

(EoI on Website)

**No.A-11012/2/2011/Stat.-Audit/NGRBA
Government of India
Ministry of Environment and Forests
National Ganga River Basin Authority
(Project Management Group)**

Notice Inviting Expression of Interest (EoI) for the External Audit of the Financial Statement of National Ganga River Basin (NGRB) Project.

1. The Government of India has availed a credit/loan to facilitate implementation of a multi-sectoral National Ganga River Basin Authority (NGRBA) programme in the five States of Uttarakhand, Uttar Pradesh, Bihar, Jharkhand and West Bengal, from International Development Association (IDA), and the International Bank for Reconstruction and Development (IBRD) and intends to apply part of the loan/credit proceeds to make payments under the contract for the following services:

External audit of Project Financial Statement of world bank assisted “National Ganga River Basin (NGRB) Project”

2. The NGRBA is responsible for planning, financing, monitoring and co-ordination of activities for effective abatement of pollution and conservation of the river Ganga. The major objectives of the NGRBA are to maintain the desired water quality in Ganga and to ensure minimum ecological flows, especially in the critical stretches.

A Project Management Group (PMG) has been set up under the MoEF to co-ordinate & implement at the national level the various activities of the NGRBA programme, including those supported under the World Bank assisted National Ganga River Basin Project.

MoEF now invites eligible Consultants to indicate their interest in providing the services. A Consultant will be selected in accordance with the procedures set out, in the World Bank's Guidelines: Selection of Employment of Consultants by World Bank Borrower (January 2011 3edition). Eligibility and Conflict of Interest provisions as per the Guidelines will be applicable.

3. **Scope of Work:** The External Auditor would be responsible for the following:
The External audit will cover the audit of financial statements of National Programme Management Group (Central level- New Delhi) & of 5 (Five) State Programme Management Groups (Uttar Pradesh, Uttarakhand, Bihar, Jharkhand & West Bengal)
In conducting the audit, special attention should be paid to the following:
(a) Whether 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. Relevant legal agreements include the Financing Agreement, the Project Agreement, and the Minutes of Negotiations;

(b) Whether counterpart funds have been provided and used in accordance with the relevant legal agreements and only for the purposes for which they were provided;

(c) Whether all necessary supporting documents, records, and accounts have been kept in respect of all project transactions including expenditures reported via IUFs where applicable. Clear linkages should exist between the books of account and reports presented to the Bank; and

(d) Whether the project accounts have been prepared in accordance with consistently applied Accounting Standards and present fairly, in all material respects, the financial situation of the project at the year end and of resources and expenditures for the year ended on that date.

4. The assignment would be for three years (Initially for one year and could be extended for a further period of 2 years based on performance and mutual agreement).
5. MoEF invites 'Expression of Interest' (EOI) from C.A. firm to indicate their interest in providing services for the above mentioned audit work. The interested firms must provide information indicating their past experience in related sectors, experience of key personnel and financial strength to perform the services under the following heads:

Mandatory Criteria:

- A minimum financial turnover of 3 crores for the last 3 Financial Years;
- Established presence in at least two Project States, one in the Northern Region and one in the Eastern Region.
- A minimum of 25 number of professionally qualified CAs in the firm (excluding partners)
- At least 3 audits (external or internal) carried out in the Govt. sector and/or projects supported by International agencies like World Bank in the last 8 years.
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The final short list will be arrived at based on relative strengths and suitability of the firms in the following aspects:

(a) Composition of C.A. Firm

- No. of Partners and number of qualified Chartered Accountants (excluding partners) .
- Presence of the firm in project states.

(b) Past Experience of the firm

- Relevant Experience including their participation in the projects referred above. Specifically, the firms should provide information showing their experience in the field of Statutory audit work.
- Number of audits of Govt. Deptt./PSUs in the last 8 years.
- No. of audits of World bank/ International donor funded projects in the last 8 years.
- No. of Single Contracts value of 50 lakh or more during last 5 years.

(C) Financial Strength of the C.A. Firm

- Turnover of firm for last 3 years

The firms should provide information on the above-mentioned aspects.

