

**Government of Madhya Pradesh**  
**Panchayat and Rural Development Department**  
**Madhya Pradesh State Rural Livelihoods Mission**  
**3<sup>rd</sup> Floor, Beej Bhawan, Arera Hills, Bhopal (M.P.)**  
**Phone No. : 0755-2576814, 15**  
**website : <http://prd.mp.gov.in/NRLM/>**

S.No./4263 /SRLM-/Fin./PRC-CS-1/2022

Dated : 25/04 /2022

**Invitation for Expression of Interest for**  
**Hiring of an Agency (Consultancy Services)**  
**For**  
**Statutory (External) Audit of MPRAF**

Madhya Pradesh Rajya Ajeevika Forum (MPRAF) a society under Panchayat and Rural Development Department is implementing National Rural Livelihoods Mission (NRLM) and other livelihoods promotion schemes in Madhya Pradesh.

It maintains double entry accounting system. There is need for regular annual Statutory **(External) Audit** of accounts maintained at its State, Districts and Block offices.

MPRAF now invites eligible consultants to indicate their interest in providing these services. The agency has to provide information indicating that they are qualified to perform the services in the requisite format available at the website with all the supporting documents for the credentials claimed. Shortlisted firms will be issued RFP and will be asked to submit financial and technical proposal separately.

The selection will be as per the procurement guidelines of NRLM adopted by MPRAF. Interested consultants may obtain further information from our website <http://prd.mp.gov.in/NRLM/>.

Expressions of Interest must be delivered on email address [ceo@mpraf.nic.in](mailto:ceo@mpraf.nic.in) (Password Protected) and in the sealed envelope at address noted below by 3.30 pm by post or by hand on or before 17/05/2022. The EOIs will be opened same day (Last day of receipt) of proposals at 4.00 pm.

The Chief Executive Officer MPRAF reserves the right to cancel the process without assigning any reason.

Address:-

**Chief Executive Officer**  
M.P. State Rural Livelihood Mission  
3<sup>rd</sup> floor, Beej Bhawan, Arera Hills, Bhopal

**Chief Executive Officer**  
**M.P. Rajya Ajeevika Forum (MPRAF)**  
**Bhopal, MP**

**Government of Madhya Pradesh**  
**Panchayat and Rural Development Department**  
**Madhya Pradesh State Rural Livelihoods Mission**  
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**Context**

1. MPRAF has been implementing National Rural Livelihoods Mission (NRLM), a centrally sponsored programme in MP since April 2012. NRLM aims at creating efficient and effective institutional platforms of the rural poor in order to bring about sustained improvement in their living standards and livelihood assets. The GoI has been providing 60% of the programme cost as a grant to the states, while the state government has been providing 40% of the cost. In addition, the Government of India has also availed a credit from IBRD for augmenting resources for the program in 13 states with high poverty areas. Following the NRLM programme guidelines, the state Mission has decided to apply a portion of the Mission funds for conducting a statutory audit. Accordingly, the MP state Mission has decided to hire the services of a consulting firm in accordance with the procedures set out in the NRLM procurement manual, which are also consistent with the World Bank's Consultants Selection Guidelines [*Including Paragraph 1.9 of the World Bank's Guidelines: Selection and Employment of Consultants (under IBRD Loans and IDA Credits and Grants by World Bank Borrowers) which sets forth the World Bank policy on conflict of interest*]
2. Letters for Expression of interest are invited from qualified and experienced consulting firms who wish to undertake Consultancy services for conducting a "**Statutory (External) Audit**" for MP Rajya Ajeevika Forum (MPRAF), Government of MP.

**Criteria for Short Listing**

3. The MPRAF now invites eligible consulting firms to indicate their interest in providing the services. Interested consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. The short listing criteria are as follows:
  - i. The consultant firm must have a credible and proven track record of conducting audit nation-wide/inter-state/state-wide development projects funded by international funding agencies/GOI or State governments or their agencies/international NGOs/ corporate sector.
  - ii. Organization profile, structure and staffing including key staff for assignment {Minimum 7 CAs including CA employees out of which at least 03 should be Fellow Chartered Accountant (FCA) and at least 02 should be Diploma in Information Systems (DISA) qualified}. Atleast one of them should have done a certificate course on forensic accounting and fraud detection from recognised institute.

