

**Govt. of Jharkhand**  
**Rural Development Department**  
**Jharkhand State Livelihood Promotion Society**  
2nd Floor, JSAMB Building, Itki Road, Hehal, Ranchi - 834005, Jharkhand  
Phone No. 0651-2951915/2951916  
Email – joharjharkhandproc@gmail.com, Website – www.jslps.in

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No: JSLPS/1027

Date: 03/05/2023

Proc. Ref. No. : SMMC20230173

**REQUEST FOR EXPRESSION OF INTEREST**

The Jharkhand State Livelihood Promotion Society (JSLPS) invites “Expression of Interest” from the eligible registered Chartered Accountant Firms for providing consulting services for “**Statutory Audit**” required for JSLPS.

Interested firms may submit their "Expression of Interest" in a sealed envelope clearly superscripted as Expression of Interest for “**Statutory Audit of JSLPS**” latest by 15.30 hours on 19<sup>th</sup> **May, 2023**. Interested firms may obtain further information and procedures for submitting the “Expression of Interest” from the website of JSLPS i.e. [www.jslps.in](http://www.jslps.in).

**Sd/**  
**Chief Executive Officer**  
**JSLPS**

**Govt. of Jharkhand**  
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No: JSLPS/1027

Date: 03/05/2023

**REQUEST FOR EXPRESSIONS OF INTEREST FOR STATUTORY AUDITOR FOR JSLPS.**  
**(CONSULTING SERVICES – FIRM SELECTION)**

**Assignment Title: Consultancy Services for Statutory Audit.**

**Proc. Ref. No. : SMMC20230173**

1. The Government of India has launched the National Rural Livelihoods Mission (NRLM) under the Ministry of Rural Development (MoRD). The mission aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial and selected public services. NRLM has set out with an agenda to reach out, and mobilize 7 crore BPL households, across 600 districts, 6000 blocks, 2.5 lakhs Gram Panchayats, 6 lakhs villages in the country, into self-managed SHGs and federated institutions and support them for livelihoods enhancement and income augmentation.
2. JSLPS is implementing various schemes funded by Government of India, State Government and also some external funded agencies like World Bank and JICA. JSLPS will make necessary payment of the funds received towards hiring the consulting services.

Jharkhand State Livelihood Promotion Society (JSLPS) now invites eligible consulting Chartered Accountant (CA) firms (“Consultants”) to indicate their interest to providing Statutory Audit Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services.

**A) Objectives of the Audit:**

The essence of audit policy is to ensure adequate independent, professional audit assurance that the funds received by implementing agencies were used for the purposes intended, that the annual project financial statements are free from material misstatement, and that the terms of fund release were complied with in all material respects.

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 give a true and fair views of 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,
- 3) The procurement procedure prescribed in the NRLM Procurement Manual has been followed; and

- 4) In addition, wherever applicable, the auditor will express a professional opinion as to whether the Financial Management Reports submitted by project management may be relied upon

The books of account that provide the basis for preparation of the PFS of the society are established to reflect the financial transactions of the project/society and are maintained by JSLPS and its district level units.

**B) Required Qualifications & Experience for Statutory Audit:**

- 1) The firm shall have **at least ten (10) years** in the profession (will be assessed based on the year of incorporation) and should be **empanelled with CAG for “Major Audits”**. Chartered Accountant firm should be an Indian firm having independent legal existence, registered under the applicable Act. [Submit proof of CAG Empanelment, Registration Certificate, Articles and Memorandum of Association].
- 2) The firm expressing interest should have minimum an annual average turnover of **Rs. 50.00 Lakhs** during the **last three financial years** i.e. FY 2019-20, 2020-21 & 2021-22. [Relevant documents viz, audited financial statements and a certificate from Chartered Accountant in support of satisfying the criteria should be submitted]
- 3) Experience having undertaken **at least 5 similar assignments** (Statutory Audit Assignments) with Central/State Government/Externally aided projects in India in **last 5 financial years** (FY2017-18, 2018-19, 2019-20, 2020-21 & 2021-22).
- 4) Experience having undertaken **at least 03 similar assignments** (Statutory Audit) with Central/State Government/Externally aided projects in **Jharkhand during last 5 financial years** (FY 2017-18, 2018-19, 2019-20, 2020-21 & 2021-22).
- 5) Working experience in Jharkhand or with Rural Development Department, Govt. of Jharkhand shall be preferred and should be given weightage during the evaluation process.
- 6) The Chartered Accountant firm’s office should be located in Jharkhand only.
- 7) The firm shall have at least 10 nos. of Chartered Accountants/CA Partners. The breakup details are (i) Partners of Firm i.e. number of full-time chartered accountant partners (ii) paid chartered accounts of firm must be given.

