). These checklists are only to guide the auditors in taking up the procurement audit in systematic fashion and are not required to be submitted along with the audit report.

### **B. Financial Management**

- Whether books of accounts are being maintained in the manner and formats defined by the Financial Management Manual of the Project
- Whether the financial transactions are being accurately and completely recorded
- Whether utilization certificates and FMRs submitted are prepared in time and reflect the correct status of utilization of funds as recorded in the books of accounts of the Project
- Whether the fund management is being done in compliance with Financial management guidelines of the Project.
- 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
  - Maintenance of separate accounts for NCRMP
  - 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 under the Project.
- 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
- Physical and Financial Outlay of NCRMP II Maharashtra to be audited is attached as annexure 1

### **C. Project Management**

- Whether the physical progress tracking mechanism defined for the Project has been operationalized.
- Whether physical progress reports being submitted have been reviewed for their correctness and authenticity before submission
- Whether physical progress reports are being submitted as per the timelines and formats defined by the Project tracking framework.

### **D. Other Institutional aspects**

- Whether appropriate internal controls as specified by the Financial Management Manual, Operations Manual, Procurement Manual and 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
- Deviations (if any) from Project guidelines have been reported to the SPIU in time and requisite approvals obtained  
Any other issues that the Project Internal Auditor considers as important for management attention.

#### 4. Reporting and Audit Opinion

The internal auditor should review and assess the analysis drawn from the internal audit evidence obtained as the basis for his conclusion on the efficiency and effectiveness of systems, processes and controls. Each report shall have the following sections:

- Introduction- Objective, scope, nature and coverage of the audit including period covered, locations reviewed, work carried out, staff involved, level of coverage of all listed aspects
- The internal auditor's opinion as to the overall adequacy of the systems of internal control,
- Key findings; separately for Financial Management, Procurement, Project Management and Others.
- Detailed internal audit findings, with adequate descriptions of weaknesses identified and the associated risk. This section will be supported with details, tables, annexure.
- Recommendations; separately for Procurement, Financial Management, Project Management & Institutional Aspects and Others.
- Responses to findings and recommendations by authorized persons stating the timeline for remediation and the person responsible
- Progress on earlier set of recommendations and constraints faced.
- An Executive Summary highlighting the critical issues preferably classified as per thematic area. 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. Copies of all internal audit reports shall be made available to the external auditors.

#### 5. Timeline for Audit and Period of Contract

The auditor will commence the audit immediately after appointment and complete the audit as per the reporting requirements and time schedule for deliverable. The semi-annual internal audit report will be addressed to the Project Director at the SPIU and the copies will be provided to the NDMA.

The audit will be done as follows–

| <b>Deliverable</b>  |
|---|
| <b>1st internal audit report April 2019 to March 2020</b>     |
| <b>2nd internal audit report April 2020 to September 2020</b> |
| <b>3rd internal audit report Oct 20 to March 21</b>           |

The scope of the initial contract under this assignment will cover a period of 2 audit years till 31<sup>st</sup> March 2021. Subject to satisfactory performance of the auditor and subject to additional funds being available under the project, the contract may be considered for extension till project closure.

**6. Applicable Guidelines and Method of procurement:** Applicable Guidelines are SELECTION AND EMPLOYMENT OF CONSULTANTS UNDER IBRD LOANS AND IDA CREDITS & GRANTS BY WORLD BANK BORROWERS January 2011 (Revised July 2014) The method procurement will be Selection Based on the Consultants' Qualifications (CQS).

**7. Composition of Review Committee to Monitor the progress of Internal audit and compliance to the issued report.**



The following officers will be on the committee to monitor Internal Auditor's Report:

1. Secretary, Relief and Rehabilitation, Government of Maharashtra
2. Chief Engineer from respective Implementing Agencies
3. Executive Director, MSEDCL Underground Cabling
4. Project Director/Project Manager, NCRMP-II
5. Any other

The Committee will review the audit report and send the action taken report to the funding agency.

## 8. Support/Inputs to be provided by the SPIU

The internal auditor will be given access to all legal documents (Financing Agreement, Project Appraisal Document), Project Procurement Plan, Project Financial Management Manual, Procurement Manual, Procurement Check List and any other unclassified information associated with the Project and deemed necessary by the auditor. It is extremely important that the auditors become familiar with the Project Guidelines on Disbursements and Procurements. All these documents will be provided to the auditor by the SPIU/PMU.

