

Request for Proposal (RFP)

**For Appointment of Statutory Auditor
for District Mineral Foundation Trust
Dantewada for Audit of all Activities
under District Mineral Foundation
Trust.**

[2018-19]

REQUEST FOR PROPOSAL (RFP)

District Mineral Foundation Trust seeks to invite Proposal from *C&AG empanelled Chartered Accountant firms and Having H.O./B.O In Chhattisgarh* for conducting the statutory audit of District Mineral Foundation Trust for the FY 2018-19.

The details about the background of the auditee, the units to be covered in the audit, scope of work, terms of reference, and the eligibility criteria for selection of the CA firms are given in the following paragraphs.

Terms of Reference (ToR)

District Mineral Foundation Trusts are statutory bodies in India established by the State Governments by notification. They derive their legal status from section 9B of Mines and Minerals (Development and Regulation) Act, 1957 as amended on 26 March 2015 as Mines and Minerals (Development and Regulation) Amendment Act, 2015. This amendment came into force from 12 January 2015.

Establishment

Each District Mineral Foundation is established by the State Governments by notification as a trust or non-profit body in the mining operation affected districts.

Institutional and Funding Arrangements:

The Contribution Fund shall be maintained by the Managing Committee of the Trust. The Contribution Fund shall comprise of the funds collected through contribution from the holders of a mining lease or a composite licence (prospecting licence-cum-mining lease) in the case of Minerals or a mining lease or a quarry, lease or a quarry permit or composite license (prospecting license-cum mining lease) in the case of Minor Minerals in the District.

The Contribution Fund shall be kept in one or more scheduled commercial Banks approved by the Reserve Bank of India for keeping such public funds only in the name of the Trust and all accounts shall be operated under the joint signatures of the Chairperson of the Managing Committee and the Member-Secretary of the Managing Committee. The Managing Committee of the Trust shall maintain the books of accounts of this Fund.

Expenditure from the Trust Fund. - The Funds available with the Trust shall be used for :-

(1) The overall development of the area affected by mining or mining related operations in accordance with the Annual Action Plan prepared by the Managing Committee and approved by the Governing Council of the Trust for the purpose;

(2) At least 60 % of the funds available with the Trust shall be utilized for High Priority areas like:-

(a) Drinking water supply:- centralized purification systems, water treatment plants, permanent / temporary water distribution network including stand alone facilities for drinking water ,laying of piped water supply system .

(B) Environment preservation and pollution control measures:- effluent treatment plants, prevention of pollution of streams, lakes, ponds, ground water, other water sources in the region, measure for controlling air and dust pollution caused by mining operations and dumps, mine drainage system, mine pollution prevention technologies, and measures for working

or abandoned mines and other air, water & surface pollution control mechanisms required for environment-friendly and sustainable mine development.

(C) Health care:- the focus must be on creation of primary / secondary health care facilities in the affected areas. The emphasis should not be only on the creation of the health care infrastructure, but also on provision of necessary staffing, equipment and supplies required for making such facilities effective. To that extent, the effort should be to supplement and work in convergence with the existing health care infrastructure, the expertise available with the National Institute of Miners' Health may also be drawn upon to design special infrastructure needed to take care of mining related illnesses and diseases. Group Insurance Scheme for health care may be implemented for mining affected persons.

(D) Education:- construction of educational institutes and vocational training centres, additional class rooms, laboratories, libraries, Art and crafts room, toilet blocks, drinking water provisions Residential Hostels for students/ teachers in remote areas,, sports infrastructure, engagement of teachers/other supporting staff, e-learning setup ,other arrangement of transport facilities for students (bus/van/ cycles/rickshaws etc.) and nutrition related programs.

(E) Agriculture and allied activities:- Development of activities related to agriculture & allied activities and agro forestry. Assistance to farmers through provision of seed mini kits, financial assistance for agricultural implements and micro irrigation facilities including drip irrigation, financial assistance for bore wells and pump energisation. Assistance to farmers for allied activities of agriculture such as dairy, poultry, fisheries agro forestry etc. Forest right holders under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 (No. 2 of 2007) shall also be eligible for these assistance.

(F) Welfare of Women and Children:- Special programmes for addressing problems of maternal and child health, malnutrition, infectious diseases,etc.