Interested firms may submit their application expressing interest in the prescribed Performa annexed herewith [**Annexure A & B**] in sealed envelope with each page of the application signed by an authorised signatory, including the pages comprising the annexure. The relevant documents to be enclosed to established the qualification criteria’s.

The attention of interested Consultants is drawn to paragraph 1.9 of the World Bank’s Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers (January 2011) (“Consultant Guidelines”), setting forth the World Bank’s policy on conflict of interest. In addition, please refer to the following specific information on conflict of interest related to this assignment: conflict between

consulting activities and procurement of goods, works or non-consulting services; conflict among consulting assignments; and relationship with Borrower's staff.

A Consultant will be selected in accordance with the Quality and Cost Based Selection (QCBS) selection method set out in the Consultant Guidelines.

Expressions of Interest must be delivered in a written form to the address below by person or through postal/courier services latest by **15.30 hours of 19<sup>th</sup> May, 2023** by superscribing as "**Statutory Audit of JSLPS**" at the following address. Please note that EOIs shall be accepted by the aforesaid methods only within the stipulated period of submission.

**Address for Submission:**

The Chief Executive Officer,  
Jharkhand State Livelihoods Promotion Society  
2nd Floor, JSAMB Building, Itki Road,  
Hehal, Ranchi - 834005, Jharkhand  
Phone No. 0651-2951915/2951916  
Email – joharjharkhandproc@gmail.com

Sd/-  
**Chief Executive Officer**  
**JSLPS**

## Annexure-A

### Attachment-1: Format for Submission of Information to provide consultancy services for undertaking Statutory Audit in JSLPS.

#### Submission Requirements

<b>A - Consultant's Company Profile [Maximum 2 Pages]</b>							
1.	Organizational profile	Provide a brief description of the background and organization of your firm/entity. The brief description should include: <ul style="list-style-type: none"> <li>• Ownership details</li> <li>• Date and place of incorporation of the firm,</li> <li>• CAG empaneled No. (Enclosed the copy)</li> <li>• Objectives of the firm,</li> <li>• Availability of appropriate skills among staff.                             <ul style="list-style-type: none"> <li>- No. of Partners</li> <li>- No. of Paid Chartered Accountants (Provide date of association of Partners/Chartered Accountants)</li> </ul> </li> </ul>					
2.	Financial: Minimum average annual turnover of Rs.50.00 lakhs during last three financial years .	Provide the turnover on the basis of the audited accounts of the previous three financial <b>years in Indian Rupees.</b> (Rs. In Lakhs)					
		2019-20	2020-21	2021-22			
		Rs.	Rs.	Rs.			
<b>B - Consultant's Experience [Maximum 10-15 pages]</b>							
1.	Experience having undertaken <b>at least 5 similar assignments</b> (Statutory Audit) with Central/State Government/Externally aided projects in India during <b>last 5 financial years</b> (from 1/4/2017 to 31/03/2022).  <b><u>(add more rows for additional assignment).</u></b>						
		Name of the Client (Gol/ Externally Aided Project)	Type of Services provided	Client and Country	Duration of Assignment		Value of Contract (Rs. In Lakh)
					Duration as per the contract (in months) and effective date of Contract	Actual status (Completed/ Ongoing)	
01							
02							
03							
04							
05							
Please enclose copy of the contract document to establish the evidence.							
2.	Experience having undertaken <b>at least 03 similar assignments</b> (Statutory Audit) with Central/State Government/Externally aided projects in <b>Jharkhand during last 5 financial years.</b> (from 1/4/2017 to 31/03/2022).  <b>Please provide details of up to 3 such assignments (you may add more rows)</b>						

