



Meghalaya Basin Management Agency

Request for Expression of Interest

Engagement of Internal Auditor for Meghalaya Livelihoods and Access to Market Project(Megha-LAMP)

Ref No: MBMA/MLAMP/F&A/01/2021/C-60/366

Issue Date: May 24, 2021

Instructions to Consultants¹

Reference Number: MBMA/MLAMP/F&A/01/2021/C-60/366

May 24, 2021

Engagement of Internal Auditor for Meghalaya Livelihoods and Access to Market Project(Megha-LAMP)

1. The Government of India has received financing from the International Fund for Agricultural Development (“the Fund” or “IFAD”) towards the cost of Meghalaya: Livelihoods and Access to Markets Project (Megha- LAMP) (“the client” or “procuring entity”), and intends to apply part of the proceeds for the recruitment of consulting services, for which this REOI is issued.

The use of any IFAD financing shall be subject to IFAD’s approval, pursuant to the terms and conditions of the financing agreement, as well as IFAD’s rules, policies and procedures. IFAD and its officials, agents and employees shall be held harmless from and against all suits, proceedings, claims, demands, losses and liability of any kind or nature brought by any party in connection with Megha- LAMP

2. The client now invites Expressions of Interest (EOIs) from legally constituted consulting firms (“consultants”) to provide services under “Engagement of Internal Auditor for Megha-LAMP”. More details on these consulting services are provided in the preliminary terms of reference (PTOR) attached as **Annex 1**.The consultant may sub-contract selected activities provided that said services will not exceed 20% of the total consultancy work.
3. Before preparing its EOIs, the consultant is advised to review the preliminary terms of reference attached as **Annex 1**, which describe the assignment and **Annex 2** that details the evaluation of the technical qualifications.
4. The consultant shall not have any actual, potential or reasonably perceived conflict of interest. A consultant with an actual, potential or reasonably perceived conflict of interest shall be disqualified unless otherwise explicitly approved by the Fund. A consultant including their respective personnel and affiliates are considered to have a conflict of interest if they a) have a relationship that provides them with undue or undisclosed information about or influence over the selection process and the execution of the contract, b) participate in more than one EOI under this procurement action, c) have a business or family relationship with a member of the client’s board of directors or its personnel, the Fund or its personnel, or any other individual that was, has been or might reasonably be directly or indirectly involved in any part of (i) the preparation

¹This document refers to legally constituted consulting firms as “consultant”.

of this expression of interest, (ii) the selection process for this procurement, or (iii) execution of the contract. The consultant has an ongoing obligation to disclose any situation of actual, potential or reasonably perceived conflict of interest during preparation of the EOI, the selection process or the contract execution. Failure to properly disclose any of said situations may lead to appropriate actions, including the disqualification of the consultant, the termination of the contract and any other as appropriate under the IFAD Policy on Preventing Fraud and Corruption in its Projects and Operations².

5. All consultants are required to comply with the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations (hereinafter, “IFAD’s Anticorruption Policy”) in competing for, or in executing, the contract.
- a. If determined that a consultant or any of its personnel or agents, or its sub-consultants, sub-contractors, service providers, suppliers, sub-suppliers and/or any of their personnel or agents, has, directly or indirectly, engaged in any of the prohibited practices defined in IFAD’s Anticorruption Policy or integrity violations such as sexual harassment, exploitation and abuse as established in IFAD’s Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse³ in competing for, or in executing, the contract, the EOI may be rejected or the contract may be terminated by the client.
 - b. In accordance with IFAD’s Anticorruption Policy, the Fund has the right to sanction firms and individuals, including by declaring them ineligible, either indefinitely or for a stated period of time, to participate in any IFAD-financed and/or IFAD-managed activity or operation. The Fund also has the right to recognize debarments issued by other international financial institutions in accordance with its Anticorruption Policy.
 - c. Consultants and any of their personnel and agents, and their sub-consultants, sub-contractors, service providers, suppliers, sub-suppliers and any of their personnel and agents are required to fully cooperate with any investigation conducted by the Fund, including by making personnel available for interviews and by providing full access to any and all accounts, premises, documents and records (including electronic records) relating to this selection process or the execution of the contract and to have such accounts, premises, records and documents audited and/or inspected by auditors and/or investigators appointed by the Fund.
 - d. Consultants have the ongoing obligation to disclose in their EOI and later in writing as may become relevant: (i) any administrative sanctions, criminal convictions or temporary suspensions of themselves or any of their key personnel or agents for fraud and corruption, and (ii) any commissions or fees paid or to be paid to agents or other parties in connection with this selection process or the execution of the contract. As a minimum, consultants must disclose the name and contact details of the agent or other party and the reason, amount and currency of the commission or fee paid or to be paid. Failure to comply with these disclosure obligations may lead to rejection of the EOI or termination of the contract.