(G) Welfare of aged and disabled people:- Special program for welfare of aged and disabled people,

(H) Skill development and Employment:- skill development for livelihood support, income generation and economic activities for local eligible persons. The projects /schemes may include trainings, development of skill development centre, self employment schemes, support to Self Help Groups and provision of forward and backward linkages for such self-employment economic activities, promotion Of Innovation, Entrepreneurship and Assistance to Incubation centre.

(I) Sanitation :- collection, transportation & disposal of waste, cleaning of public places, provision of proper drainage & Sewage Treatment Plant, provision for disposal of faecal sludge, provision of toilets and other related activities.

(3) Rest 40% of the Trust funds shall be spent on other priority areas like :-

(a) Physical infrastructure- providing required physical infrastructure such as roads, bridges, railways, waterways, airports, industrial parks/ clusters and other industrial infrastructure etc.

(b) Irrigation - developing of irrigation, adoption of suitable and advanced irrigation techniques;

(c) Energy and Watershed Development- Electrification of households from conventional electricity and renewable sources of energy and strengthening of electricity infrastructure. Development of alternate source of energy (including micro-hydel) and rainwater harvesting system. Development of orchards, integrated farming and economic forestry and restoration of catchments.

(d) Any other infrastructure work that the State Government may direct from time to time.

5. Objective of audit services:

The objective of the audit is to ensure that DMFT receives adequate, independent, professional audit assurance that the grant proceeds provided by DMFT are used for purposes intended in line with approved PIPs and Annual Work Plan (AWP) of individual programs

6. The objective of the audit of the financial statements - individual financial Statements of DMFT and implementing Agencies as well as the Consolidated Financial Statements of the DMFT and implementing Agencies as a whole i.e. (Balance Sheet, Income & Expenditure, Receipt & Payment, together with relevant accounting policies, notes to accounts and schedules (Bank Reconciliation Statements, Statement of Funds Position, Reconciliation of Expenditures as per Audited financial statements .

(1) the financial statements give a true and fair view of the Financial Position of the individual DMFT , implementing Agencies and Consolidated DMFT and implementing Agencies at the end of each fiscal year and of the funds received and expenditure incurred for the accounting period ended March 31, 2019

(2) the funds were utilized for the purposes for which they were provided, and

The books of accounts as maintained by the DMFT, implementing Agencies such as Janpad panchayats , Jila Panchayat, Livelihood College, Health Department , Forest Department, Education Department, Irrigation Department ,PMGSY etc. shall form the basis for preparation of the individual DMFT and implementing Agencies financial statements as well as the consolidated financial statements for the DMFT as a whole.

7. **Standards:** The audit will be carried out in accordance with **Engagement & Quality Control Standards (Audit & Assurance Standards)** issued by the Institute of Chartered Accountants of India in this regard. The auditor should accordingly consider materiality when planning and performing (except where a certain minimum coverage of implementing units is specified) the audit to reduce the risk to an acceptable level that is consistent with the objective of the audit. In addition the auditor should specifically consider the risk of material misstatements in the financial statements resulting from fraud.

8. Criteria for Selection of Auditors

- **C&AG empanelled audit firms:** Chartered Accountant firms those are empanelled with C&AG for the year 2018-19 and having H.O./B.O. in Chhattisgarh only will be eligible for the audit of the DMFT Trust. In this regards firm have to submit the details about the firm as per **Form T-2**.

