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Notice Inviting Expression of Interest (EOI) to engage the 'Chartered Accountancy Firm'

The Directorate of Technical Education, Vocational and Industrial Training, Himachal Pradesh, Sunder Nagar intends to engage the 'Chartered Accountancy Firm', under the STRIVE project funded by Govt. of India under World Bank Assisted Scheme, to conduct integrated procurement and financial management of internal audit on half yearly basis of the Project. The operational area of the project is Himachal Pradesh. The interested firms may visit 'Tender Notice' tab of our websites <http://techedu.hp.gov.in> for further details. Last date for submission of Eoi in sealed envelope is 11.11.2020 (Wednesday).

-SD-
Director (TE)

**Directorate of Technical Education,
Sundernagar, District Mandi, Himachal Pradesh-175018**

(STATE PROJECT IMPLEMENTATION UNIT for STRIVE)

**INVITATION OF
EXPRESSION OF INTEREST (EoI)
TO
ENGAGE ‘CHARTERED ACCOUNTANCY FIRM’**

Issued by:

Director

Technical Education, Vocational & Industrial Training HP

-cum-

State Project Director, STRIVE Project.

Sundernagar, District Mandi-175018

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Invitation for Expression of Interest (EoI) for Appointment of Internal Auditor for STRIVE PROJECT for State, Government ITIs and Industry Clusters.

1. BACKGROUND

Skills Strengthening for Industrial Value Enhancement (STRIVE) is a national project of the Ministry of Skill Development and Entrepreneurship (MSDE) to incentivize critical institutional reforms in the formal ITI and apprenticeship training system aimed towards supporting the Government's commitment to develop a globally competitive workforce and to provide skilling opportunities for economically disadvantaged and underserved communities. The project is scheduled to run over five years from 2017-18 to November 2022 and is an Externally Aided Plan (EAP) supported by the World Bank.

At the national level, long-term skills development is coordinated by the Directorate General of Training (DGT) in the Ministry of Skill Development and Entrepreneurship (MSDE).

Apprenticeship training is managed under the aegis of the MSDE with Regional Directorates of Apprenticeship Training (RDATs) and state apprenticeship advisers driving implementation at the ground ITIs are under state governments, which own, run, and fund government ITIs and supervise private ITIs.

STRIVE Project for its implementation through National Project Implementation Unit (NPIU), consisting of government staff that is now an integrated unit of the MSDE and in charge of managing all major reform projects in the space of long-term training. The responsibility to coordinate and facilitate the implementation of STRIVE and provide overall fiduciary guidance at the ministerial level rests with the existing NPIU. Similarly, at the state level, SPIUs will be responsible for providing fiduciary guidance, implementation, monitoring, and facilitation of STRIVE. The ITIs will be monitored continually by the National Steering Committee (NSC) and by State Steering Committees (SSCs), which prepare semi-annual progress reports. Under STRIVE, the NPIU and SPIUs will therefore be supported through a dedicated PMC funded respectively through the STRIVE's TA and TS component. For Industry Clusters (ICs), the State Apprenticeship Monitoring Committee (SAMC) will be the nodal point for selection, evaluation and monitoring of ICs. The SAMC exists within SPIU but liaises with SPIU and SSC for all matters related to ICs.

The PMC is a consultancy team comprising key experts in project management, M&E, skills development, and apprenticeship training.

Funding Pattern

The estimated cost of the STRIVE project in respect of Himachal Pradesh is INR 30.70 crores for 19 ITIs covered under Strive project over five years. INR 11.80 crores have been allotted to State Directorate for project life. INR 48 lakh per year will be allotted to State Apprenticeship Monitoring Cell (SAMC). Rs. 1 crore per Industry Cluster for three years. Strive project is a performance based funding- Program for Results (PforR).