## 9. Qualification and Team Composition

The Internal Auditor team must have considerable experience and expertise in conducting audits particularly on infrastructure development projects. The Consultants should also have experience in carrying out review of agreed procurement process and audit practices of World Bank assisted projects. The list of professional required are given in the table below, only CV's and experience of key experts will be evaluated for selection purpose:

| <b>Key Experts</b> |                         |   |  |                           |
|--------------------|-------------------------|---|--|---------------------------|
| <b>S. No</b>       | <b>Professionals</b>    | <b>Description of Services to be provided</b>   | <b>Experience</b>  | <b>Estimated Man Days</b> |
| 1                  | Partner/<br>Team Leader | Overall coordination, & planning, team leadership, reporting, liaison with client   | Qualified Chartered Accountant with at least 15 years' experience as a partner with expertise in internal audit, procurement audit, auditing in PSU, government and infrastructure sector, audit planning, execution and reporting. Experience of procurement / procurement audit of externally aided fund is desirable. | 30                        |
| 2                  | Audit Manager 1         | Responsibility to lead the audit teams in the field, planning and execution of the audits, discussion with heads of offices at district / state units and reporting writing and finalization. | Qualified Chartered Accountant with at least 12 years' experience in internal audit, auditing in PSU, government and infrastructure sector with ability to lead a team and interact with senior level government officials. Experience of procurement / procurement audit of externally aided fund is desirable.         | 30                        |
| 3                  | Auditor – 1 no.         | Responsibility to conduct the   | Qualified Chartered Accountants with at least 8 years' experience in   | 20                        |

| <b>Key Experts</b>    |                         |   |   |                           |
|-----------------------|-------------------------|---|---|---------------------------|
| <b>S. No</b>          | <b>Professionals</b>    | <b>Description of Services to be provided</b>   | <b>Experience</b>   | <b>Estimated Man Days</b> |
|                       |                         | internal audit teams in the field, planning and execution of the audits, discussion, report with heads of offices at district / state units and reporting writing and finalization. | internal audit, auditing in PSU, government and infrastructure sector with ability to lead a team and interact with senior level government officials. Specifically, required experience is in works accounting, procedures and testing controls related to payments and having experience of procurement review preferably who has received training in procurement review. Experience of Procurement / procurement audit of externally aided fund is desirable. |                           |
| <b>Non-Key Expert</b> |                         |   |   |                           |
| 4                     | Audit Assistant – 2 no. | Supporting in execution of the audit as per the audit plan.   | Semi Qualified Chartered Accountant ( CA Inter/CA Final) with at least three years of experience in auditing.   | 44                        |

#### **10. Frequency and Time Lines for conducting the internal audit**

At the beginning of each year, an assessment would be made by SPIU of the work being executed based on the Procurement plan. Based on this assessment, SPIU will prepare a draft internal audit calendar detailing the scope, coverage and frequency of review. This audit calendar would be reviewed by the Project Director of the PIU and forwarded to the Project Director, PMU for inputs (if any). Based on the inputs provided, the internal audit coverage would be finalised for the PIU and the PMU for the year.

The guidelines for finalizing the internal audit coverage are as follows:

- The audit should cover at least 50% of the expenditure incurred by the SPIU during the year.
- The audit coverage should be decided considering the need for follow up audits at locations where significant observations have been reported previously.
- The audit calendar to also include certain works/line departments where there is significant delay in utilization of funds released.

#### **11. Reporting Requirements and Time Schedule for Deliverables**

| <b>Reporting requirement against deliverables</b>                         | <b>Period to be covered under audit</b>       | <b>Timeline for submission of report</b>  |
|---|---|---|
| 1st Internal Audit report with separate report on Procurement findings ** | 1st April 2019 to 31 <sup>st</sup> March 2020 |   |
| Draft report for discussion with SPIU                                     |   | 31 <sup>st</sup> May 2020 or Within 45 days from date of appointment whichever is later |