	Name of the Client (Gov/ Externally Aided Project)	Nature of the assignment (Statutory Audit or similar assignments)	Location and coverage (entire state, country, etc.)	Duration of Assignment		Value of Contract (Rs. In Lakh)
				Duration as per the contract	Actual status (Completed / Ongoing.	
01						
02						
03						
04						
05						
Please enclose copy of the contract document to establish the evidence.						

Other relevant information's/data as mentioned in point 'B' above "*Required Qualifications & Experience for Statutory Audit*" to be enclosed along with any other required document.

**Annexure -B**

**Declaration**

Date:...../...../2023

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

I/We hereby solemnly take oath that I/We am/are authorized signatory in the firms hereby declare that "Our firms do not face any sanction or any pending disciplinary action from any authority against our firms or partners." Further, it is also certified that our firm has not been blacklisted by any government or any donor/partner organizations during the last three FY years [1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2022]

In case of any further changes, which effect of this declaration later; we would inform the JSLPS accordingly.

Authorized Signatory  
(with seal)

**DRAFT TERMS OF REFERENCE FOR THE CONSULTING SERVICES FOR EXTERNAL AUDIT OF EXPENDITURE INCURRED AT THE STATE, DISTRICT, BLOCK AND COMMUNITY LEVEL OF JHARKHAND STATE LIVELIHOOD PROMOTION SOCIETY:**

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**I. Background:**

Government of Jharkhand (GoJ) is committed to eradicate poverty from Jharkhand. In its pursuit of poverty eradication and pass the benefits of the program by enhancing the quality of implementation a definite intervention in the shape of capacity building, monitoring and evaluation of poverty alleviation schemes is envisaged. Jharkhand State Livelihood Promotion Society (JSLPS) is under the aegis of Rural Development Department, Govt. of Jharkhand is registered under Society Registration Act 21 of 1860.

**II. About Program/Projects:**

National Rural Livelihood Mission (NRLM) is restructured approach of poverty eradication of erstwhile SGSY program, a national flagship program introduced by MoRD, Government of India with the financial support of World Bank (IDA). Jharkhand state comes under priority list of 13 states. It aims to reach out to all the rural poor families (BPL families) and link them to sustainable livelihoods opportunities. It will nurture them till they come out of poverty and enjoy a decent quality of life. To achieve this, NRLM will put in place dedicated and sensitive support structures at various levels. These structures will work towards organizing the poor, building their capacities and the capacities of their organizations, enabling them access to finance and other livelihoods resources. The support institutions will play the roles of initiating the processes of organizing them in the beginning, providing the livelihoods services and sustaining the livelihoods outcomes subsequently. The support structures will also work with the unemployed rural poor youth for skilling them and providing employment either in jobs, mostly in high growth sectors, or in remunerative self-employment and micro-enterprises.

In the course of various project's implementation of FY 2021-22 has allocation of funds amounting to about Rs.1160 crore. The expenditure of Rs.985 crore against such remittances has been incurred at the state, districts, blocks and SHGs/CBOs levels.

The State Rural Livelihood mission has established the State Mission Management Unit, District Mission Management Units and Block Mission Management Units to implement the programme. Under NRLM the society has now its outreach in 24 districts and all blocks under intensive, resource block and partnership categories. The staff and support structure have been created and new staff are being recruited and mandatory trainings like induction, immersion are being continuously provided.