- iii. Experience in similar conditions (Community Development/Social Sector with Govt. Sector only).
  - iv. Experience of firm in similar Assignment (External Audit).
  - v. Firm should have minimum Average annual turnover of Rs. 2.00 Crore in last 3 years (2018-19, 2019-20, 2020-21).
  - vi. Experience of complete audit of atleast one externally aided projects.
  - vii. Years in profession. (Firms should have Minimum 15 yrs. of Experience).
  - viii. Must have a peer review certificate and Head Office in Madhya Pradesh.
  - ix. The total duration of the Consultancy Services will be initially for financial year 2021-22 which could be extended every year if services of the agency are found satisfactory. The extension will usually be not more than 3 years.
  - x. Consultants may associate with other such firms but such associations must be clearly indicated in their expression.
  - xi. Consultants or associations of consultants, who are interested in being considered for the assignment, should submit information in the format indicated in the attachment to this letter for expression of interest.
4. Further information can be obtained at the address below during office hours.
  5. Expressions of Interest must be delivered in the sealed envelope at address noted below by 3.30 pm by post or by hand on or before 17/05/2022. The EOIs will be opened same day (Last day of receipt) of proposals at 4.00 pm. The Chief Executive Officer MPRAF reserves the right to cancel the process without assigning any reason.

Address:-

**Chief Executive Officer**  
State Mission Management Unit, (SMMU)  
M.P. State Rural Livelihood Mission  
3rd Floor, Beej Bhawan,  
Arera Hills, Bhopal- 462004, M.P.  
Phone: 0755-2576814, 15

## **Submission Requirements**

### **A - Consultant Profile**

1. **Organizational:** Provide a brief description of the background and organization of your firm/entity. The brief description should include ownership details, date and place of incorporation of the firm, objectives of the firm, availability of appropriate skills among staff, brochures etc.
2. **Financial:** Provide the turnover and net worth of the company on the basis of the audited accounts of the previous three financial years i.e., 2018-19, 2019-20, 2020-21.

### **B - Consultant's Experience**

1. Description of minimum three similar assignments undertaken by the consultant in past three years.
2. Experience in conducting similar assignments at the national/state level.
3. General qualifications and experience and number of key staff appropriate for the assignment.
4. If the Consultant has formed a consortium, all the above details of each member of the consortium and the name of the lead partner, shall be provided.

<b>Format for Short listing of Agency (Consultancy Services) for Statutory Audit for MP Rajya Ajeevika Forum, M.P.</b>			
<b>S.No.</b>	<b>Particulars</b>	<b>Details</b>	<b>Annexure</b>
1	2	3	4
1	Name of Firm		Copy of Registration A-1
2	Address of Local Office, Ph. No. and E-mail id (if any)		A-2
3	Address of Head Office, Ph. No. and E-mail id		A-3
4	Year of Formation		Copy of Registration A-1
5	Brief Profile of an agency including organization structure and staffing. Please specify full time staff		A-4

6	Turn Over	Gross Amount In Figures and Words (Rs.)	Turnover in monitoring and evaluation projects/research studies/studies - Amount In Figures and Words (Rs.)	
i	FY 2018-19			A-5 and A-6
ii	F.Y.2019-20			A-7 and A-8
iii	F.Y.2020-21			A-9 and A-10
	Total 6 (i+ii+iii)			
	Average Annual Turn Over in last three Years			
7	Key professional Staff for the assignments			
	Position	Name	Qualification	Experience in yrs
i	Team Leader – 1			
ii	Co- Team Leader – 1			
iii	Audit manager – 1			
iv	Team Member -2			
				A-11

8	Description of Similar Assignment Undertaken (Separate sheet to be attached for details & brief description with proof of assignments)						
	Name of Assignment	Name of client (Govt./Non govt. to be specified )	Cost of Assignment	Sector:-Community Based Rural livelihood/Social/ other please specify	Place of Assignment	Period of Assignment	
i							A-12
ii							A-13
iii							A-14
n							A-n

Note:

1. If the Consultant has formed a consortium, all the above details of each member of the consortium and the name of the lead partner, shall be provided.
2. Short listing will be done on the basis of above information only.
3. Attach all supporting documents else the proposal will not be considered.
4. All the pages of the format and its annexure must be numbered and duly signed by the authorised representative.