²The policy is accessible at www.ifad.org/anticorruption_policy.

³ The policy is accessible at <https://www.ifad.org/en/document-detail/asset/40738506>.

- e. Consultants are required to keep all records and documents, including electronic records, relating to this selection process available for a minimum of three (3) years after notification of completion of the process or, in case the consultant is awarded the contract, execution of the contract.
6. The Fund requires that all beneficiaries of IFAD funding or funds administered by IFAD, including the client, any consultants, implementing partners, service providers and suppliers, observe the highest standards of integrity during the procurement and execution of such contracts, and commit to combat money laundering and terrorism financing consistent with IFAD's Anti-Money Laundering and Countering the Financing of Terrorism Policy.⁴
7. **Procedure:** the selection process will be conducted using *Least Cost Selection method* as laid out in the IFAD Procurement Handbook that can be accessed via the IFAD website at www.ifad.org/project-procurement. The client will evaluate the EOIs using the criteria provided in **Annex 2**. The shortlisted consultant(s) will be provided with the detailed TORs and asked to submit a detailed technical and financial offer. The evaluation will include a review and verification of qualifications and past performance, including a reference check, prior to the contract award.
8. Consultants may associate with other firms to enhance their qualifications but should indicate clearly whether the association is in the form of a joint venture and/or a sub-consultancy. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected.
9. Any request for clarification on this EOI including the PTOR should be sent via e-mail to the address below mbdaprocurement@gmail.com no later than **local time 5:00 PM, May 31, 2021**. The client will provide responses to all clarification requests by **local time, 5:00 PM, June 4, 2021**.
10. **Submission Procedure:** please submit your expression of interest using the forms provided for this purpose. Your EOI should comprise one (1) original copy of each EOI form annexed to this document. EOIs shall be submitted to the address below no later than **local time 5:00 PM, June 18, 2021**.

Attn: Shantanu Sharma, IAS,
Additional Project Director,
Meghalaya – Livelihoods and Access to Market Project (Megha – LAMP)
Meghalaya Basin Management Agency
C/o Meghalaya State Housing Financing Co-operative Society Ltd.
Nongrim Hills, Shillong-793003
Tel. no. 0364-/2522043/2522921/2522992, **Email ID:** mbdaprocurement@gmail.com

⁴The policy is accessible at <https://www.ifad.org/en/document-detail/asset/41942012>.



Yours sincerely,

Sd/-

Shantanu Sharma, IAS,
Additional Project Director, Megha-LAMP
Meghalaya Basin Management Agency

Form EOI-1
EOI Submission Form

**Re: Consulting Services for Engagement of Internal Auditor for
Meghalaya Livelihoods
and Access to Market Project(Megha-LAMP)**

Ref: MBMA/MLAMP/F&A/01/2021/C-66/366

We, the undersigned, declare that:

1. We are expressing our interest in providing the consulting services for the above-mentioned assignment and have no reservations to the REOI, the instructions to the consultants and any addenda thereto.
2. Our expression of interest is open for acceptance for a period of ninety (90) days.
3. Our firm, its associates, including any subcontractors or suppliers for any part of the contract, have not been declared ineligible by the Fund and have not been subject to sanctions or debarments under the laws or official regulations of the client's country or not been subject to a debarment recognized under the Agreement for Mutual Enforcement of Debarment Decisions (the "Cross-Debarment Agreement")⁵, beyond those declared in paragraph 9 of this EOI submission form.
4. We acknowledge and accept the IFAD Revised Policy on Preventing Fraud and Corruption in its Activities and Operations. We certify that neither our firm nor any person acting for us or on our behalf has engaged in any prohibited practices as provided in ITC Clause 6. Further, we acknowledge and understand our obligation to report to anticorruption@ifad.org any allegation of prohibited practice that comes to our attention during the selection process or the contract execution.
5. No attempt has been made or will be made by us to induce any other consultant to submit or not to submit an EOI for the purpose of restricting competition.
6. We acknowledge and accept the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse. We certify that neither our firm nor any person acting for us or on our behalf has engaged in any sexual harassment, sexual exploitation or abuse. Further, we acknowledge and understand our obligation to report to

⁵The Cross-Debarment Agreement was entered into by the World Bank Group, the Inter-American Development Bank, the African Development Bank, the Asian Development Bank and the European Bank for Reconstruction and Development, additional information may be located at: <http://crossdebarment.org/>.

ethicsoffice@ifad.org any allegation of sexual harassment, sexual exploitation and abuse that comes to our attention during the selection process or the contract execution.

- The following commissions, gratuities, or fees have been paid or are to be paid with respect to the selection process: *[Insert complete name of each recipient, its full address, the reason for which each commission or gratuity was paid and the amount and currency of each such commission or gratuity.]*

| Name of Recipient | Address | Reason | Amount | Currency |
|-------------------|---------|--------|--------|----------|
| | | | | |
| | | | | |
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| | | | | |

(If none has been paid or is to be paid, indicate “none.”)

