

**Technical Support Group – Condom Promotion**

**National AIDS Control Organisation**

311-312, 3<sup>rd</sup> Floor, Competent House, F -14, Middle Circle, Connaught Place,

New Delhi - 110001

Tel: 011-43696600, Fax: 011-43696666

Dated: 10/11/2014

**Request for Proposal for audit of Targeted Condom Social Marketing Programme, implemented by Social Marketing Organizations in 9 States/ group of States**

**Criteria of appointment of Auditor for audit of Targeted Condom Social Marketing Programme, implemented by Social Marketing Organizations in 9 States/ group of States**

Private Audit Firm (PAF) to be considered for appointment as Auditor for audit of Targeted Condom Social Marketing Programme, implemented by Social Marketing Organizations in the States/ group of States as under:

S.No	States/ Group of States	Name of Social Marketing Organizations (SMOs)
1	Andhra Pradesh	Hindustan Latex Family Planning Promotion Trust (HLFPPT)
2	Bihar	Hindustan Latex Family Planning Promotion Trust (HLFPPT)
3	Chhattisgarh	Pashupati Chemicals & Pharmaceuticals Limited (PCPL)
4	Delhi	Hindustan Latex Family Planning Promotion Trust (HLFPPT)
5	Goa	HLL Lifecare Limited (HLL)
6	Jharkhand	Population Health Services India (PHSI)
7	Madhya Pradesh	Hindustan Latex Family Planning Promotion Trust (HLFPPT)
8	Punjab Haryana & Chandigarh	HLL Lifecare Limited (HLL)
9	Uttar Pradesh & Uttarakhand	Hindustan Latex Family Planning Promotion Trust (HLFPPT)

It shall meet the Minimum Eligibility Criteria specified below. Failure to satisfy any of the Minimum Eligibility Criteria renders the firm not eligible for the assignment. The Mandatory criterions are:

- a) Criterion 1: The audit firm is empanelled with the C&AG and the minimum criteria eligible is as under:
  - Individual Firm- Proprietor should be FCA with minimum experience of 10 years.
  - Partnership Firm- At least 1 should be FCA with minimum experience of 10 years.
- b) Criterion 2: The applicant firm has experience in audit of financial statements of–
  - Agencies implementing government projects (other than above); or

- Public sector undertakings in the same sector (other than above).
- c) Criterion 3: Presence in the State/region: The firm must have an office in existence/operational for more than 3 years in India.
- d) Criterion 4: The applicant firm is Independent of the entity to be audited:
- The audit firm is not the incumbent Internal Auditor of the SMO or the Project Implementing Authority (PIA).
  - No partner of the audit firm or any qualified employee of the firm is related to any member of the Governing Body/Executive Committee/Board of Directors or the Project Director/Managing Director/any Director or any of the senior management (as applicable) of the PIA. Relative would mean husband, wife, brother, or sister or any lineal ascendant or descendant.
  - Neither the firm nor its Partners or Associates have any interest in the business of the SMO/PIA.
  - The audit will not be done by a person who was either an employee in the project or a partner/employee of the retiring auditor, unless such person is employed with the firm for at least one year.
- e) Criterion 5: The audit firm is not one against which disciplinary orders have been issued by the Public Companies Accounting Oversight Board & Institute of Chartered Accountants of India and these orders are in force. Also, any partner/senior manager of the audit firm is not associated with the audit in any manner if he/she -
- has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949; or
  - is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board.
- f) Criterion 6: The audit firm may apply for more than one State/ Group of States but each State/ Group of States will be treated as separate assignments for the purpose of evaluation, reporting etc. Audit firms would have to submit their **separate proposal** for each state (SMO contract) for which they propose to provide the audit services. It may be noted that the audit firm have to submit **separate** technical and financial proposals for each state (**all sealed**). Refer **Annexure 1** for details of SMO contracts, for which cost proposals are sought.

In support of meeting the Minimum Eligibility Criteria, the applicant firm submits documentation as specified below:

- A self-attested copy of the latest empanelment intimation letter issued by the CAG containing the Unique Identification Number and the score.

- A certificate from the firm to the effect that no partner of the firm has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949 or is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board. In case the firm has such partners, the firm provides details of such partners and certifies that they will not be associated with the audit in any manner;
- A Declaration signed by an authorized partner of the audit firm verifying that the applicant is independent of the entity to be audited that they have no relationship with the entity to be audited (in particular, the auditor should not be employed by, serve as director for, or have any financial or close business relationship with the entity during the period(s) covered by the audit.
- A self-attested copy of the latest firm constitution certificate issued by the ICAI (this certificate shall also act as evidence for verifying the Date of Constitution of the firm). This certificate should not be older than 30 days as on the date of the tender.
- A Self certified statement giving the date of establishment of the branch and name of Partner/CA qualified employee in-charge of the firm;
- Additionally, tender should ask for sufficient information so that the Borrower may evaluate the auditors' capabilities and eligibility to undertake the assignment.
- Audit firm should be willing to depute a qualified chartered accountant as field in charge for each SMO, who would lead other team members at each project site.
- The applying firm must have PAN (Permanent Account Number) and need to produce the copy of service tax registration in case of service tax charged by the firm.
- Audited financial statements (Income & Expenditure Accounts and Balance Sheet) duly certified by Chartered Accountant of last 3 financial years have to be attached with the technical bid.
- In the event of award of contract, the bidder should be able to start services immediately after confirmation by the TSG.
- The Audit firm who will obtain 70% marks or more in technical evaluation only would be eligible for opening of financial bids.
- The agencies not qualified in the technical evaluation by the committee will not be entertained for financial bids.
- Points obtained by the audit firm for both Technical as well as Financial Proposal would be clubbed for the final selection with 70% weight for Technical and 30% weight for Financials. The detailed breakup of points is as under.