**Authorized Signatory (with seal)**

**Declaration**

Date.....

**To whom so ever it may be concern**

I/We hereby solemnly take oath that I/We am/are authorized signatory in the firms/ Agency/ Institute/ Company and hereby declare that "Our firms/ Agency/ Institute/ Company do not face any sanction or any pending disciplinary action from any authority against our firms/ Agency/ Institute/ Company or partners." Further, it is also certified that our firm has not been blacklisted by any government or any other donor/partner organization in past.

In case of any further changes which affect of this declaration at a later date; we would inform the project accordingly.

**Authorized Signatory**

**(With seal)**



**Terms of Reference  
For  
Hiring of an Agency (Consultancy Services)  
For  
Statutory (External) Audit of MPRAF**

**1. Background:**

- (i) A significant policy decision has been taken by Government of India to restructure its flagship rural livelihood programme Swarna Jayanti Gram Swarojgar Yojana (SGSY) - and take up its implementation in a mission mode through the National Rural Livelihood Mission (NRLM). The restructuring of SGSY as National Rural Livelihood Mission has been conceived as a cornerstone of national poverty reduction strategy. The mission through its key approach of universal application in focused and time bound manner is expected to work for poverty eradication.
- (ii) Under NRLM working will be through Self Help Groups (SHGs) of the poor in particular women and the tribal people and vulnerable sections. It will provide intensive, hand-holding support to the SHGs in order to help them become vibrant, self-managed and sustainable organizations, founded on the principles of mutual trust and self-help among the members. Each SHG will follow a clearly laid-out sequential path of gradual development that will include responsible management of group funds through savings and inter-lending. At different stages of project support, each SHG's capacity will be rigorously assessed and rated against certain milestones.
- (iii) The families covered in the SGSY will continue to be given capacity and institution building support so that they also become part of sustainable community organizations (i.e., SHGs and Federation of SHGs).
- (iv) The cluster of such SHGs at a village level will be federated as Village Organization (VO). These VO would then federate at further higher levels called Cluster Level Federations. Further, there are institutions like Producer Companies, Producer Enterprises, Producer Groups, One Stop Facility Centres and Incubation Centres.
- (v) In the tertiary sector, skill training and placement and associated program will be implemented.
- (vi) The Government of Madhya Pradesh is deeply committed to eliminating poverty in the state and has setup a State Rural Livelihoods Mission called herein Madhya

Pradesh Rajya Ajeevika Forum (MPRAF) which will also oversee the roll-out and implementation of the NRLM across all districts of the State.

- (vii) NRLM is being executed with intensive approach through an implementation architecture consisting of:
  - (a) State Mission Management Unit (SMMU) at state level (Bhopal) -1.
  - (b) District Mission Management Unit (DMMU) at district level – 52 Districts.
  - (c) Block Mission Management Unit (BMMU) at block level- 313 Blocks.
- (viii) The Blocks will be responsible for operationalizing all activities and processes in the target villages.
- (ix) The other schemes being implemented under the MPRAF are Public Private Community Partnerships (PPCP), Samanvit Ajeevika Kriyanvan Karyakram (Integrated Livelihoods Implementation Programme-ILP), State SGSY, Mukhya Mantri Aarthik Kalyan Yojana, Mukhymantri Gramin Path Vikreta Rin Yojana, Take Home Ration (THR), Employment Promotion Programme, SHG Promotion Policy, Mahila Kisan Sashaktikaran Yojana (MKSP), Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), Start up Village Entrepreneurship Program (SVEP), National Rural Economic Transformation Program (NRETP), R-SETI, Special Projects and any other funds received from GOI/GoMP. These schemes are being implemented either by the SMMU/DMMU, MPRAF or by the agency designated/selected by MPRAF / SMMU.