Active support from National Resource Organizations - SERP, Kudumshree and BRLPS are being taken to establish resource blocks and intensive block strategies. The preliminary results and support from the resource organization have created confidence to scale up institutionalization and build the capacities of poor women to access financial and non-financial services in the state. At the end of March 2022, a total of 330000 numbers of SHGs brought under NRLM fold.

Further, the society is focus on – Expansion (Scaling up from Resource Blocks to Intensive Blocks), mainstreaming of Livelihood interventions and Social Development Activities, Communitization & Rationalization of Human Resource Structure and taking up new initiatives and partnership under NRLM.

### **III. OBJECTIVES:**

The fiduciary essence of the World Bank<sup>1</sup> 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<sup>2</sup> that the annual project financial statements are free from material misstatements, and that the terms of the loan agreement have been complied with in all material respects.

- (a) The objective of the audit of the Project Financial Statements (PFS) is to enable the auditor to express a professional opinion as to (a) whether the PFS give a true and fair view of the sources and applications of project funds for the period under audit examination;
- (b) Expenditures shown in the PFS are eligible for financing under the relevant credit agreement and the funds were utilized for the purposes, for which they were provided the books of account that provide the basis for preparation of the PFS are established to reflect the financial transactions of the project and are maintained by JSLPS and its constituent state, district and block level units. In addition, where applicable, the auditor will express a professional opinion as to whether the Interim Unaudited Financial Reports submitted by project management may be relied upon to support any applications for withdrawal from the IDA Credit Account;
- (c) Provide management with evidence-based feedback on adherence to Procurement manual by project authorities and community procurement guidelines at village level institutions and Community Based Organizations' (CBOs);

### **IV. AUDIT STANDARDS:**

The audit will be carried out in accordance with the Auditing Standards promulgated 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 credit/loan proceeds for intended purposes 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.

### **V. SCOPE OF WORK:**

In conducting the audit, special attention should be paid to the following:  
All project funds have been used in accordance with the conditions of the relevant legal agreements<sup>3</sup> and only for the purposes for which the financing was provided.

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<sup>1</sup> “World Bank” includes the International Development Agency and the International Bank for Reconstruction and Development. “Loans” includes credits and grants to which the TORs would apply; and “borrower” includes recipients of such loans;

<sup>2</sup> The Bank’s charter [Article III Section V(b) of IBRD’s Articles of Agreement and Article V Section 1(g) of IDA’s Articles of Agreement] specifies that: “The Bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations”.

<sup>3</sup> The auditor should read through the IDA Credit Agreement, Project Agreement, Project Appraisal Document, Project Implementation Plan, Financial Management Manual and the Community Operations Manual.

Relevant legal agreements include the Financing Agreement, the Project Agreement, and the Minutes of Negotiations;

- (a) All necessary supporting documents, records, and accounts have been kept in respect of all project transactions including expenditures reported via Interim un-audited Financial Reports (IUFs) where applicable. Clear linkages should exist between the books of account and reports presented to the funding agencies;
- (b) The project accounts have been prepared in accordance with the accounting principles defined in the society Financial Manual and guided policies of projects 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
- (c) Goods and services financed at State and District levels have been procured in accordance with the procurement procedure prescribed in the Procurement Manual as well as World Bank guidelines and financing agreements. For procurement undertaken at community level, verify that there is evidence in various reports about competitive selection, involvement of procurement committee, display of procurement outcomes and overall value for money achieved, as per community procurement guidelines– see Annexure for the suggested checklist to be used.
- (d) Ensure entire transactions shall be properly checked related to TDS deduction and other statutory obligations.
- (e) Bank Reconciliation Statement furnished based on account book shall be validated with document provided by respective bank/PFMS/e-Kosh.
- (f) All deductions related to Statutory return filing shall be verified with corresponding regulating authorities' portals/proof etc.
- (g) Ensure the deposition of all statutory deduction related to partis/deductee shall be verified with respective deposited challan/documents.
- (h) Any deviations/irregularities related to exercise of Delegation of Power, or any fraudulent/misappropriation activities observed, that should be reported.
- (i) The Project has a reasonable system of physical verification of assets constructed or acquired by the Project.
- (j) All payments made against contract/MoU shall be verified with rendered services or supply of materials according to agreed term and conditions.
- (k) The Projects have an adequate internal control system commensurate to the size and nature of operation.
- (l) Annual Income Tax Return of Society (JSLPS) to Income tax department as per enforced rules of income tax department.
- (m) Certification of fund utilization in prescribed manner of funding agencies.