- **Selection through Open Tender System:** The selection of the Auditor should be through an Open Tender basis.
- **CA firms eligible for audit:** Chartered Accountant firms those are empanelled with C&AG for the year 2018-19 and having H.O./B.O. In Chhattisgarh only will be eligible for the audit of the DMFT. On clearance of Technical proposal, the auditor will be finalized on the basis of Financial bids. In this regards firms have to submit the details about the firm as per Form T-2.
- **Disclosure of Minimum Fees in the RFP document:** The DMFT are allowed to fix the minimum fees for audit firms in the Tender document keeping in view of resources involved, no. of implementing Agencies (100% implementing Agencies) to be covered during the course of Audit and minimum no. of days required for completion of audit. The DMFT may refer the website of “The Institute of Chartered Accountants of India (ICAI)” to decide the minimum fees. This is in compliance of the guideline of Guideline No-1-CA(7)/03/2016 dated 7/4/2016 The Institute of Chartered Accountants of India. The DMFT may refer the same as indicative basis. Further, for the purpose of finalization of minimum fees.
- **Audit Fees and TA/DA:** No separate TA/DA will be paid, In case the audit team request with the DMFT for stay arrangement etc. then cost to the DMFT for such stay arrangements etc. will be adjusted against the consolidated fees quoted. Bidding Firm should ensure that Audit Team shall have to visit 100% implementing Agencies.
- In case same audit fee is quoted by two or more CA firms, the selection of auditor shall be done considering the following factors (priority-wise)
 - (i) Past Experience in handling Government Contracts & Conduct of the firm within district and
 - (ii) Turnover of the firm

9 The other major points related to Statutory Audit is as follows:

- a. To ensure timely completion of audit, DMFT should ensure that the books of accounts are ready at all places before the start of audit. Further, timely

availability of information to the auditors should be ensured for completion of audit on time.

- b. It should be clearly ensured that a Standing Committee headed by District Collector is constituted in the DMFT for the selection of auditor and for follow up and issue of compliance to the audit observations of the previous years.
- c. After the completion of audit, DMFT should organize an exit conference of the auditors to discuss the audit observations.
- d. A copy of the working papers of the auditors shall be retained by the District Collector/ Chairman.
- e. The process of appointment of auditor has to be completed by 05th September 2019 and intimation of the auditor appointed along with the fees fixed and evaluation sheet for the appointment has to be submitted to the concerned office, latest by 08 September 2019.
- f. The consolidation of audit reports of all the implementing Agencies with District Office along with all the necessary requirements such as, Accounting Policies, Notes on Accounts and Management Letter is to be completed by the DMFT in time and final report submitted by 15st October 2019.
- g. Audit Report has to be submitted in triplicate with spiral binding along with the soft copy (PDF/Scanned) mailed to dantewada.gov@nic.in and in a C.D. also by 15st October 2019.

10. Scope & Coverage of audit: In conducting the audit special attention should be paid to the following:

- a) An assessment of adequacy of the project financial systems, including financial controls. This should include aspects such as adequacy and effectiveness of accounting, financial and operational controls; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports; methods of remedying weak controls ; verification of assets and liabilities and a specific report on this aspect would be provided by the auditor annually as part of the management letter;
- b) Funds have been spent in accordance with the condition laid down by the Department of Minirals, Government of Chhattisgarh from time to time with due attention to

economy and efficiency, and only for the purpose for which the financing was provided.

- c) Goods and services financed have been procured in accordance with the relevant procurement guidelines issued by the GoI/ State Government. However, for various programmes, auditor must satisfy that all expenditure, including procurement of goods and services have been carried out as per the procurement manual of the individual programmes and guidelines issued by the Programme Divisions of DMFT and have all the necessary supporting documentation.

- d) All necessary supporting documents, records and accounts have been kept in respect of the project

11. Project Financial Statements

Project Financial Statement (DMFT district Office , implementing Agencies and Consolidated) shall include the following:

- i. Audit Opinion.
- ii. Balance sheet showing accumulated funds of the project balances other assets of the project, and liabilities, if any.

- iii. Income & Expenditure account for the year ending on 31st March 2019.

- iv. Receipt and Payment Account for the year ending on 31st March 2019.

- iv. Other Schedules to the Balance sheet as appropriate, but which shall include
 - Statement of Fixed Assets in the form of a Schedule,
 - Schedule of Loans and Advances (Age-wise analysis),
 - Schedule of all Cash & Bank Balances (supported by bank reconciliation statements),
 - Program wise statement of expenditure.

- v. Notes on Accounts showing the accounting policies followed in the preparation of accounts in the District Mineral Trust and implementing Agencies and any other significant observation of the auditor.

- vi. Auditor shall have to specify the significant observations, including internal control weaknesses for each program and also specify the institution to which these relates to enable/ facilitate appropriate follow up action.