2. TERMS OF REFERENCE (ToR) FOR INTERNAL AUDITOR

Position	: Internal Auditor
Organization	: Directorate of Technical Education
Duty Station	: Sundernagar (H.P.)
Duration	: Initially for 1 year (further extension for 2-years based on performance)

PROJECT COMPONENTS:

Performance Based Funding

STRIVE is a Performance Based funding – Program for Results (PforR) exercise. The use of the Program for Results (PforR) instrument is particularly suited to achieving the Government of India’s (GoI) results-based objectives, as it allows for improvement of the Systems and Institutions that are critical to the implementation of the GoI project. The instrument will ensure a sharp focus on the most important results the GoI wants to achieve (that is, improve relevance and efficiency of vocational training), allow for flexibility in the end use of funds by states and training institutions, support the development of state-level capacities to manage ITIs more effectively, incentivize introduction of performance-based management principles, and strengthen output and outcome monitoring.

1. Result areas

To achieve this objective, the project is divided into four result areas:

(a) Improved Performance of ITIs

Performance-based grant funding to selected government ITIs to improve institutional performance by deepening industry linkages, improving courses in line with market needs, better targeting

marginalized groups including women, Scheduled Castes (SCs) and Scheduled Tribes (STs), developing capacities of teaching staff and broadening employment promotion services.

(b) Increased Capacities of State Governments to support ITIs and Apprenticeship Training

Performance-based grants to state governments to improve state structures for the management and support of ITIs and apprenticeship training, for evaluation and monitoring and for developing teaching resources; and to improve the regulatory environment for ITI operations.

(c) Improved Teaching and Learning

This result area does not pertain to State Govt.

(d) Improved and Broadened Apprenticeship Training

Grant funding for Industry Apprenticeship Initiatives (IAIs) carried out by industry clusters to strengthen industry initiatives, increase the participation of Small & Medium Enterprises SMEs in apprenticeship training, and improve the quality of apprenticeship training programs.

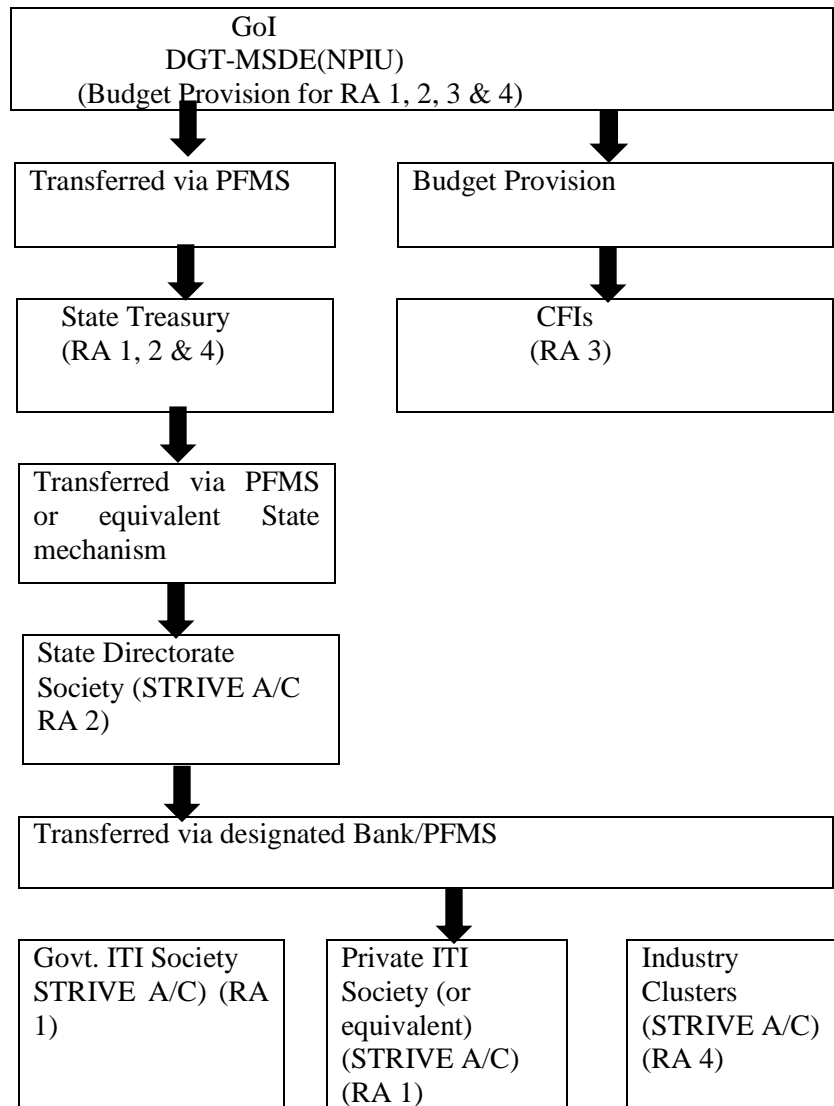
Proposed Implementation/ Funds Flow Arrangements