## 2. **Objectives –**

- a. The overall objective of Audit is to enable the auditor to express an independent professional opinion as to whether
  - (i) The PFS give a true and fair view of the sources and applications of project funds for the period under audit examination;
  - (ii) The funds were utilized for the purposes for which they were provided;
  - (iii) The procurement procedure prescribed in the Procurement Manual has been followed;
  - (iv) Expenditure shown in the financial statements are eligible for financing under the relevant loan or credit agreement. In addition, where applicable, the auditor will express a professional opinion as to whether the Financial Management Reports submitted by project management may be relied upon to support any applications for withdrawal from the IDA

Credit/Loan/Guidelines of Government of India and Government of Madhya Pradesh for the respective schemes

- (v) The books of accounts that provide the basis for preparation of the PFS are established to reflect the financial transactions of the project and are maintained by SRLM and its constituent State, District and Block level units.

### **3. Audit Standards-**

The audit will be carried out in accordance with the Auditing Standards promulgated by the Institute of Chartered Accountants of India (ICAI). The Auditor should accordingly consider materiality when planning and performing the audit to reduce audit risk to an acceptable level that is consistent with the objective of the audit. Although the responsibility for preventing irregularity, fraud, or the use of credit/loan proceeds for purposes other than as defined in the legal agreement remains with the borrower, the audit should be planned, so, as to have a reasonable expectation of detecting material misstatements in the project financial statements.

### **4. Coverage of Audit-**

Audit will be conducted covering annually on the following auditable units:

<b>Unit</b>	<b>No. of Units for each year of audit</b>
SMMU	1
DMMU	52
Blocks	313

### **5. Audit Scope-**

In conducting the audit, special attention should be paid to the following:

- (i) All external funds have been used in accordance with the conditions of the relevant legal agreements and only for the purposes for which the financing was provided;
- (ii) Effective Project Financial Management Systems (PFMS), including internal controls, were in operation throughout the period under audit examination. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls, and any needs for revision; level of compliance with established policies, plans and procedures; reliability of accounting system, 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;

- (iii) Counterpart funds have been provided and used in accordance with the relevant legal agreements and only for the purpose which they were provided;
- (iv) All necessary supporting documents, records and accounts have been kept in respect of all project transactions including expenditures reported via Interim Unaudited Financial Reports (IUFR) where applicable. Clear linkages should exist between the Books of Accounts and reports presented to the Bank; certification of IUFR and financial report reconciliation.
- (v) Project accounts have been prepared in accordance with the accounting principles defined in the Project Financial Manual and give a true and fair view of the financial position of the project at the year end and of resources and expenditures for the year ended on that date; and
- (vi) Goods and services financed have been procured in accordance with the procurement procedures prescribed in the Procurement Manual.

## **6. Programme Financial Statements-**

Programme Financial Statements should include:

- (i) Receipts & Payments Account, Income & Expenditure Accounts, Balance Sheet and Notes of Accounts.
- (ii) Reconciliation of Claims to Total Applications of Funds.
- (iii) Other Statements or Schedules which may include:
  - a. Programme / Scheme wise/ Districtwise and Component wise Audited accounts and Report in addition to overall consolidated one.
  - b. Detailed list of assets created or purchased from respective funds.
- (iv) Management Assertion: Management should sign the project financial statements and provide a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements and an assertion that project funds have been expended in accordance with the intended purposes as reflected in the financial statements.

An example of a Management Assertion Letter is shown at *Annexure I*.

## **7.**

### **tatements of Expenditures and Financial Management reports-**

**S**

1. In addition to the audit of the financial statement, the auditor is required to audit all Interim Financial Reports (IFRs) for withdrawal applications made during the period

under audit examination. The auditor should apply such tests as the auditor considers necessary under the circumstances to satisfy the audit objective. In particular, these expenditures should be carefully examined for project eligibility by reference to the relevant financing agreements. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor.