- vii. Sanction wise Utilization Certificates (UCs) duly tallied with the Income & Expenditure and expenditure on Fixed Asset during the financial year (which have been shown as capitalized) [**Attach a statement showing the details of expenditures clubbed in the**

Utilization Certificate tallying with the Income & Expenditure Account and Schedules forming part of it].

viii. Action Taken Report on the previous year's audit observations if applicable.

ix. **Representation by Management:** The DMFT management should sign the financial statements and provide a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements and an assertion that the project funds have been expended in accordance with the intended purposes as reflected in the financial statements.

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

12. Reporting and Timing

The final Audit Report should be submitted by **15st October 2019**, to the District Mineral Foundation Trust and the DMFT should then promptly forward **3 copies (Spiral Bound) and also soft copy in MS Excel / MS Word and Scanned (Both) is also to be submitted in mail or CD** of the audited financial statements and audit report along with the **final Utilization Certificates** signed by the DMFT and Auditor both, to State Govt with their comments, if any.

13.Penal provision on failure to complete the Audit on time: In order to ensure timeliness on the part of the Auditor, if the DMFT feels that in spite of providing all information, documents, and updated books of accounts, there was delay in submission of Audit Report from the auditor, *the DMFT may deduct the audit fees @ 5% per month from the due date of completion of audit.* A clause in this regard should be incorporated by the DMFT in the agreement. However in case of delay in submitting the audit report due to unforeseen circumstances like flood, earthquake, election, etc., the District Collector has the right to waive off the penalty. Further, before imposing penalty, the firm may be given an opportunity to be heard.

14.Additional Instructions to Auditors

- a. Audit Report of the DMFT shall include audit of all the transactions at the District Office as well as all the transactions in the DMFT within the District Office Level.
- b. Audit for the financial year will include all the activities/Programmes/components under DMFT.
- c. The auditor appointed shall be **required to issue separate Consolidated Audit Report for the DMFT District Office and each Implementing Agencies .**

15.Re-appointment of Auditor: As the auditor once appointed can continue for two more years, subject to the satisfaction of the performance by the DMFT . The DMFT which wishes to re-appoint the same auditor shall have to seek the approval of the Executive Committee after

obtaining the consent of the auditor and confirming that the said firm is in the panel of C&AG for the year for which the firm is being re-appointed. Further, any comments/remarks/observation of the concerning office in this regard shall have to be taken into account while re-appointing the same auditor.

16. District Mineral Foundation Trust Dantewada has Decided Minimum Audit Fees For District Office Rs 20000.00 (Twenty Thousand) and Per Agency Rs 5000(Five Thousand) Including all Taxes . Total 50 (Approx) Agency Working Under District Mineral Foundation Trust Dantewada.

Guidelines for Submitting the Proposals:

Agencies are required to submit the proposal as per the guidelines and formats detailed out in the following paras:

- i. The original and all copies of the Technical Proposal shall be placed in a sealed envelope clearly marked “**TECHNICAL PROPOSAL**” Similarly, the original Financial Proposal shall be placed in a separate sealed envelope clearly marked “**FINANCIAL PROPOSAL**” followed by the name of the assignment and with a warning “**DO NOT OPEN WITH THE TECHNICAL PROPOSAL.**” The envelopes containing the Technical and Financial Proposals shall be placed into an outer envelope and sealed. This outer envelope shall bear the submission address, reference number and title of the Assignment, and be clearly marked “**DO NOT OPEN, EXCEPT IN PRESENCE OF THE OFFICIAL APPOINTED.**” The Society shall not be responsible for misplacement, loss or premature opening if the outer envelope is not sealed and/or marked as stipulated. This circumstance may provide a case for Proposal’s/ bid’s rejection. If the Financial Proposal is not submitted in a separate sealed envelope duly marked as indicated above, this shall constitute grounds for declaring the Proposal non-responsive/ invalid.
- ii. All agencies must comply with the Technical Specification, General Conditions and Format/Requirements for Technical and Financial proposal.
- iii. The Technical Proposal shall be marked “ORIGINAL” or “COPY” as appropriate. All required copies of the Technical Proposal are to be made from the original. If there are discrepancies between the original and the copies of the Technical Proposal, the original governs.
- iv. Financial proposals submitted by the firm should be valid for 6 months from the date of submission of the proposal by the firm.
- v. Each page, Form, Annexure and Appendices of the Technical and Financial Proposal must be signed by the Authorized signatory of the firm.