The Directorate General of Training (DGT) will provide the budget for the Project and will further provide the funds to the States implementing the project. ITI Principals / IMCs are designated as Drawing and Disbursal Officers and draw funds from designated Society STRIVE Account for payments through State Societies.

Each Institution/Directorate/Industry Cluster is required to maintain separate Bank Accounts and separate Books of Accounts and keep records as per the State Government procedure.

Fund Flow procedures – Result area Wise

Fund flow procedure (as above) explained diagrammatically below



3. OBJECTIVE OF INTERNAL AUDIT:

The essence of the STRIVE project audit policy is to ensure that the STRIVE Project implementation agencies receives adequate, independent, professional, audit assurance that the proceeds of STRIVE project funds were used for the purposes intended, that the audit reports are free from material mismanagement and that terms of the loan agreement are complied with in all material respects. The objective of STRIVE is to improve the quality and market relevance of vocational training provided in ITIs and apprenticeships.

The objectives of the internal audit are to enable the auditor to express a professional opinion on the effectiveness of the overall financial management and procurement arrangements. It has to be ensured that the overall financial management and arrangements including the system of internal controls as documented as per the Financial Management Section & Procurement Section of the STRIVE Operations Manual. It is expected that the process of audit shall be in position to provide to project management with timely information on financial management and procurement aspects of the project, including internal controls and compliance with financing agreements, to enable follow-up action.

In addition, it is expected that internal audit should play a role in assisting management to ensure proper utilization of funds, including the prevention, detection and investigation of fraud as part of “Bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

4. STANDARDS:

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

5. SCOPE OF AUDIT:

In conducting the internal audit, special attention should be paid to assessing whether adequate control have been established and complied with to ensure that:

- GoI funds have been provided and used in accordance with the relevant agreements with States, Govt. ITIs, and Industry Clusters with due attention to economy and efficiency, and only for the purposes for which they were provided;
- Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual;
- All necessary supporting documents, records, and accounts have been kept in respect of all project ventures including expenditures reported via Statement of Expenditures.
- The project accounts have been prepared in accordance with consistently applied Indian Government Accounting Standards in this respect and give a true and fair view of the financial situation of the project at the year end and of resources and expenditures for the year ended on that date.
- The Internal Auditor would require verify the procurement processes being followed at the ITIs, ICs and State Societies are as per Procurement Guidelines under STRIVE project as per **para 4.2 of the OM**. The internal audit report must report on any variation in the procurement process as laid by the Procurement Guidelines in the OM.

Coverage of Internal Audit extends to

- An assessment of the adequacy of the financial management systems, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls and any needs for revision; level of compliance with established policies, plan and procedures; reliability of accounting systems, data and financial reports; creating controls mechanism in areas where they are lacking; verification of assets and liabilities, security and effectiveness of the operation of the computerized system and,
- Efficiency and timeliness of the funds flow mechanism at the SPIU, SAMC, Industry Cluster (IC), and at the ITIs. (Through MIS Reports)
- Whether the accounts are compiled in a timely manner and the expenditures consolidated on a monthly/Half Yearly basis at the SPIU Level.
- Verify payment to the third parties is as accordance with agreement.
- All necessary supporting documents, records, and accounts have been kept in respect of all Result area wise activities and that clear synchronizations exist between accounting records, accounts books and the periodic financial reports (internal and external i.e. Interim unaudited Financial Reports)

- The auditor is expected to obtain and satisfactorily document sufficient audit evidence to support audit conclusions.
- Internal auditors to summarize key issues and risks from a review of Annual / Statutory Audit report.
- Auditor will also provide variance report as per approved annual action plan and budget.
- Auditor to certify that the utilization certificates of funds at each Beneficiary are prepared Result area Wise and provided to respective SPIU.