2. An audit report on the project financial statements should be prepared in accordance with the Auditing Standards promulgated by the Institute of Chartered Accountants of India. Those standards require an audit opinion to be rendered related to the financial statements taken as a whole, indicating unambiguously whether it is unqualified or qualified and, if the latter, whether it is qualified in certain respects or is adverse or a disclaimer of opinion. In addition, the audit opinion paragraph will specify whether, in the auditor's opinion,

- (1) the funds were utilized for the purposes for which they were provided;
- (2) expenditure shown in the PFS are eligible for financing under the relevant loan or credit agreement and, where applicable; and
- (3) the IUFRRs submitted during the period are supported by adequate detailed documentation maintained in the project accounting offices;

A sample audit report wordings are shown at *Annexure II*

#### **8. Management Letter-**

In addition to the audit report on the project financial statements, the auditor will prepare a management letter containing recommendations for improvements in internal control and other matters coming to the attention of the auditor during the audit examination, possibly including matters such as the following:

1. observations on the accounting records, systems, and controls that were examined during the course of the audit
2. deficiencies or weakness in systems and controls, together with specific recommendations for improvement
3. compliance with financial covenants in the financing agreements
4. matters that might have a significant impact on the implementation of the project
5. the status of recommendations from previous management letters, including any issues which remain to be addressed and any issues which recurred
6. Any other matters that the auditor considers pertinent.

A sample covering letter that could be used to transmit a management letter is shown at *Annexure III*

## **9. Timelines for completion of Audit-**

The statutory audit will be initially done for the financial year 2021-22. The auditors should prepare their financial proposal figure based on the volume of work

The audit will be carried out on a **yearly** basis.

## **10. Timeline-**

The audit would be carried out annually and the report should be provided to the SMMU latest by **1<sup>st</sup> September 2022** for the year FY 2021-22, to facilitate approval and placement before the Executive Committee and submission to the GOI by 30<sup>th</sup> September 2022. The auditor must submit three copies of the audited accounts and audit report to CEO at State Office (SMMU) of MPRAF in time.

## **11. Period of Appointment-**

The auditor will be appointed for the audit of financial year 2021-22 and its contract may be extended for further year/s if services are found satisfactory and acceptable to the both parties.

## **12. Reporting-**

The auditor shall furnish financial statements comprising scheme wise details of funds available, received during the year, funds utilized and closing balances at the year end and shall furnish separate audit report for MPRAF and SRLM and also a combined report. The balance of each scheme have to be mentioned separately. The Auditor should have to review the overall financial system and give comment on the same.

## **13. Key Personnel-**

The list of key personnel and whose CVs and experience would be evaluated is as follows:

<b>S. No.</b>	<b>Key Professionals</b>	<b>Description of Services to be provided</b>	<b>Experience</b>	<b>No. of persons</b>	<b>Total Expected Man days</b>
1	Partner/ Audit Manager	Overall coordination & Planning, team leadership, reporting, liaison with client	Qualified Chartered Accountant with at least 10 years' experience as partner with expertise in the area of Statutory audit, planning, execution and reporting.	1	7
2.	Sr. Audit Team Members	Responsibility to lead the audit teams in the field, planning and execution of the audits, discussion with heads of offices at community level/ block/	Qualified Chartered Accountants with at least 3 years' experience in Statutory audit with ability to lead the	6	180

<b>S. No.</b>	<b>Key Professionals</b>	<b>Description of Services to be provided</b>	<b>Experience</b>	<b>No. of persons</b>	<b>Total Expected Man days</b>
		district/ state units and report writing and finalization	team & expertise in the area of statutory audit planning, execution and reporting.		
3.	Team Members	Audit of SMMU and Field level audit of DMMU, PFT	CA (Inter) or Post Graduate Commerce having 3 years' experience of auditing accounts.	8	359
<b>Total Expected Man days for one year of audit</b>				15	546