- We declare that neither our consulting firm nor any of its directors, partners, proprietors, key personnel, agents, sub-consultants, sub-contractors, consortium and joint venture partners have any actual, potential or perceived conflict of interest as defined in ITC Clause 5 regarding this selection process or the execution of the contract. *[insert if needed: “other than the following:” and provide a detailed account of the actual, potential or perceived conflict].* We understand that we have an ongoing disclosure obligation on such actual, potential or perceived conflicts of interest and shall promptly inform the client and the Fund, should any such actual, potential or perceived conflicts of interest arise at any stage of the procurement process or contract execution.
- The following criminal convictions, administrative sanctions (including debarments) and/or temporary suspensions have been imposed on our consulting firm and/or any of its directors, partners, proprietors, key personnel, agents, sub-consultants, sub-contractors, consortium and joint venture partners:

| Nature of the measure (i.e., criminal conviction, administrative sanction or temporary suspension) | Imposed by | Name of party convicted, sanctioned or suspended (and relationship to the consultant) | Grounds for the measure (i.e., fraud in procurement or corruption in contract execution) | Date and time (duration) of measure |
|--|------------|---|--|-------------------------------------|
| | | | | |

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|--|--|--|--|--|
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|--|--|--|--|--|

If no criminal convictions, administrative sanctions or temporary suspensions have been imposed, indicate “none”.

10. We acknowledge and understand that we shall promptly inform the client about any material change regarding the information provided in this EOI submission form.
11. We further understand that the failure to properly disclose any of information in connection with this EOI submission form may lead to appropriate actions, including our disqualification as consultant, the termination of the contract and any other as appropriate under the IFAD Policy on Preventing Fraud and Corruption in its Projects and Operations.
12. We understand that you are not bound to accept any EOI that you may receive.

[Authorized signatory]

[Name and title of signatory]

[Name and address of firm]

Form EOI-2
Organization of the Consultant

Re: Consulting Services for Engagement of Internal Auditor for Megha-LAMP

Ref: MBMA/MLAMP/F&A/92/2018/

[Provide a brief description of the background and organization of your firm/entity and of each associated firm for this assignment. Include the organization chart of your firm/entity. The EOI must demonstrate that the consultant has the organizational capability and to carry out the assignment. The qualifications document shall further demonstrate that the consultant has the capacity to field and provide experienced replacement personnel on short notice. Key staff CVs are not required at the shortlisting stage.]

| | |
|---|--------|
| Name of the firm | |
| Date of establishment | |
| Country of registration | |
| Full address of the firm | |
| Focal point: name, position, contact information (telephone, email): | Name: |
| | Tel: |
| | Email: |
| Number of branches in the country | |
| Country(ies) of operations with number of branches in each country | |
| Number of full-time employees | |
| Number of part-time employees | |
| Field(s) of expertise of the firm | |
| Number of professional staff with experience related directly to the assignment | |



| | |
|---|--|
| <p>Subsidiary and associated companies (<i>wherever applicable</i>): (details in the following format to be provided for all associates) –</p> <ul style="list-style-type: none">(i) Name of the company(ii) Nature of business(iii) Address of the company(iv) Website of the company(v) Brief description of company (maximum of 120 words) | |
| <p>Any other information that the consultant would like to add:</p> | |

Maximum

10

pages

Form EOI-3

Experience of the Consultant

Re: Consulting Services for Engagement of Internal Auditor for MLAMP

Ref: MBMA/MLAMP/F&A/01/2021/C-60/366

[Using the format below, provide information on each relevant assignment for which your firm, and each associate for this assignment, was legally contracted either individually as a corporate entity or as one of the major companies within an association, for carrying out consulting services similar to the ones requested under the preliminary terms of reference included in this EOI. The EOI must demonstrate that the consultant has a proven track record of successful experience in executing projects similar in substance, complexity, value, duration, and volume of services sought in this procurement.

Maximum 20 pages]

| | |
|--|--|
| Assignment name: | Approx. value of the contract (in Indian Rupees): |
| Country: Location within country: | Duration of assignment (months): |
| Name of client: | Total No. of staff-months of the assignment: |
| Address, and contact details (including email address(es)): | Approx. value of the services provided by your firm under the contract (in Indian Rupees INR): |
| Startdate (month/year): Completion date (month/year): | No. of professional staff-months provided by associated consultants: |
| Name of associated consultants, if any: | Name of proposed senior professional staff of your firm involved and functions performed (indicate most significant profiles such as project director/coordinator, team leader): |
| Narrative description of project: | |
| Description of actual services provided by your staff within the assignment: | |

Name of Firm: _____

MLAMP

Engagement of Internal Auditor for MLAMP Ref. No: MBMA/MLAMP/F&A/01/2021/C-60/366

