

Terms of Reference (ToR) **for External Audit of Project Financial Statements**

The Government of India has received financial assistance from the World Bank for carrying out the Capacity Building for Industrial Pollution Management Project (CBIPMP). The Ministry of Environment and Forest (MOEF) is implementing this project in coordination and support with 2 state pollution control boards i.e. Andhra Pradesh Pollution Control Board (APPCB) and West Bengal Pollution Control Board (WBPCB). The total cost of the project is US\$ 75.39 million with respective share of MOEF, APPCB and WBPCB being US\$5.65 million, US\$40.69 million and US\$29.05 million respectively.

The project is implemented by MOEF through the 'Government Treasury mode'. The MOEF will carry out the functions of program management, coordination, monitoring, knowledge management, finance and capacity building. The APPCB and WBPCB are the implementing agencies in the respective states. These pollution control Boards will submit annual work plans and budgets to MOEF; and, MOEF will be responsible for providing funds to the Boards for the implementation of the project activities. The Boards will be periodically i.e. on a quarterly basis, report the expenditures incurred to the MOEF, which in turn will consolidate the reports and present the same to the World Bank for claiming reimbursement. The audit at the Central level (i.e. MOEF) will be carried out by the Comptroller and Auditor general of India and the audit at the respective state pollution control boards will be carried out by the private auditors. The MOEF will be responsible for consolidating these individual audited project financial statements and will submit these to the World Bank within six months from the close of the financial year.

Objective of the Audit

The objective of the audit is to provide an independent professional opinion on the project financial statements, which includes an opinion on the eligibility of expenditure and compliance with the relevant legal agreements.

Coverage of the Audit

The audit would cover the sources and application of funds.

Scope

The audit should be carried out in accordance with the relevant standards of auditing and will include such tests and controls as the auditor may consider necessary. In conducting the audit, special attention should be paid on the following:

- All funds provided by GoI from the World Bank assistance and Counterpart funds provided by state have been used in accordance with the conditions specified in the legal agreements, with due attention to economy and efficiency, and only for the purposes for which the financing is provided.
- All necessary supporting documents, records, and accounts have been kept in respect of the financial transactions of the project including the expenditure reported in the Interim Unaudited Quarterly Financial Reports (IUFRs) to the World Bank.

- The expenditures reported in the Interim Unaudited Quarterly Financial Reports (IUFRs), are eligible for World Bank financing as specified in the relevant legal agreements and clear linkages exist between the books of accounts and Interim Unaudited Quarterly Financial Reports presented to the World Bank.
- The project financial statements are in agreement with the books of accounts maintained as per the agreed accounting procedures & are in accordance with the applicable accounting standards.
- The procurement of works, goods and services has been carried out as per the World Bank procurement procedures

Project financial statements:

The responsibility of preparing the financial statements rests with the project. The auditors will express a professional opinion on the true and fair view of the project operations. The project financial statement should include:

- **Sources of funds:** opening bank balance and funds received, from GoI & counterpart funds (state contribution).
- **Uses of funds:** A summary of expenditures shown under the main project components/activities/sub-activities both for the current financial year and cumulative till date and closing bank balance.

Management Letter:

In addition, to the audit report, the auditor will also provide a management letter summarizing the observations on the accountability and internal control issues. These would include the following:

- Comments and observations on the accounting records, systems and controls that were examined during the course of audit.
- Specific deficiencies and areas of weakness in systems and controls and recommendation for improvement.
- Matters that have come to the attention during the audit which might have significant impact on the implementation of the project
- Any other matter that the auditor considers significant to report to the management.

The observations in the management letter must be accompanied by the implications, suggested recommendations from the auditors and the management comments on the observations/ recommendations.

Audit Opinion:

In addition, to providing an opinion on the project financial statements, the annual audit report should include a separate paragraph commenting on the accuracy and propriety of the expenditures incurred and the extent to which the World Bank can rely on the Interim Unaudited Quarterly Financial Reports (IUFRs), used as a basis for disbursement.

The project financial statements, including the audit report, should be received by the Bank within 6 months from the end of the each financial year i.e. September 30. The auditor should submit two copies of the audit report and audited financial statements to the project.