6. GENERAL:

The auditor should be given access to all legal documents, correspondence, project manual, financial manual, procurement manual, NPIU/MSDE guidelines and any other information associated with the project and deemed necessary by the auditor.

7. FINANCIAL TRANSACTIONS (Areas needed to be checked by Internal Auditor)

Internal audit of each Implementing Agency (IA) should be conducted on a semi-annual basis. It should be carried out in accordance with the Internal Auditing Standards of Institution of Chartered Accountants of India (ICAI), and will include such substantive and control tests as the Internal Auditor considers necessary under the circumstances.

The internal auditor will conduct an assessment of the adequacy of the project Financial Management system, including internal controls. This would include aspects such as:

- a) Whether appropriate controls as specified by the Financial Management Manual (FMM), Project Appraisal Document (PAD), General Financial Rules (GFRs), Himachal Pradesh Financial Rules (HPFR-2009), Project Implementation Plan (PIP) and other relevant Central/State Government notifications are operating satisfactorily. The auditor should suggest methods for improving weak controls or creating them where these controls do not exist.
- b) That proper books of account/operation of accounting software as laid down in the Financial Management Manual and adequate documentation is being maintained for timely and accurate reporting for project activities.

- c) An assessment of compliance with provisions of the financing agreements [Grant Agreement; Project Agreements, Memorandum of Understanding (MoU)] between Institution and SPIU and State and NPIU.
- d) Use of PFMS while making the payments.
- e) Reconciliation of PFMS expenditure amount with the books of accounts maintained at institute level.
- f) That an adequate system is in place to ensure that goods, works and services are being procured in accordance with the procurement procedures prescribed for the project. The audit should report by exception any such cases found where these guidelines are not followed.
- g) That an appropriate system of accounting and financial reporting exists, on the basis of which claims are prepared and submitted for reimbursement.
- h) Adequate records are maintained regarding assets created and assets acquired by the project, including details of cost, identification and location of assets.
- i) Checking adherence to FM aspects of Disclosure Management requirement of the project by implementing agencies.
- j) Timely adjustment of the advances paid to suppliers/staff/etc.
- k) Checking petty cash book in regular intervals.
- l) The payment vouchers are supported by proper supporting documents.
- m) Whether the expenditure has been booked in proper head of account.
- n) Payment of taxes to government authorities in time, such as professional tax, Income tax, GST and TDS.
- o) The expenditure should be checked as per eligible and non-eligible list issued by NPIU. Verifying compliance with the recommendation of the internal audit report of the previous period(s) and provide comments thereon.

8. TIMING AND COVERAGE:

An assessment of the adequacy of the financial management systems, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls and any needs for revision; level of compliance with established policies, plan and procedures; reliability of accounting systems, data and financial reports; creating controls mechanism in areas where they are lacking; verification of assets and liabilities, security and effectiveness of the operation of the computerized system and,

- Efficiency and timeliness of the funds flow mechanism at the SPIU, SAMC, Industry Cluster (IC), and at the ITIs. (Through MIS Reports)
- Whether the accounts are compiled in a timely manner and the expenditure consolidated on a monthly/Half Yearly basis at the SPIU Level.
- Verify payment to the third parties are as per agreement.
- All necessary supporting documents, records, and accounts have been kept in respect of all Result area wise activities and that clear synchronizations exist between accounting records, accounts books and the periodic financial reports (internal and external i.e. Interim unaudited Financial Reports)
- The auditor is expected to obtain and satisfactorily document sufficient audit evidence to support audit conclusions.
- Internal auditors to summarize key issues and risks from a review of Annual / Statutory Audit report.
- Auditor will also provide variance report as per approved annual action plan and budget.
- Auditor to certify that the utilization certificates of funds at each Beneficiary are prepared Result area Wise and provided to respective SPIU.
- The reports will be provided half yearly and a summary of the key findings, implications and recommendations to enable the SPIU to take timely action.