| <b>Reporting requirement against deliverables</b>                                    | <b>Period to be covered under audit</b>                       | <b>Timeline for submission of report</b>                                     |
|--|---|--|
| Final report - discussed and agreed with SPIU the auditable unit                     |   | 30th June 2020 or within 60 days from date of appointment whichever is later |
| 2 <sup>nd</sup> Internal Audit report with separate report on Procurement findings** | 1 <sup>st</sup> April 2020 to 30 <sup>th</sup> September 2020 |  |
| Draft report for discussion with SPIU  |   | 30th November 2020   |
| Final report - discussed and agreed with SPIU  |   | 31st December 2020   |
| 3 <sup>rd</sup> Internal Audit report with separate report on Procurement findings** | 1 <sup>st</sup> October 2020 to 31 <sup>st</sup> March 2021   |  |
| Draft report for discussion with SPIU  |   | 31st May 2021  |
| Final report - discussed and agreed with SPIU the auditable unit                     |   | 30 <sup>th</sup> June 2021   |

\*\* Refer to the template at annex A

All report to be submitted in original in 2 copies along with soft copy. 1 copy for SPIU and 1 copy for NDMA

**Annexure 1 - Physical and Financial Outlay of NCRMP II Maharashtra**

| <b>Project Component</b>  | <b>No. / Area of sites</b> | <b>Implementing Agency</b>                                   | <b>Total Cost (INR crore)</b>  |
|---|----------------------------|--|--|
| Component A - Early Warning Dissemination System                    |                            |  | <b>26.60</b>   |
| Component B - Cyclone Risk Mitigation Infrastructure                |                            |  | <b>339.00</b>  |
| A. Multipurpose Cyclone Shelters(MPCS)                              | <b>11</b>                  | Public Works Department – Harbor Division                    | 39.00  |
| B. Underground electrical Cabling (UGC)                             | <b>3</b>                   | Maharashtra State Electricity Distribution Corporation Ltd   | 200.00   |
| C. Renovation of Saline Embankments (SE)                            | <b>4</b>                   | Kharland Development Corporation, Water Resources Department | 100.00   |
| Component D - Project Implementation Support                        |                            |  | <b>32.35</b>   |
| <b>TOTAL</b>  |                            |  | <b>397.95</b>  |
| Component C - Technical Assistance for Multi-Hazard Risk Management |                            |  | Direct funding by GoI based on the Training Plan and Budget outlay proposed by State Governments |

## Annex A. Templates for the Procurement Review Report

|                                   |  |
|-----------------------------------|--|
| Review conducted by*:             |  |
| No. of contracts reviewed         |  |
| Total value of contracts reviewed |  |
|                                   |  |

### 1. Executive Summary

*Provide a brief description of Post Review objective, key findings/issues, and recommendations.*

### 2. Possible Indication of Noncompliance requiring Bank Action (including misprocurement)

*Reasons for potential actions on noncompliance*

### 3. Findings on the Review of the Procurement Arrangements Agreed with the Borrower

*Staffing, unit organization, internal controls, project manual, etc.*

### 4. Findings on the Review of Procurement Processes and contract administration

*Provide a brief description of findings on procurement processes, including procurement planning, publications, bidding, evaluation, complaints handling, awards and timeliness of procurement.*

### 5. Indication of Possible Governance issues

*Provide a brief description of findings on contract administration, including implementation, payments, disputes resolution, and compliance.*

## **Annex B. Check Lists**

### **Checklist 1: Qualitative Aspects of Procurement**

- 1) Whether any manual on procurement procedure have been prepared and are available on site? If no, how the procurement procedure is guided?
- 2) Whether the Bank's standard bidding documents are used for preparation of tenders etc.? If no, how the tenders are prepared?
- 3) Whether dedicated procurement staff are in place? If no, who handles the procurement?
- 4) Whether the staff handling the procurement have exposure or training related to the procurement?
- 5) Whether complete list of contracts issued is available? Whether these data are computerized?
- 6) Whether the procurement related documents are available systematically?
- 7) Whether internal approvals are taken for inviting quotations/placing orders?
- 8) Whether financial negotiations are conducted frequently? If yes, under what circumstances and with whom (with all or lowest bidder)?
- 9) Is there a procurement related compliant handling system in the agency? If yes, whether bidders are aware of the same?
- 10) Whether the agency discloses the bid opportunity, put the tender documents and contract award information on its website?
- 11) Whether a procurement plan is available? If yes, whether the actual progress is being monitored against the plan? If there are delays, what measures are being taken to cover the delays?
- 12) Whether any procurement related irregularities were reported in the previous audit report? If yes, what actions have been taken in this regard?
- 13) Whether there is separation of duties between various functions viz. indenting/receiving, procurement and releasing funds?
- 14) Feedback from procurement staff and other officials met on how to reduce delays and improve the process