#### **14. Selection Process-**

The selection will be done following QCBS method following DAY-NRLM procurement Manual. The firms shortlisted after the EOI will be issued detailed RFP for submission of technical and financial proposals. The short listing criteria are as follows:

- xii. The consultant firm must have a credible and proven track record of conducting audit nation-wide/inter-state/state-wide development projects funded by international funding agencies/GOI or State governments or their agencies/international NGOs/ corporate sector.
- xiii. Organization profile, structure and staffing including key staff for assignment (Minimum 7 CAs including CA employees out of which at least 03 should be FCA and at least 02 should be DISA qualified).
- xiv. Experience in similar conditions (Community Development/Social Sector with Govt. Sector only).
- xv. Experience of firm in similar Assignment (External Audit).
- xvi. Firm should have minimum Average annual turnover of Rs. 2.00 Crore in last 3 last years (2018-19, 2019-20, 2020-21).
- xvii. Experience in externally aided projects.
- xviii. Years in profession. (Firms should have Minimum 15yrs of Experience).
- xix. Must have a peer review certificate and Head Office in Madhya Pradesh.
- xx. The total duration of the Consultancy Services will be initially for financial year 2021-22 which could be extended every year if services of the agency are found satisfactory. The extension will usually be not more than 03 years.
- xxi. Consultants may associate with other such firms but such associations must be clearly indicated in their expression.
- xxii. Consultants or associations of consultants, who are interested in being considered for the assignment, should submit information in the format indicated in the attachment to this letter for expression of interest.
- xxiii. Further information can be obtained at the address below during office hours.

## **15. General-**

The auditor should be given access to all information relevant for the purposes of conducting the audit. The information made available to the auditor will include, but not be limited to, copies Annual Action Plan of SRLM, EC minutes and budget documents and other relevant documents, if any, required by the auditor.

**(Chief Executive Officer)**  
Madhya Pradesh Rajya Ajeevika Forum



(Project Letter head)

**Example of a Management Assertion Letter**

(To Auditor)

(Date)

This assertion letter is provided in connection with your audit of the financial statements of the Madhya Pradesh Rajya Aajivika Forum for the year ended March 2022.

We acknowledge our Responsibility for the fair presentation of the financial statements in accordance with the cash basis of accounting followed by the Government of India, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

- The project financial statements are free of material misstatements, including omissions.
- Project funds have been used for the purposes for which they were provided.
- Project expenditures are eligible for financing under the Loan/Credit agreement.
- There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the project financial statements.
- Procurement procedures as prescribed for the project have been followed.
- We have made available to you all books of account and supporting documentation relating to the project.

The project has complied with the conditions of all relevant legal agreements and instructions of the Government of India and Government of Madhya Pradesh including the Financing Agreement, the Project Agreement, the Project Appraisal Document, and the Project Implementation Plan if any for any special project.

**MODEL AUDIT REPORT—UNQUALIFIED OPINION**

Addressee-

**Introductory Paragraph-**

We have audited the accompanying financial statements of the MPRAF \_\_as of March 31, 20XX [any other additional years necessary for the year(s) then ended. Our responsibility is to express an opinion on these financial statements based on our audit.

**Scope Paragraph-**

We conducted our audit in accordance with Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

**Opinion Paragraph-**

In our opinion, the financial statements give a true and fair view of the Sources and Application of Funds and the financial position of MPRAF/SRLM Project for the year ended March 31, 20XX, in accordance with relevant national standards. We are also satisfied that the procurement procedure prescribed in the Procurement Manual under MPRAF/SRLM has been followed.

In addition, (a) with respect to IFRs adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) which expenditures are eligible for financing under the Loan/Credit Agreement [1 (c) the IFR submitted and procedure and internal controls involved in their preparation can be relied upon to support the withdrawals.