ANNEX 1

PRELIMINARY TERMS OF REFERENCE FOR ENGAGEMENT OF INTERNAL AUDITOR FOR MEGHALAYA LIVELIHOODS AND ACCESS TO MARKET PROJECT(M-LAMP)

A. Background on the Project

1. The Government of Meghalaya is in receipt of a loan from the International Fund for Agricultural Development (IFAD) for a project title ‘Meghalaya Livelihoods and Access to Markets Project’ (M-LAMP). The project cost is USD 169.90 million inclusive of the loan of USD 50 million, Government of Meghalaya Share of USD 49.70 million, Bank credit USD 29.30 million, convergence USD 28.20 million and Beneficiary contribution USD 12.70 million. The Meghalaya Basin Management Agency of the Government of Meghalaya has been notified as the Implementing Agency and the project period is from 2014 – 2022.
2. **The project goal** is to improve family incomes and the quality of life in rural Meghalaya.
3. **Project objective** is to adapt expanded and sustainable livelihood opportunities to the hill environment and to the effect of climate change.
4. **Project Components** : the Project components includes –
 - a. Component 1: Integrated Natural resource management which includes capacity development and natural resource planning and land, water resources and food crop development.
 - b. Component 2: Rural Finance to establish Integrated Village Cooperative Societies mostly in Project village clusters for providing saving and credit services along with other activities, such as supply of farm inputs and aggregation of production for marketing.
 - c. Component 3: Inclusive Supply Chains and Enterprise Development aims to support and build the capacity of the community to implement commodity-specific livelihood activities and address issues related to access to markets and finance.
 - d. Component 4: Knowledge Services includes integrated activity covering planning, monitoring and evaluation as well as the generation of multi-format, multi-channel knowledge products in support of the project objectives.
 - e. Component 5: Project Management includes the PMU at the State level and 11 DPMUs at the District level.
5. **Project coverage** – The project covers 18 Blocks, with about 75 villages in each Block, spreading across the 11 Districts of the State.
6. **Project Implementation** – The Meghalaya Basin Management Agency has put in place the State Project Management Unit at the State level and the District Project Management Units at the districts level for implementation of the project.

7. **Project Implementation Guidelines** – The project is being implemented in accordance with IFAD guidelines, which includes Financing Agreement, Project Design Report, Letter to Borrower (LTB), General Conditions of Agriculture Project, Handbook for Financial Reporting & Auditing, and also the Project Agreement, Financial Manual and Procurement Manual. In addition, the Meghalaya Basin Management Agency has to abide by the Subsidiary Agreement it entered upon with the State Government.

B. Internal audit –

1. The Project Implementation guidelines includes amongst other thing an Internal Audit to provide the Project Management with report on the efficacy and efficiency of the financial system and internal controls, the degree of risk and efficiency of risk management control, governance and compliance with prevailing laws.

2. Objectives of internal audit

The overall objectives of the audit are :

- a) To ascertain the efficiency, effectiveness and economy of the program operation;
- b) To ascertain and evaluate the adequacy and effectiveness of the financial management and internal control framework;
- c) To ascertain compliance of the laid down policies, IFAD guidelines, various guidelines, manuals, State Government procedures, prevailing laws, etc., as applicable under the project;
- d) To review maintenance books of accounts and Quarterly/Annual Financial Statements;
- e) To identify areas for improvement and critical weaknesses, if any
- f) To provide Project Management with timely information and recommendations on financial management aspects of the project to enable timely corrective actions, as necessary.

3. Coverage

The Audit will be performed on a semi-annual basis and shall cover the SPMU at the State level and the 11 DPMUs in the eleven districts of the State. The audit will also include a physical verification of the assets and inventory.

4. Scope of work

Scope of work of Auditor : The internal audit should be carried out in accordance with the Indian Auditing & Assurance Standards prescribed by the Institute of Chartered Accountants of India and will include such tests and controls, as necessary for the performance of the audit. The audit will cover the all project activities and project financial transactions. The responsibilities of the internal auditor includes reporting on the adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with IFAD guidelines and State Government guidelines/procedures.

- 1) The specific areas of audit should include the following:

- a) the accounting and record keeping conform to the prescribed Accounting Standard in India as agreed with IFAD;
- b) An assessment of the adequacy of the program's financial management system, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls exercised by the implementing agencies and suggestions of improvement, if any;
- c) Funds have been utilised in accordance with the relevant financial norms and financial regulations with due attention to economy, efficiency and effectiveness, and only for the purpose for which the financing has been provided;
- d) Generally accepted Accounting Principles are followed by all entities that are authorised to incur expenditure under the Project;
- e) An assessment of efficiency and timeliness of funds flow and reporting (utilisation certificates) mechanism at the level of the DPMU and VECs/IVCS, etc., for the implementation of the project;
- f) Expenditure Statements/UCs are submitted by the VECs/IVCS have been accounted for and disbursement made to them are as per the Project guidelines;
- g) An assessment of the adequacy of delegation of financial powers and controls;
- h) Expenditure incurred are in accordance with the financial norms prescribed in the IFAD guidelines, namely, the Financing Agreement, Letter to Borrower and any other instructions issued by IFAD from time to time and also the Project Agreement, Subsidiary Agreement between the State Government and Meghalaya Basin Management Agency;
- i) Expenditure incurred with reference to the budget allocation and procurement plan consented by IFAD and approved by the Board of Directors of MBMA. In cases where the budget allocation and Procurement Plan is exceeded, whether proper re-appropriation was made with due approval of the competent authority and IFAD;
- j) Adequate and proper supporting documents, namely, purchase orders, tender documents, invoices, vouchers, receipts, pay bills, TA bills, etc., are maintained and linked to the transactions;
- k) Goods, works and services financed have been procured in accordance with relevant IFAD procurement guidelines;
- l) The review of procurement process should also cover the progress on establishing grievance redressal mechanism and feedback provided to unsuccessful bidders;
- m) Reconciliation of Bank Statements and accounts is regularly carried out on a monthly basis and necessary corrections on account of Bank's credits/debits and stale cheques are accounted for concurrently;
- n) Assets: Completeness, existence, recording, safeguard and utilisation for the purpose intended including, physical verification of assets;

- o) Ascertain the reliability of integrity, controls, security and effectiveness of the operation of computerized system.
- p) The internal auditor shall also verify and reconcile Statement of Expenditure /UCs submitted by VECs & IVCS and report the variance in tabulation form for making necessary corrections/adjustments by MBMA while releasing further funds/grants;
- q) An assessment of the action taken by MBMA on the recommendations provided in the previously half-yearly audit reports;
- r) The scope of work will additionally include detailed review of the issue of Advances and cash payments for items purchased. The following should cover in the detailed review:
 - i. Advances to VECs/ IVCS:
 - 01) An assessment of system being followed for monitoring of advances; whether ageing analysis is being carried out by MBMA on continuous basis;
 - 02) An assessment of the adequacy of the system of review and approval before the settlement of advance and the evidence of the review being retained;
 - 03) Assess whether fresh advances are being given only after settlement of previous advance;
 - 04) Ascertain the timeliness of settlement of advances;
 - 05) Present a status report of the pending advances.
 - ii. Staff Advances:
 - 01) Review of advances paid to staff, their purpose and if the staff rules in this regard are followed;
 - 02) Review the settlement of staff advances as per the operational rule of the project, if any;
 - 03) Present a status report of the overdue pending staff advances with an opinion on the recoverability of the same;
 - 04) Assess the Staff Advances rules and comment on its adequacy or otherwise.
 - iii. Cash Payments:
 - 01) Review the payments made in cash and advise if same are followed in accordance with the operational guidelines/ Instructions/Orders;
 - 02) Review the record keeping for recording the purchases made against cash and advise if this is sufficient to ensure that programme's fiduciary interest is fully safeguarded;
 - 03) Provide an opinion on adequacy of the limit on cash payments as per the Instructions/Orders.

- 2) The Scope of audit shall also extend to:
- a) Checking of eligibility of expenditure, the supporting document substantiating the nature and amount of expenditure, compliance with the prevailing laws, financial rules & procedures, financial agreement, letter to borrower, general conditions, procedure guidelines, project agreement and subsidiary agreement.
 - b) Checking of correctness of the project books of accounts and financial reports, updation/ reconciliation of bank accounts.
 - c) Checking of the monthly/quarterly expenditure statements are prepared correctly in detail to indicate the activity/sub-activity, the expenditure during the month/quarter and cumulative expenditure thereof, the approved budget for the same period, and correlate with the books of accounts, including the outstanding advance, balance of fund, requisition of funds, fund utilization report/certificate and cash forecast for the period quarter as submitted by DPMUs to SPMU.
 - d) Checking of quarterly Statements of Expenditure (SOE) submitted by DPMUs to SPMU and by SPMU to IFAD with reported Financial (expenditure) reports and reconciliation thereof, if any.
 - e) Checking of the adequacy of records-maintenance in respect of assets acquired by the project, including description, details of cost, identification and location of assets. To carry out physical verification of a sample of assets purchased by the project and comment on its utilization and whether they are adequately safeguarded.
 - f) Checking of the regularity due diligence carried out by SPMU and DPMUs in respect of periodical physical verification of assets.
 - g) Checks that documents and records maintained for project activities have a nexus with financial documents/records, books of accounts and financial reports of the SPMU and DPMUs.
 - h) Checks that the agreed procurement procedure and arrangements have been followed for works, goods and services and basic principles of economy, efficiency and social equity have been followed.
 - i) Checks that interim financial reports have been prepared in the format specified in the LTB and are being submitted on time to IFAD.
 - j) Checks that project annual financial statements have been prepared in accordance with Internal Public Sector Accounting Standards (IPSAS) as specified in the IFAD Handbook for Financial Reporting & Auditing.
 - k) Checking of advances to contractors, project staff, suppliers and service providers and monitoring of settlement thereof.
 - l) Assessment of the effectiveness of design and operation of system of internal check to ensure the prevention of and early detection of defalcation, frauds, misappropriations and misapplications.
 - m) Assessment of the effectiveness of operation of the project's financial management system, review of effectiveness of internal control mechanisms

in project implementation, to identify areas of significant inefficiencies in existing systems and suggest necessary remedial measures for improvements if required.