Category		Max. Points
I. Experience more than 10 years		10
II. Turnover		5
III. Staff Strengths	a) Qualified	6
	b) Semi qualified	4
	c) Article	3
	d) Other support staffs	2

Category	Max. Points
IV. Number of partners	5
V. NGO sector experience	10
VI. Government sector experience	10
VII. State Offices	5
VIII. Clientele	10
<b>Total Marks for Technical Component</b>	<b>70</b>
<b>IX. Financial Proposal*</b>	<b>30</b>

*\*30 marks will be allocated to the lowest priced proposal. The financial scores of the other proposals will be in inverse proportion to the lowest price.*

- Audit firm securing highest points after adding the points earned for Technical as well as Financial proposals would be considered for final selection.
- Bidders are requested to submit their **firm registration number, firm profile**, indicating the experience & clientele of the firm and specially highlighting assignments of similar nature undertaken in past along with details of partners & practice staff (field in-charges proposed to work on the assignment), their educational background, qualifications (with their membership nos.) and experience, and a separate, detailed **Cost Proposal** as per format enclosed in **Annexure 2**. It is anticipated that TSG- NACO will award lump – sum audit fee plus out-of-pocket expenses on actual basis (upto a maximum out-of-pocket expenses quoted in the cost proposal) for this assignment. The cost proposal should include all anticipated costs related to the audit activity, including costs associated with the travel by the audit team to and from the audit sites, etc.
- All pages of the proposal (including annexures and supporting documents) must be signed by a proprietor/partner of the firm and should bear the stamp of the firm. Unsigned proposals would be rejected out-rightly.
- Please note that the cost of preparing proposal and negotiating a contract including visits to TSG – NACO, if any is not reimbursable as a direct cost of the assignment.
- Payment will be made through local crossed cheque or NEFT only.
- Management Reserves the right to cancel the contract awarded if the work is not performed as per the satisfaction of the management.
- Detail of state wise contracts with SMO's, their budget, project offices & corporate offices are included in **Annexure 1**.
- The interested audit firms may obtain additional information or clarification from TSG office during office hours [9:30 AM to 6:30 PM] latest by 20/11/2014
- The technical and financial proposals should be delivered in a sealed cover to the **Assistant Finance Manager** at the address given above latest by **18:00 Hrs (IST) on 24/11/2014** any proposal received after the closing date will not be considered.

## Terms of Reference

### **Audit of Targeted Condom Social Marketing Programme, implemented by Social Marketing Organizations in 9 States/ group of States (5<sup>th</sup> December, 2013 to 4<sup>th</sup> December, 2014)**

#### **I. BACKGROUND**

With sexual mode being the major cause of transmission of HIV/AIDS, significant efforts have been made to increase the awareness and usage of condoms to prevent the transmission of HIV/AIDS. Other than the free distribution via public health systems, condoms are available commercially and are also socially marketed (GoI subsidized brands) to the key target population through chemist and non-chemist outlets like general merchants/grocers/pan beedi outlets etc.

The National AIDS Control Organisation (NACO) has set up the Technical Support Group (TSG) for condom promotion, to gear up its efforts towards increasing use of condoms in all risky sex acts and to achieve an overall annual growth of the market for socially marketed condoms. The program (called as the “Targeted Condom Social Marketing Program” [TCSMP]) under the National AIDS Control Program (NACP). Details of SMOs and their coverage is as under:

S.No	States/ Group of States	Coverage
1	Andhra Pradesh	Hindustan Latex Family Planning Promotion Trust (HLFPPT)
2	Bihar	Hindustan Latex Family Planning Promotion Trust (HLFPPT)
3	Chhattisgarh	Pashupati Chemicals & Pharmaceuticals Limited
4	Delhi	Hindustan Latex Family Planning Promotion Trust (HLFPPT)
5	Goa	HLL Lifecare Limited
6	Jharkhand	Population Health Services India
7	Madhya Pradesh	Hindustan Latex Family Planning Promotion Trust (HLFPPT)
8	Punjab Haryana & Chandigarh	HLL Lifecare Limited
9	Uttar Pradesh & Uttarakhand	Hindustan Latex Family Planning Promotion Trust (HLFPPT)

TSG sought proposals from qualified audit firms in India to conduct an audit of the SMOs operating in States, as mentioned in the above table.

#### **II. SCOPE OF WORK**

The scope of the audit should cover only transactions made by the SMOs in relation to their CSMP funds. This is not an audit on the full finances of the organization.