## **VI. FINANCIAL STATEMENTS:**

1. The entire Project's Financial Statements should include:
  - A. Receipts & Payments Account, Income & Expenditure Accounts and Balance Sheet.

- B. Reconciliation of Claims to Total Applications of Funds<sup>4</sup>
- C. Other Statements or Schedules which may include:
  - (i) An annexure separately listing District wise cumulative project expenditures by Project Component/Sub-components.
  - (ii) A schedule of item wise assets created or purchased from project funds.
  - (iii) Physical verification of Assets/Inventory and certified document

- 2. Accounts Consolidation of Society's as well as different projects should include:
  - A. Receipts & Payments Account, Income & Expenditure Accounts and Balance Sheet.
  - B. Other Statements or Schedules which may include:
    - (i) An annexure separately listing project-wise Income & expenditures
    - (ii) A schedule of assets created or purchased in the Society.

**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.**

## **VII. STATEMENTS OF EXPENDITURES AND FINANCIAL MANAGEMENT REPORTS:**

In addition to the audit of the PFS, 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.

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 the opinion 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) expenditures shown in the PFS are eligible for financing under the relevant loan or grant agreement and, where applicable, (3) the IFRs 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.**

The auditor should submit two copies of the audited accounts and audit report to the Implementing Agency. An original copy of the project financial statements and the audit report should be received by the funding agencies no later than 6 months after the end of the financial year.

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<sup>4</sup> The statement will provide a reconciliation between expenditure reported as per the Statement of Sources and Applications of Funds and expenditure claimed from the funding agency through report based methods of reimbursement or UC submission;

## VIII. MANAGEMENT LETTER

In addition to the audit report on the project financial statements, the auditor may prepare a management letter which includes such observations during the course of audit which do not affect the audit opinion but deserves the management's attention. For e.g. observations on the accounting records, systems, and controls that were examined during the course of the audit or any other matters that the auditor considers pertinent.

The auditor should comment on the internal control mechanism the society are having and should also provide a schedule for outstanding advance with aging analysis.

In the event that no management letter is issued, the auditor should supply a written advice to that effect together with the audit report on the project financial statements. A sample management letter wording is shown at **Annexure III.**

## IX. GENERAL

The auditor should be given access to all 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, Financial Management Manual, Procurement Manual, Community Operations Manual (COM) and the Project Implementation Plan (PIP). It is highly desirable that the auditor become familiar with other Bank policy documents, such as OP/BP 10.02, the Bank's internal guidelines on auditing requirements for projects financed by the World Bank. The auditor should also be familiar with the Bank's Disbursement Manual. These will be provided by the Project staff to the auditor.

## X. Period, Timing and Sample Coverage of Statutory Audit

The statutory audit will be done on yearly basis for financial years starting for the period from FY 2022-2023 to 2024-25.

The audit will be carried out all implemented projects and schemes by society on a yearly basis. The coverage and estimated number of vouchers are 31610 for 2021-22 is as under:

Unit	*Total No. of accounting centers to be audited	No. of vouchers Approximately
State Mission Management Unit (State level)	State Office & State Resource Centre	2970
District Mission Management Unit (District Level)	All 24 Districts accounting units	28640

XI. **Time Period for Audit:** The audit would be carried out annually and the final report should be provided to the SMMU latest by 10<sup>th</sup> September each year to facilitate approval and placement before the General Body or any other committee delegated by the General Body and submission to the Funding /Financing Agencies by 31<sup>st</sup> October each year. The auditor must submit DAY-NRLM & their associated programs/schemes and Partnerships Reports separately with four

copies of the audited accounts and audit report to CEO at State office (SMMU) in time.