- n) Review of the efficacy, adequacy and application of accounting, financial and operating controls and thereby ensure the accuracy of the books of accounts.
- o) Review of efficiency and timeliness of fund flow mechanism at the SPMU and DPMUs, the delay thereof, if any, thereby impacting the timely implementation of the project. The auditor should also identify and report the reasons for such delays, if any, and possible remedial measures.
- p) Review of cost sharing of expenditure between Govt of Meghalaya and IFAD in accordance with the financing agreement.
- q) Review of records maintained in respect of procurement, agreement, work/purchase orders, invoices, receipts, stock registers, etc., and retention of the same for the period as required.
- r) Review of contract management and compliances as per the terms and conditions of the contract.
- s) Review of statutory compliances as required, including Income Tax/ TDS matters, PF returns, etc.

5. **The Internal audit at the SPMU level** shall also bring out the following :

- a) Efficacy and effectiveness of accounting, financial and operational controls;
- b) Security/effectiveness of computerized accounting system;
- c) Efficiency and timely consolidation of expenditure/ expenditure reports;
- d) Management of assets and liabilities;
- e) Preparation and submission of Interim Financial Reports and Annual Financial Statements;
- f) Preparation and submission of Withdrawal Applications;
- g) Legal compliances.

6. **Periodicity, timeline and deliverables of internal audit**

- a) The internal audit shall be conducted semi-annually at the SPMU and DPMU level.
- b) Period of audit and submission of audit report:

| Period of audit | Submission of individual reports by the Internal Auditor | Submission of consolidated reports by the Internal Auditor |
|--------------------|--|--|
| April to September | 15 th November | 30 th November |
| October to March | 15 th May | 30 th May |

NB : Individual report refers to audit report in respect of each unit, namely, SPMU and each DPMU on district-wise basis.

- c) Reporting and deliverables: The internal auditor should furnish a half yearly report to the Project Director along with an executive summary of the critical issues/findings that require immediate attention of the senior management.
- d) Non-submission of Audit Reports within the stipulated period may attract a penalty of 0.5% of the contract value per week basis unless otherwise the justification for the delay is considered and accepted by the competent authority.

7. **Review of the Audit report:** A review committee consisting of the Chief Executive Officer MBMA, the Chief Financial Officer, MBMA and the Project Director/ Additional Project Director of the Project will review the internal audit report and take decision on remedial measures on the issues pointed out in the internal audit.

8. **Payment of Audit Fees**

Payment of audit fees shall be made in two tranches-

On submission of Half-yearly Audit Report –60%of the Half yearly audit fees

On acceptance of Half-yearly Audit Report –40% of the Half yearly audit fees

In addition, travelling expenses, lodging expenses, etc., as per actual, shall also be reimbursed on submission of the Half Yearly Audit Report.

9. **Eligibility Criteria for shortlisting of Service Provider CA Firms**

Service Provider:

- must be a registered Chartered Accountant Firm having a minimum 5 years experience in audit
- must provide a self-attested copy of registration, PAN number and self-attested copy of PAN card
- must be listed in the list of CAG empanelled CA firms (self attested copy of Empanelment Certificate)
- should not have been blacklisted by Central/State Govt./Govt. agencies and provide a self-declaration by the Firm’s authorized representative.
- should have the minimum experience as specified below:

| Sl. No | Key Professionals | Description of Services to be provided | Experience | No. of persons |
|--------|-------------------|--|---|----------------|
| 1 | Auditor | Overall coordination & planning, team leadership, reporting, liaison with client | Qualified Chartered Accountant, at least 5 years’ experience with expertise in the area of internal audit planning, execution and reporting, empanelled in the list of the CAGof India. | 1 (One) |
| 2 | Audit Manager | Overall coordination & planning, team | Qualified Chartered Accountant with at least 2 years’ experience in the area | 1 (One) |

| | | | | |
|---|--------------------|--|--|--------------|
| | | leadership, reporting, liaison with client | of internal audit planning, execution and reporting | |
| 3 | Senior Audit Asst. | Vouching and verification of SPMU and DPMU books of accounts | CA (Inter) with 3 years of experience in Accounting, audit and report writing. | 3 (Three) |
| 4 | Junior Audit Asst. | Vouching and verification of SPMU and DPMU books of accounts | Graduate/ CA (Inter) with 1 years of experience in Accounting, audit and report writing. | 3 (Three) |