The audit of SMOs would involve reviewing the use and management of NACO funding for the period from 5<sup>th</sup> December, 2013 to 4<sup>th</sup> December, 2014. In addition, the audit will specifically involve in review of internal controls operational within the organizations. The audit firm will require to visit project office and if required, to the corporate/ head office of SMO.

The scope of audit would include but not limited to the following (additional procedures, if proposed by the audit firms may be agreed in advance or can be proposed by TSG before commencement of work):

- a) Verify expenditure incurred under the program and its allow-ability vis-à-vis the budget agreed between SMO and NACO, by checking 100% of the expenditures incurred during the audit period.
- b) Correlate expenditure incurred by the SMO with the approved action plan and activities actually conducted under the program. The Auditors can make field visits if documentation regarding activities is not proper or if they consider it necessary for verifying the authenticity of expenditure incurred. Field verification should be conducted during the project period.
- c) Verify the existence of assets and equipment's that has been procured in accordance with the grant agreement and as per SMOs procurement procedures.
- d) Review the reasonableness of expenses/ overheads/ time-cost allocation from SMO head-office/ project office to the program along with checking the basis of allocation of same.
- e) Review the appropriateness of mechanism within the organization for control over internal reporting/ monitoring of expenditure/ program.
- f) Review internal controls in operation within the organization, specifically in the areas of procurements, cash & bank, fund management, expense approval, programme activities, etc.
- g) Review the movement of funds between the SMO head-office and the Project office for ensuring that sufficient funds were available with the Project Offices for carrying out the activities.
- h) Ensure that funds were utilised only for the CSMP program in accordance with the conditions of the agreement and for the purposes for which the funds were provided.
- i) Ensure compliances with statutes applicable to the organization.

Audit firm should highlight issues of serious nature to TSG as soon as such issues are noticed, if any and should not wait for issue of final audit report. If the audit firm finds material issues of serious nature and suggest for more detailed procedures for verification. TSG, after the approval of NACO, may extend the scope of work with intimation to SMO on payment of such fees as mutually decided.

Auditors are required to hold debriefing meeting with SMO to discuss the issues emerged during the course of audit. Auditors are required to issue the draft report before issuance of final report and a meeting should be held between TSG, SMO & Auditors on discussion on draft report.

### **III. TIMELINES & DELIVERABLES**

Audit is to be commenced on signing of this contract, except otherwise communicated and is to be completed within 4 weeks and final report is to be submitted (along with submission of final deliverables) in additionally 2 weeks' time. Assignment deliverables would include the following:

- a) Audit Report (divided into 2 parts – financial & internal control) along with response of SMO to the issues;
- b) Reviewed Statement of Expenditure of SMO;
- c) Certified Receipt & Payment Account; and
- d) Internal Control Checklists

**Annexure 1****Details of SMO contracts along with office locations:**

<b>S. No</b>	<b>Social Marketing Organisation</b>	<b>Contracted/Programme States</b>	<b>Total budget for one year period ( Dec 13 to Dec 14) Rs.</b>	<b>Project Office</b>	<b>Corporate Office/Head Office</b>
1	HLFPPT	Andhra Pradesh	28,640,679	Hyderabad	Noida
2	HLFPPT	Bihar	67,045,655	Lucknow	Noida
3	PCPL	Chhattisgarh	22,107,550	Kolkata	Kolkata
4	HLFPPT	Delhi	28,773,104	Delhi	Noida
5	HLL	Goa	16,070,476	Bangalore	Chennai
6	PHSI	Jharkhand	22,337,365	Hyderabad	Hyderabad
7	HLFPPT	Madhya Pradesh	74,851,996	Bhopal	Noida
8	HLL	Punjab Haryana & Chandigarh	78,558,172	Noida	Chennai
9	HLFPPT	Uttar Pradesh & Uttarakhand	182,749,500	Lucknow	Noida

**Annexure 2****Cost Proposal****Remuneration**      Amount (Rs.)

Audit Fee \_\_\_\_\_

Consultancy Service Tax<sup>1</sup> @ \_\_\_\_\_% \_\_\_\_\_**Total Fee (a)** \_\_\_\_\_**Out-of-Pocket Expenses<sup>2</sup>:**

Particulars	Units	Unit Rate (Rs.)	Total Cost (Rs.)
a) Per Diem <sup>3</sup> :			_____
b) Fares:			_____
c) Accommodation:			_____
d) Local Conveyance:			_____
e) Communication Cost:			_____
f) Lump Sum Miscellaneous Expenses <sup>4</sup> :			_____
	<b>Sub-Total (Out-of-Pocket)<sup>5</sup> (b)</b>		_____

**Total Cost (a+b)** \_\_\_\_\_

---

<sup>1</sup> Service tax applicable as per norms of government of India<sup>2</sup> Reimbursable at cost with supporting documents/ receipts<sup>3</sup> Per Diem is fixed per calendar day and need not be supported by receipts<sup>4</sup> To include reporting costs and other expenses as may be necessary<sup>5</sup> This is the total limit up to which reimbursement would be made by TSG-NACO on production of supporting documents/receipts