**XII. Period of Appointment:** The auditor will be appointed for a period of three years for conducting the statutory audit for the financial years 2022-23, 2023-24 & 2024-25. However, the contract may be renewed every year based on performance and requirement of the projects. It may be extended maximum for one year required.

**XIII. Payment Terms:**

70% on receipt of the draft audit report and the balance payment on submission of final report subject to approval of competent authority.

**XIV. REVIEW OF AUDIT OBSERVATION:**

The audit report submitted by the statutory auditor shall be put forth to the Executive committee of the society. The executive committee if required may appoint a sub-committee for the review of the audit observations. Action taken report on the audit observations should be prepared by JSLPS and submitted to the Executive Committee within 3 months of receipt of the audit Report. A copy of the same should be submitted to the funding agencies, if required.

**XV. Team Composition:**

The list of key personnel would be assigned to the team is as follows: CV of SI. No. 1 & 2 will be evaluated the time of technical evaluation.

Sl.	Key Professionals & Nos.	Description of Services to be provided	Experience	Expected nos. of person month in each year
1	Lead Partner/ Audit Manager-1	Overall coordination, & planning, team leadership, reporting, liaison with client	Qualified Chartered Accountant with at least 15 years experiences as a partner with expertise in the area of audits, project execution and financial reporting.	One month
2	Audit Team Leader-5	Responsibility to lead the audit teams in the field, planning and execution of the audits, discussion with heads of offices at district / state units and report writing and finalization.	Qualified Chartered Accountants with at least 5 years' experience in audits with ability to lead the team and interact with senior level Govt. officials.	1 months each
3	Team member- 15	Field level Audit	B. Com/CA (inter) with minimum 3 years' experience in auditing in Development/Government Sector.	1 months each

**XVI. Support and Facility to be provided by the client:**

- 1) Project-wise and district-wise details of expenditure incurred for the purpose with break up by each component.
- 2) A copy of the various guidelines, policies and manuals issued by JSLPS to the districts, blocks and CBOs.
- 3) Resolutions, minutes of executive committee meeting, policies and procedures issued by NMMU/JSLPS.
- 4) One day workshop will be organized by JSLPS for giving orientation on running projects and society's structure. It should be attended by all the members of audit team.

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**Example of a Management Assertion Letter**

(Project Letterhead)

(To Auditor)

(Date)

This assertion letter is provided in connection with your audit of the financial statements of the \_\_\_\_\_ Project for the year ended \_\_\_\_\_. 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, including the Financing Agreement, the Project Agreement, the Project Appraisal Document, the Minutes of Negotiations, and the Borrower's Project Implementation Plan.

(State Program Manager, Finance)

(Chief Executive Officer)

**MODEL AUDIT REPORT—UNQUALIFIED OPINION<sup>5</sup>**

Addressee (JSLPS)

**Introductory Paragraph**

We have audited the accompanying financial statements of the ----- as of March 31, 20XX [indicate 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 TRIPTI 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 TRIPTI 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 [Ln/Cr. \_\_\_\_\_]. (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]

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<sup>5</sup> Audit report should project wise separately according funding agency desired statements and a compiled audit report of entire projects of JSLPS.

**Example of a Management Letter**

(Audit firm Letterhead)

(Date)

To Society Management,

In connection with our audit of the financial statements of the JSLPS for the Year ended \_\_\_\_\_, we familiarized ourselves with Project documents and the internal guidelines / 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 check list of procurement audit related to goods/works**

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

- 1) Date of audit.
- 2) Procurement by State/District/any other organization receiving JSLPS 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 (wherever applicable)?
- 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 check list may be followed:

- 1) Date of audit
- 2) Procurement by State/District/any other organization receiving JSLPS 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 short list of service providers/consultants prepared?
- 5) Whether the Request for Proposals (REPs) 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 single source 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?