- vii. All blank spaces in the financial proposal must be filled in completely where indicated, either typed or written in ink.
- viii. **District Mineral Foundation Trust reserves the right to accept or reject any proposal without giving any explanation and can change the evaluation criteria as per its requirements in the interest of the organization.**
- ix. Firm shall have to depute appropriate no. of teams for timely submission of Audit Report and to attain quality of audit.
- x. Each team shall have to be headed by a qualified chartered accountant.

Technical & Financial Proposal will consist:

- i. Letter of Transmittal (*Form T-1*)
- ii. Technical Proposal format (*Form T-2*)
- iii. Financial Bid format (*Form F-1*)

Letter of Transmittal

To,
Chairman,
District Mineral Foundation Trust,
Office Of The Collector, Distt-Dantewada
Chhattisgarh

Sir,

We, the undersigned, offer to provide the audit services for District Mineral Foundation Trust, distt Dantewada ,Chhattisgarh in accordance with your Request for Proposal dated [*Insert Date*]. We are hereby submitting our Proposal, having details about the firm and proposed audit fees.

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

The Fees quoted by us is valid till six months from the date of submission of the proposal. We confirm that this proposal will remain binding upon us and may be accepted by you at any time before the expiry date.

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

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

We understand that District Mineral Foundation Trust , Distt Dantewada is not bound to accept the lowest or any proposal or to give any reason for award, or for the rejection of any proposal.

I confirm that I have authority of [*Insert Name of the C.A. Firm*] to submit the proposal and to negotiate on its behalf.

Yours faithfully,

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Form T-2
Format for Technical Proposal

Sl. No.	PARTICULARS	Supporting Documents required to be submitted along with this Form
1	Name of the Firm	
2	Addresses of the Firm:	
	Head Office	Phone No:
		Fax No:
		Mobile No. of Head Office In-charge:
	Date of establishment of the firm	
	Date since when is H.O. at the existing Station	
	Branch Office 1,2,3.....(Particulars of each branch to be given)	Phone No: Fax No: Mobile of each Branch Office In-charge:
	Mention the date of establishment of each branch offices since when existed at the existing place	
3	Firm Income Tax PAN No.	Attach copy of PAN card
4	Firm GST Registration No.	Attach copy of Registration
5	Firm's Registration No. with ICAI	Attach a copy of certificate downloaded from ICAI Website showing the name & address of H.O., B.O. and partners etc.
6	Empanelment No. with C&AG	Attach proof of empanelment with C&AG for the year under Audit (2016-17).
7	No. of Years of Firm Existence & Date of establishment of Firm	Attach a copy of certificate downloaded from ICAI Website
8	Turnover of the Firm in last three years	Attach a copy of Balance Sheet and P & L Account of the last three years or a C.A. Certificate give Break-up of Audit Fee and Other Fees Received.

9	<p>Audit Experience of the Firm:</p> <p>1. Number of Audit assignments of Statutory Audit of fully owned Government Departments/PSU.</p> <p>2. Number of Assignments of Externally Aided Projects/Social Sector Project(excluding audit of Charitable Org.) Institutions &NGOs</p>	Copy of the Offer Letter & the Fee Charged for each assignment.
10	<p>Details of Partners:</p> <p>Provide following details:</p> <ul style="list-style-type: none"> • Number of Full Time Fellow Partners associated with the firm <ul style="list-style-type: none"> • Name of each partner • Date of becoming ACA and FCA <ul style="list-style-type: none"> • Date of joining the firm <ul style="list-style-type: none"> • Membership No. • Qualification • Experience • Whether the partners is engaged full time or part time with the firm • Their Contact Mobile No., email and full Address (Attested copy of Certificate/letter of ICAI not before 01/01/2019 	Attested copy of Certificate of ICAI not before 01.01.2019

FORMAT FOR FINANCIAL BID

Particulars
AUDIT FEE
a. Audit fees for District Office Rs------(In word.....)
b. Audit fees for Per Agency Rs------(In word.....) (Including GST)
<u>Note:</u> Percentage of funds involved shall not be a basis of quoting the Audit Fee.

Yours faithfully

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