10. Selection criteria for the Service Provider

- a) The selection of the Service Provider for Megha-LAMP Internal Audit shall be made on the basis of Least Cost Selection method. Interest Service Provider will be required to submit a Simplified Technical Proposal and a Financial Proposal as per Instruction to the Service Provider contained in the Request for Proposal.
- b) The simplified Technical Proposal shall contain the following information:
 - Details or profile of the Service Provider, internal structure and CVs of key staff in the organisation
 - Experience of key staff for the internal audit
 - Material evidences, namely, Reference letters or contract, in respect of previous experience of similar works
 - Any other documents which may support the Proposal
 - Description of the audit plan proposed to carry out for the internal audit

11. Contract for Internal Audit.

The Meghalaya Basin Management Agency shall enter into contract with Service Provider for internal audit of the project for a time period of upto December 2022 from the date of award of contract.

12. **List of Annexure to ToR:**

- i. Annex 1 – Reporting Format
- ii. Annex 2 – Internal Audit Coverage Report
- iii. Annex 3 – Internal Audit Checklist format (Auditor is required to revise as may be required based on the scope of works)

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Annex 1 – Reporting Format

The audit report will be in the form of a Management Letter (including an Executive Summary, highlighting key issues for the management) which will inter alia have the following sections:

- Objective of the audit
- Methodology of the audit
- The status of implementation of the financial management records, system and controls
- The status of compliance of the previous audit report, including major audit observations pending compliance
- The key areas of weaknesses requiring improvement
- Recommendations for improvement and
- The comments from the Project Implementation Unit and concerned authorities/ project officials must be incorporated in the report as Management comments.

Format for Executive Summary:

| Para No | Major Observations | Implication with risk involved | Recommendations for improvement | Auditee's comments/ Agreed Actions | Timeline |
|---------|--------------------|--------------------------------|---------------------------------|------------------------------------|----------|
| | | | | | |
| | | | | | |
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Annex 2 – Internal Audit Coverage Report

The following Checklist is to be annexed with the internal audit report to highlight the coverage of the audit.

| Particulars | Coverage of audit | | |
|----------------|-------------------|-------------|-----------|
| | Name of the units | Audit units | % Audited |
| SPMU | | | |
| DPMU 1 | | | |
| DPMU 2 | | | |
| DPMU 3 | | | |
| DPMU 4 | | | |
| DPMU 5 | | | |
| DPMU 6 | | | |
| DPMU 7 | | | |
| DPMU 8 | | | |
| DPMU 9 | | | |
| DPMU 10 | | | |
| DPMU 11 | | | |

Annex 3 – Internal Audit Checklist Format

| Internal Audit Checklist | | | |
|---------------------------------|---|--------------------|--------------|
| SI No | Assessment Parameters/ Internal Checks/Controls | Observation | |
| A | Payment and Receipts | Major | Minor |
| 1 | Are the payments for expenditure in line with the approved annual Work Plan | | |
| 2 | Are the payments properly approved in line with the delegation of financial powers | | |
| 3 | Are the supporting documents filed properly and easily accessible | | |
| 4 | Is there a serial control over payment, receipt and journal vouchers | | |
| 5 | Are the expenditures/ payments charged to the correct head of expenditure/category/component | | |
| 6 | Is the system generated voucher used as the basis for approval of payments | | |
| B | Fund Flow | | |
| 1 | Are there any delays in receiving funds from the State Nodal Department to MBMA | | |
| 2 | Are there any delays in transferring of funds from the SPMU to DPMU and from DPMUs to VECs/IVCS | | |
| 3 | Whether fund transfer to DPMUs is made on quarterly basis | | |
| 4 | What is the average frequency of fund transfer in a year | | |
| 5 | Comment on the process fund flow improvement that can be made | | |
| C | VECs/ IVCS | | |
| 1 | Are funds released to VECs/ IVCS in tranches in compliance with the IFAD guidelines | | |

| | | | |
|---|---|--|--|
| 2 | Are funds released without settlement of previous advance or without receipt of quarterly financial | | |
|---|---|--|--|