### **Checklist 2: Procurement of Works/Goods**

- 1) Whether the method of procurement (based on the estimated value) adopted is in accordance with the Project Agreement? If no, list the deviations (major/minor)
- 2) Whether bidding document used for this work is according to the standard model cleared with the Bank? If no, list the deviations from standards (major/minor)
- 3) Whether price adjustment clause provided in the bid document? (Required when period of completion is more than 12 months)
- 4) Whether bill of quantities provides schedule of quantity for each slice separately and also one schedule for the combined work/goods?
- 5) Whether the guidelines have been followed in fixing the Bid Security? If not, why?  
(No exemption should be permitted to any bidder or any class of bidders)
- 6) Whether any preference on price or other conditions allowed in the bidding document/award for any bidder or class of bidders? If yes, list the preferences.  
(No preferential treatment should be given to any bidder or class of bidders either for price or for conditions unless specifically cleared with the Bank and stipulated in the Project Agreement.)
- 7) Whether the Cost of bidding documents is reasonable?
- 8) Whether the Notice inviting tender (NIT) published in national newspapers?
- 9) Whether minimum 30 days provided for sale of bid documents?
- 10) If pre-bid conference was held, whether the minutes were prepared and circulated to all the prospective bidders?
- 11) Whether the last date of receipt of bids and the date of opening of bids are different (Both should be the same)
- 12) Whether bids were evaluated as per the criteria given in the bid document?
- 13) Has award been made to the lowest responsive bidder? (Award should be made to the lowest responsive bidder.) If no, the reasons for ignoring lower offers?
- 14) Were any negotiations held with the bidders after opening of bids? If yes, whether Bank's clearance was obtained before holding negotiations and when? If Bank's clearance was not obtained why? (Bank does not favor any negotiations.)

- 15) Whether the award was made within the original bid validity?
  - i) if no, what are the reasons for delay?
  - ii) if extension of bid validity was sought, was that from all bidders and not from the lowest alone?
  - iii) Was the period of extension exceeded 8 weeks?
  - iv) If affirmative, was Bank's clearance obtained?
- 16) Has the successful bidder furnished performance security in accordance with the conditions of contract?
- 17) Whether Items received/work completed as per the schedule indicated in the contract document?
- 18) Whether payment released timely and as per the terms given in the contract?
- 19) Whether the assets procured are being utilized for the intended purpose?
- 20) Whether all the documents/records related to the contract were available?

### **Checklist 3: Selection of Consultants**

- 1) Whether the method of selection adopted is in accordance with the Project Agreement
- 2) Whether the terms of reference include the following?
  - i) Concise statement of objectives
  - ii) Outline of tasks to be carried out
  - iii) Schedule for completion of tasks
  - iv) Support/inputs to be provided by the employer
  - v) Final outputs required from the consultant
  - vi) Review procedures
- 3) Whether the terms of reference have been reviewed and cleared with the Bank?
- 4) Whether the cost estimate has been prepared (Cost estimate, or budget, should be based on borrower's perception of the assignment requirements in terms of level and type of personnel, period to be spent in the field and in the home office, physical inputs and other items required for the services.)
- 5) Whether a short list of the consultants/ consultant firms has been drawn? (The short list should have 6 consultants)
- 6) Whether the draft letter of Invitation with draft or contract according to the Bank's standard document? If not/reasons thereof
- 7) Whether at least 30 days given for submission of proposals
- 8) Whether the proposals were evaluated as per criteria set out in the Letter of invitation.
- 9) Whether the financial proposals opened in presence of technically qualified consultants?
- 10) Whether the financial negotiations were held with the highest ranked firm (financial negotiations are not allowed if price is a factor for selection)
- 11) Whether proposals were evaluated as per the criteria given in the RFP document?
- 12) Has award been made to the highest ranked consultant? (Award should be made to the consultant scoring highest rank based on evaluation of technical and financial proposals)? If no, the reasons for ignoring the highest ranked proposal?
- 13) Whether the award was made within the original proposal validity? If no, what are the reasons for delay?
- 14) Whether the assignment completed as per the schedule indicated in the contract document?
- 15) Whether payment released timely and as per the terms given in the contract?
- 16) Whether all the documents/records related to the contract were available?