Period of appointment: The auditor will be initially appointed for a period of one year (F.Y 2016-17) and may be extended up to another year on satisfactory performance.

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 including the copies of Bank's Project Appraisal Document (PAD), the relevant Legal Agreements. The auditor will maintain working papers in a systematic manner and make them available to Gol and World Bank, if required.

ADDITIONAL DETAILS

DOCUMENTS

FOR

SOLICITING EXPRESSION OF INTEREST (EOI)

FOR

APPOINTMENT OF EXTERNAL AUDITOR

Capacity Building for Industrial Pollution Management Project (CBIPMP)

SPECIFICATION. NO.: _____

Document Code:

DOCUMENTS

FOR

SOLICITING EXPRESSION OF INTEREST (EOI)

FOR

APPOINTMENT OF EXTERNAL AUDITOR

Capacity Building for Industrial Pollution Management Project (CBIPMP)

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CONTENTS

SECTION-I : DETAILS OF EXPRESSION OF INTEREST (EOI)

SECTION-II : EOI FORM

SECTION – I

DETAILS OF EXPRESSION OF INTEREST

Capacity Building for Industrial Pollution Management Project (CBIPMP)

Date:

Expression of Interest (EoI) for Appointment of External Auditor for Capacity Building for Industrial Pollution Management Project (CBIPMP)

Specification. No.:

Intent of the Eoi:

West Bengal pollution control board implementing the Capacity Building for Industrial Pollution Management Project (World Bank funded) intends to select an Auditor for auditing of the annual Project Financial Statements (PFS) for the **Financial Years 2016-17** and further period (if extended). The objective of the audit of the PFS is to enable the auditor to express a professional opinion as to whether - (i) The PFS provides a true and fair view of the financial position of the project at the end of the period under audit examination; (ii) The funds were utilized for the purposes for which they were provided and (iii) Expenditures shown in the PFS are eligible for financing under the relevant agreement.

Expression of Interest (Eoi):

Eoi is invited from Chartered Accountants Firms registered with the Institute of Chartered Accountants of India (ICAI) for taking up the role of the Auditor as per the above provided brief.

Short listing to be based on:

Sl. No	Particulars
1.	CA Firm is empanelled with the C&AG of India in the panel of audit firms eligible for major audits
2.	(a)Applicant CA firm is Independent of the entity to be audited and (b) No disciplinary orders have been issued by the ICAI against CA Firm/Member.
3	The applicant firm has experience in audit of financial statements or internal audit of Projects financed by bilateral or multilateral agencies; or Agencies implementing government projects; or Public sector undertakings.

Short listing Criteria – detailed explanation:-

1. **Criterion 1: The applicant CA FIRM is empanelled with the C&AG in the panel of audit firms eligible for major audits.**
2. **Criterion 2 (a): The applicant firm is Independent of the entity to be audited. The CA FIRM provides declaration/undertaking to this effect.**
 - a. The audit firm is not the incumbent Internal Auditor of the project
 - b. No partner of the audit firm or any qualified employee of the firm is related to any member of the Governing Body/Executive Committee/Board of Directors or the Project Director/Managing Director/any Director or any of the senior management (as applicable) of the West Bengal Pollution control board. Relative would mean husband, wife, brother, or sister or any lineal ascendant or descendant.
 - c. Neither the firm nor its Partners or Associates have any financial interest in the business of the West Bengal pollution control board.
 - d. The audit will not be done by a person who was either an employee in the project or a partner/employee of the retiring auditor, unless such person is employed with the firm for at least one year.
3. **Criterion 2 (b): A partner/senior manager of the audit firm is not associated with the audit if s/he has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949;**
4. **Criterion 3: The applicant firm has experience in audit of financial statements or internal audit of –**
 - a. Projects financed by bilateral or multilateral agencies; or
 - b. Agencies implementing government projects; or
 - c. Public sector undertakings

Only that experience is considered which pertains to audit of the financial statements or internal audit of the project/agency as a whole.

Apart from the above, suitable weightage would be given for

- a) Long standing of firm
- b) Turnover of the firm
- c) Qualification of staff and experience

The applicant shall furnish documentary evidence in support of their particulars.