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|----------|---|--|--|
| | report | | |
| 3 | Are the payments for expenditure in line with the approved Work Plan | | |
| 4 | Are VECs/ IVCS timely in submitting reports to SPMU and, if not, what action have been taken to address the issue | | |
| 5 | Have annual audited financial statement received from the IVCS | | |
| D | Overall Monitoring of Advances | | |
| 1 | Is the system for monitoring and control of advances adequate | | |
| 2 | Are there a large number of advances overdue | | |
| 3 | Is there an ageing report generated for review by the Project Director on a periodic basis | | |
| E | Operation of Bank account | | |
| 1 | Does each unit maintain a separate bank account for the project | | |
| 2 | Are Bank reconciliation carried out regularly, and are there any un-reconciled or un-accounted balances | | |
| 3 | Are payments made by bank transfer and what are the exceptions thereof | | |
| 4 | Is there adequate physical control over cash, receipt book and blank cheque books | | |
| F | Fixed Assets | | |
| 1 | Have the procurement procedures prescribed in the Procurement Manual followed by MBMA in procurement of assets | | |
| 2 | Are such procurement supported by adequate and valid supporting documents | | |
| 3 | Are the assets procured documented adequately in the fixed asset register | | |
| 4 | Are the assets procured for utilised strictly for the project | | |
| 5 | Is the book value of the asset recorded in the stock register | | |
| 6 | Is depreciation of the asset made in accordance with the normal rules | | |

| | | | |
|----------|---|--|--|
| 7 | Is the depreciated book value of the asset recorded regularly and correctly | | |
| G | Purchase of Goods and Services | | |
| 1 | Have the procurement of goods and services for the project been made as per the procedure prescribed in the IFAD Procurement guidelines/Manual | | |
| 2 | Are procurement made as per the approved Annual Procurement plan | | |
| 3 | Are the procurement activities properly and adequately documented and supported by bidding documents, approval of competent authority, supply orders, etc | | |
| 4 | Are the goods received correctly and adequately recorded in the inventory/stock register | | |
| 5 | Are the work/contract of staff, etc., documented in the relevant work/personal files, etc | | |
| 6 | Are Consultancy services and Non-consultancy services procured in accordance with the IFAD guidelines | | |
| 7 | Are the contract for Consultancy services adequately documented, scope of work and deliverables recorded in the contract | | |
| 8 | Are the performances of the consultants documented, appraised and review regularly | | |
| 7 | Are the contracts for renewal of the consultancy services been made after proper review of their performances | | |
| H | Accounting | | |
| 1 | Is Tally accounting software in use in the accounting of the financial transaction in the SPMU and DPMUs | | |
| 2 | Are there any constraints from any unit in using the Tally Accounting system | | |
| 3 | Are back up processes adequate | | |
| 4 | Are the ledger heads created in uniformity with the project activities/expenditure heads of accounts | | |
| 5 | Is the accounting of financial transactions up to date | | |
| 4 | Are the Financial Statements generated from the system | | |

| | | | |
|----------|---|--|--|
| I | Withdrawal Application (WA) | | |
| 1 | Is WA for reimbursable claims prepared correctly as per cost categories prescribed by IFAD | | |
| 2 | Are there any constraints from any unit in preparing the WA correctly | | |
| 3 | Are WAs being submitted timely by DPMUs to SPMU | | |
| 4 | Is the consolidation of WAs (from DPMUs) at SPMU fully computerised or carried out manually | | |
| 5 | Are WAs being generated/prepared and submitted timely to IFAD and CAAA (DEA) | | |
| 6 | Are there any pending disbursement by CAAA in respect of WAs submitted by SPMU | | |
| J | Staff Advances | | |
| 1 | Are advances granted to staff in accordance with the rules/guidelines in force | | |
| 2 | Are multiple advances granted when previous advance have not been refunded/recovered | | |
| 3 | A report on overdue advances pending | | |
| K | Other Issues | | |
| 1 | Any other issues that have not been covered in the relevant sections. | | |

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ANNEX 2
Qualification and Evaluation Criteria

| Item | Criteria | Points |
|-----------|--|---|
| A. | General | 30 |
| i | Firm must be a registered Chartered Accountant Firm / LLP or Partnership firm for 5 years(copies of registration, PAN, TAN, GST or any other relevant registrations etc. to be enclosed) | 30 |
| B. | Specific experience | 70 |
| i | The firm should have an average annual turnover of at least INR 25 Lakhs in the last three years(audited statements of last three FY – from 2018 to 2020 to be enclosed) | 10 |
| ii | The Firm must be registered with Comptroller & Accounts General (CAG) of India. (copy of the registration for the current year must be attached) | 10 |
| iii | The firm should demonstrate to having experience of at least five years of conducting audit preferably for Not for Profits, NGOs, societies etc. (relevant copies of contracts must be attached) | 20 |
| iv | Experience of working with Central or State Governments, UN or Multilateral Development Banks like World Bank or ADB. (Relevant copies of contracts must be attached) | 20 |
| v | Experience of working in North Eastern states of India especially in Meghalaya will be preferred. | 10 |
| vi | The firm should not have unsatisfactory track record resulting in adverse action taken by Central/State Governments in India (an undertaking must be submitted) | mandatory self-certification submission |
| | Total Points | 100 |
| | Minimum points required to get shortlisted | 70 points |

NOTE: in case of firms getting similar passing marks, preference will be given to local firms.