[Name and Address of Audit Firm]

[Date—Completion Date of Audit]

[Auditor's  
Address]

[Date]

## **Example of a Management Letter**

(Audit firm  
Letterhead) (Date)

### **To Project Management,**

In connection with our audit of the financial statements of the MPRAF for the Year ended \_\_\_\_\_ we familiarized ourselves with Project documents the internal guidelines and circulars applicable during the period under audit. We also reviewed the business of the Project and evaluated the accounting systems and related internal controls of the Project in order to plan and perform our audit.

This Letter to Project Management includes observations noted during the course of our audit examination in the following areas:

- Matters having a significant impact on the implementation of the Project
- Opportunities for strengthening financial management records, systems and controls, together with recommendations for improvement
- Status of maintenance of Project books and records
- Accuracy of Project financial statements
- Compliance with prescribed procurement procedures
- Status of prior audit recommendations

The matters contained in this Management Letter are intended solely for the information of Project management, for such timely consideration and action as Project management may deem appropriate. They have all been considered by us in formulating the audit opinion expressed on the project financial statements in our audit report dated \_\_\_\_\_ and they do not alter the opinion expressed in that audit report.

We wish to take this opportunity to thank Project Management for the courtesies and cooperation extended to our auditors.

Yours truly,  
(Name and Title)

**Suggested Procurement audit checklist related to Goods/Works**

Once contracts for goods/works have been selected for detailed audit review the following checklist / post review checklist may be followed:

- 1) Date of audit.
- 2) Procurement by State/District/any other organization receiving project funds.
- 3) Description of items procured, quantity and estimated value.
- 4) Whether procedure laid down in the Manual was observed while procuring goods and works?
- 5) If not, any other, justification was available?
- 6) Whether bid was advertised/placed in public domain?
- 7) Whether sufficient time was given to bidders for preparing and submitting the bids?
- 8) Whether the bids were opened at the notified time in the presence of bidders?
- 9) Whether the bids were evaluated in terms of the provisions of the bid documents and the evaluation report was available?
- 10) Whether contract was awarded to the lowest evaluated responsive bidder fulfilling the qualification requirements indicated in the tender document?
- 11) Whether the contract was awarded within original bid validity period?
- 12) Whether the signed copy of the contract/purchase order was available?
- 13) Whether articles received/work completed in time?
- 14) Whether payment released timely to the supplier/contractor or valid reasons for delay?
- 15) Whether the assets procured are accounted for?
- 16) Whether any complaint was received regarding the procurement and was addressed?
- 17) Whether procurement related complaint handling mechanism as envisaged in the Project Implementation Plan is available?
- 18) Whether any procurement related irregularities reported in the previous audit report have been complied with?
- 19) Whether Performance Security was Sought?

## **Procurement Audit check list related to Service Contract**

Once service contracts have been selected for detailed audit review the following checklist may be followed:

- 1) Date of audit
- 2) Procurement by State/District/any other organization receiving project funds
- 3) Whether the Terms of Reference covering the scope of work, time schedule, output required, etc were prepared?
- 4) Whether the Expressions of Interest were checked against advertisement and shortlist of service providers/ consultants prepared?
- 5) Whether the Request for Proposals (RFPs) were issued to short listed service providers/consultants?
- 6) Whether sufficient time was given to service providers/consultants for preparing and submitting the proposals?
- 7) Whether the proposals were invited in two separate envelopes, one containing technical and another for financial proposals?
- 8) Whether the evaluation was done in two stages, first the evaluation of technical proposals and then opening of the financial proposals of only technically qualified service providers/consultants and reports are available thereof?
- 9) Whether the contract was awarded within the validity period of the original proposal?
- 10) Whether the signed copy of the contract was available?
- 11) Whether the services were completed within the prescribed time limit or valid reasons for delayed completion?
- 12) Whether payment was released timely to the service providers/consultants or valid reasons for delay?
- 13) In the case of singles our selection, if there was justification for the purpose?
- 14) Whether any complaint was received regarding the procurement and was addressed?
- 15) Whether procurement related complaint handling mechanism as envisaged in the Project Implementation Plan is available?
- 16) Whether any procurement related irregularities reported in the previous audit report have been complied with?

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