Interested C.A. firm may submit 'Expression of Interest' in an sealed envelope clearly superscripted as "**Expression of Interest for the External audit of financial statement of National Ganga River Basin (NGRB) Project**" in one original and five copies to Project Officer (Procurement), National Ganga River Basin Authority ,First floor, Mini Shopping Complex, NBCC Place, B.P.Marg, Lodhi Road ,New Delhi-110003 within one month form the date of publishing

6. The Ministry reserves the right to reject all or any of the proposals without assigning any reason thereof.

Director, MoEF

TOR for External Audit of Project Financial Statement of NGRB Project

Project background

The Ministry of Environment & Forests (MoEF), Government of India is implementing a World Bank assisted project to facilitate implementation of a multi-sectoral National Ganga River Basin Authority (NGRBA) programme in the five States of Uttarakhand, Uttar Pradesh, Bihar, Jharkhand and West Bengal. The NGRBA is responsible for planning, financing, monitoring and co-ordination of activities for effective abatement of pollution and conservation of the river Ganga.

Objective of Statutory Audit

The objective of the audit of the Project Financial Statement (PFS) is to enable the auditor to express a professional opinion as to whether (1) the PFS present fairly, in all material respects, the sources and applications of project funds for the period under audit examination, (2) the funds were utilized for the purposes for which they were provided, and (3) expenditures shown in the PFS 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, and whether adequate supporting documentation has been maintained to support claims made by project management for reimbursement of expenditures incurred under the Statement of Expenditure method of reimbursement.

The essence of the World Bank audit policy is to ensure that the Bank receives adequate independent, professional audit assurance that the proceeds of World Bank loans were used for the purposes intended, that the annual project financial statements are free from material misstatement, and that the terms of the loan agreement were complied with in all material respects.

The books of account that provide the basis for preparation of the IUFs are established to reflect the financial transactions of the project and are maintained by the PMG and SPMGs.

Standards

The audit will be carried out in accordance with the Auditing Standards issued by the Institute of Chartered Accountants of India. 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 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.

Scope

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

- (a) 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. Relevant legal agreements include the Financing Agreement, the Project Agreement, and the Minutes of Negotiations;

(b) Counterpart funds have been provided and used in accordance with the relevant legal agreements and only for the purposes for which they were provided;

(c) All necessary supporting documents, records, and accounts have been kept in respect of all project transactions including expenditures reported via IUFRRs where applicable. Clear linkages should exist between the books of account and reports presented to the Bank; and

(d) The project accounts have been prepared in accordance with consistently applied Accounting Standards and present fairly, in all material respects, the financial situation of the project at the year end and of resources and expenditures for the year ended on that date.

Project Financial Statements

The Project Financial Statements should include-

A. Statement of Sources and Applications of Funds: The contents of Project Financial Statements (PFS) are specific to the sector, the project design and the type of implementing entity. These formats therefore vary from one Project to another. The formats of PFS are prepared in consultation with the implementing entity during the preparation of the Project.

B. Reconciliation of Claims to Total Applications of Funds. The PFS include a reconciliation between expenditure reported as per the Statement of Sources and Applications of Funds and expenditure claimed from the World Bank through Statements of Expenditures (SOE), documented claims or report based methods of reimbursement.

C. Other Statements or Schedules as may be applicable in particular circumstances , such as:

A statement showing appropriate major heads of expenditure. (say by Project Component/Sub-components)

A summary of cumulative expenditures by category of expenditure as provided in the Financing Agreement. 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 Appendix 1.

The auditor should ensure reconciliation of the Annual Project Financial Statements with the four quarterly IUFRRs submitted to the Bank. 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.

Audit Report

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, (a) with respect to IUFs adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to the audit report, expenditures are eligible for financing under the Loan/Credit Agreement.

The project financial statements and the audit report of the PMG and each of the five SPMGs should be received by the Bank no later than 6 months after the end of the fiscal year. The auditor should also submit two copies of the audited accounts and audit report to the Implementing Agency.

Management Letter

In addition to the audit report on the project financial statements of the PMG and five SPMGs, the auditor may prepare a management letter for each agency containing recommendations for improvements in internal control and other matters coming to the attention of the auditor during the audit examination which do not affect the audit opinion but are required to be brought to the management’s attention.

Where a management letter is prepared by the auditor, a copy of the same will be supplied to the Bank. Else, a written advice may be made that no management letter was prepared together with the audit report on the project financial statements.

General

The auditor should be given access to any information relevant for the purposes of conducting the audit. This would normally include all legal documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. The information made available to the auditor should include, but not be limited to, copies of the Bank’s Project Appraisal Document, the relevant Legal Agreements (i.e. the Financing Agreement and the Project Agreement), a copy of the Project Operations Manual including the Project Financial Management Manual and the Procurement Manual. . It is highly desirable that the auditor become familiar with other Bank documents, such as the World Bank’s Procurement Guidelines and the Bank's Disbursement Handbook. Both documents will be provided by the Project staff to the auditor.