Apart from above points all potential Bidders are requested to furnish their details as follows:-

- 1. Year of establishment & CAG empanelment**
- 2. Turnover of Firm (Previous 3 Years)**
- 3. No., Experience, Year of Association of Partners with Firm**
- 4. No. of Staff Providing Details of Qualified, Semi Qualified**
- 5. Experience of Firm in Similar Assignment**

N.B: After shortlisting, selection of consultant will be made under CQS method of World Bank Procurement Guidelines for Consultants

Procedure for Submission of EoI: Detailed EoI along with documents confirming compliance with shortlisting requirements is to be submitted by **06.03.2017** at the address indicated below.

A complete set of the Request for Expression Documents may be downloaded from our website www.wbpcb.gov.in . Any updates to the EoI documents shall also be hosted on our website. The interested parties are requested to ensure that all updates are considered while submitting the EoI.

Form of Expression of Interest

Interested Chartered Accountant Firms should indicate their interest by filling in the Application Format and Structured Questionnaire and providing the following information and documents:-

- | |
|--|
| 1. A self attested copy of the latest empanelment intimation letter issued by the CAG containing the Unique Identification Number and the score. The PAF confirms that it is included in the panel for large audits (the panel is posted on the C&AG website). |
| 2. A self attested copy of the latest firm constitution certificate issued by the ICAI. |
| 3. A self declaration signed by an authorized partner of the audit firm verifying that the applicant is independent of the entity to be audited in terms of the parameters given in Criterion. |
| 4. A self declaration from the firm to the effect that no partner of the firm has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949. In case the firm has such Partners/Senior Manager, the firm provides details of such Partners/Senior Manager and certifies that they will not be associated with the audit in any manner. |
| 5. Detailed citation of relevant experience |

6. Insert CV of Key staffs as details below:-

Key Position	Minimum Qualification required and Professional Experience Desired
1. Team Leader-1 nos	Qualified Chattered Accountant with minimum of 15 years' experience of auditing in Govt. organization/semi Govt. / Board /Corporation undertaking etc. with experience in handling Externally Aided Project (like World Bank, JBIC, DFID etc. funded project).
1. Audit Officers -2 nos.	M.Com with CA(Inter)/ ICWA(Inter) with minimum of 5 years' experience of auditing in Govt. organization /semi Govt. /Board/ Corporation undertaking etc. with experience in handling Externally Aided Project (like World Bank, JBIC, DFID etc. funded project).

7. Last three years financial statements

Expressions of Interest must be submitted in three (3) copies (one original and two copies) in a sealed envelope clearly marked **“Expression of Interest for External Audit of Project Financial Statements”** and delivered not later than 2.00 p.m of Indian Standard time on **06.03.2017** to the address below.

Address for communication and submission of Eoi

West Bengal Pollution Control Board,

"Paribesh Bhawan, 10A, Block – LA, Sec – III,
Bidhan Nagar, Kolkata – 98.

(By Post/In Person)

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Telephone Nos.:-

Fax Nos.:-

SECTION – II

EOI FORMAT

CONTENTS FOR SECTION - II

Sl. No.	Description	Schedule No.
1.	Application	Application
2.	Structured Questionnaire*	Schedule-1
3.	Declaration	Schedule-2

(The Structured Questionnaire contained in Schedule-1 are to be submitted by the interested Applicant duly filled in, signed and stamped on each page. This questionnaire is a integral part of EoI and would be used for evaluation)

APPLICATION

Applicant's Name and Address:

Application Reference:

Dated:

Person to be contacted:

Designation:

Telephone No.:

Fax:

To

Subject: Expression of Interest (Eoi) for Appointment of Auditor for Capacity Building for Industrial Pollution Control Management Project (World Bank funded).

Specification no.: _____

Dear Sirs,

- 1.0 We, the undersigned Applicant, have read and examined in detail your solicitation of EOI for the purpose of short-listing of our firm for Appointment as Auditor for CBIPMP (World Bank funded project) being implemented by West Bengal Pollution Control Board.
- 2.0 **Structured Questionnaire:** We are submitting the Credentials/Information (in Original plus two Copies) as stipulated in your aforesaid solicitation of EOI in **Schedule-1**. In case you require any further information in this regard, we agree to furnish the same.
- 3.0 **Supporting documents:** We have enclosed documents supporting compliance to Criteria for Short Listing and in support of the information provided in the Structured Questionnaire
- 4.0 Dated this day of 2017.

Thanking you, we remain

Yours faithfully

Date :

(Signature)

Place :

**STRUCTURED QUESTIONNAIRE for Appointment of Auditor for
Capacity Building for Industrial Pollution Control Management Project**

Applicant's Name & Address:

To

Dear Sirs,

In support of our Expression of Interest, we furnish herewith Structured Questionnaire, along with other information, as follows:

General Particulars of Firm

Name of the firm	
Registered Address	
Phone No:	
Email id:	
Name of the Contact Person for this EoI	
Phone no. of the Contact Person for this EoI	
Email id of the Contact person for this EoI	
Branch offices if any	

Particulars of Firm

Date of Firm's establishment	
Registration No. with ICAI	
Registration No. with CAG	
Is the firm empanelled on the CAG major list of auditors	Yes/No
Registration No. with RBI (if any)	
Registration/Empanelment with other accounting and auditing bodies	
Number of full time partners Fellow Associate	
Number of full time qualified audit staff	
Number of other audit staff who are semi qualified/unqualified	

Financial Particulars of the firm

Financial year	Turnover* from audit	Turnover from other activities	Total Turnover
2013-14			
2014-15			
2015-16			

“Turnover*” would mean the professional fee earned excluding service tax and traveling, if billed separately

Partners Brief Profile ***

Name of partner/ M. No.	Age	Associate/ Fellow	Years of post qualification experience	Qualification/s	Years of experience as signing partner	Name of clients handled	Number of years associated with the firm (post qualification)

*** Detailed CVs can be provided separately which includes details of clients handled with nature of assignment.

Full Time Qualified Audit Staff Brief Profile ***

Name of Staff/M. No.	Age	Years of experience	Qualification	Number of years associated with the firm (post qualification)	Brief nature of work done

*** Detail CVs can be provided separately

Other Audit Staff Brief Profile ***

Name of Staff	Age	Years of experience	Qualifications	Number of years associated with the firm	Audit assignments where the staff has worked with year

Relevant assignments – Last five years***

Name of Project /Agency Audited	(1) Funded by Multilateral/Bilateral funding agency; (2) Agencies implementing government projects (other than above); or (3) Public sector undertakings (other than above) Please specify 1, 2, 3	Client Name	Nature of Audit	Year of Audit/ Year of Work Done	Partner who signed the Audit report	Audit fees

*** Detail citation of work can be provided separately. Please also attach self-attested copies of the appointment letters for the above assignments

Additional Information

(PART OF STRUCTURED QUESTIONNAIRE)

Name of Audit Firm:

Firm ICAI Registration No.

Attribute	Response of the Audit Firm
1. Does the audit firm have an in house audit manual currently in use?	
2. If (1) is yes when it was last updated?	
3. Does the firm assign a Quality Assurance (QA) Partner (other than the Partner designated to sign the audit report) for quality control for every assignment? If yes, briefly describe the system.	
4. Does the firm use software for audit documentation? If yes, please describe the software used and the extent of usage.	
5. Does the firm use computer aided audit tools (CAAT)? If yes, please describe the software used and the extent of usage.	
6. Have the partners/qualified CA employees completed the minimum CPE hours prescribed by the ICAI (i. e. 20 Hours per year) during the last three years? Please provide CPE hours completed and also details of other audit related training undergone.	
Total	

Declaration

To,

Project Office,

Declaration

We hereby confirm that:

- (a) Our firm is independent from the project and there is no Conflict Of Interest as outlined in criteria 2 (a).
- (b) There is no pending disciplinary action from ICAI against any Partner/Senior Manager of the firm as outlined in criteria 2(b)

It is further certified that any Partner/Senior Manager against whom disciplinary action was taken by ICAI will not associated with audit in any manner.

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