9. REPORTING:

Half Yearly Reporting & Annual reporting at SPIU: The Auditor will provide separate consolidated reports on SPIUs, SAMCs, project ICs and project ITIs in the State under STRIVE to State Audit Committee with a copy to SPIU. The reports will be provided **Half Yearly** and a summary of the key findings, implications and recommendations to enable the SPIU to take timely

action. Audit observations/reports should be discussed and agreed with the State audit review committee and should be structured in a manner giving the observations, the implications of the observations, the suggested recommendation and the management comments/ agreed actions. The audit observations should be supported by instances and quantified, as far as practicable. **Half Yearly** audit reports and annual audit report to be submitted each financial year. Discussion notes duly signed by the both parties will be part of audit Report. Minutes of meeting of State Audit Committee detailing the observations of internal auditors and action taken by SPIU on the observations.

The audit reports should be submitted within 30 days after completion of Half Yearly audit. Any delay beyond 30 days for any Half Yearly report attracts the termination of the contract without any financial liability of the client.

b. Reporting Procedure

Procedure of conducting audit at SPIUs/SAMCs, project ITIs and project ICs in the State:

- The auditor shall inform the implementing agencies before the start of Audit.
- The auditor should give detailed work plan for conducting audit at SPIUs and other implementing agencies
- The auditor should make audit project and plan for SPIUs and other implementing agencies in coordination with their accounts & finance team.
- Feedback as necessary can be given to the management on the outcome of the Audit from time to time. Information about any discrepancies can be shared with the management for rectification/clarification.
- During the audit the Internal Audit team shall interact with management staff for any clarification. For the clarification, the audit team will present their findings in the common platform.
- The auditor shall interact with the management before furnishing of any report.
- The plan shall be finalized in consultation with management at the implementing agency level.
- The detail approach and methodology should be provided by the auditor themselves in the RFP.

10. LIST OF ENTITIES TO BE AUDITED

1. **SPIU office: - Directorate of Technical Education, Sundernagar, District-Mandi, H.P.**
2. **SAMC office:-Directorate of Technical Education, Sundernagar, District-Mandi, H.P.**
3. **Industry Clusters:-**

4. Govt. ITIs:- 19 Nos. as per following details

- 1 Govt. Industrial Training Institute, Mandi
- 2 Govt. Industrial Training Institute, Bilaspur
- 3 Govt. Industrial Training Institute Paonta Sahib
- 4 Govt. Industrial Training Institute for Women Nalagarh
- 5 Govt. Model Industrial Training Institute Nalagarh Distt. Solan HP
- 6 Govt. ITI Palampur
- 7 Govt. ITI Bangana
- 8 Govt. Industrial Training Institute, Solan
- 9 Govt. Industrial Training Institute Shamshi
- 10 Govt. ITI Jogindernagar
- 11 Govt. Industrial Training Institute Sainj
- 12 Govt. Industrial Training Institute Jubbal
- 13 Govt. Industrial Training Institute Nadaun at Rail
- 14 Govt. Industrial Training Institute Shahpur
- 15 Govt. Industrial Training Institute for Persons with Disabilities Sunder Nagar
- 16 Shaheed Surinder Singh, Govt. Industrial Training Institute Jawali
- 17 Govt. ITI Rajgarh
- 18 Govt. Industrial Training Institute, Kullu
- 19 Govt. ITI Baijnath

11. PERIOD OF APPOINTMENT:

The auditor would be appointed for a period of 1 year and cover the Financial Year ending on **March 31st 2021**. The contract may be extended further year to year basis of performance of the auditor.

12. SELECTION CRITERIA FOR AUDIT OF FINANCIAL STATEMENTS

1. Appointment of Auditors:

The auditors will be appointed in accordance with the guidelines for procurement of consultants as contained in the Procurement Manual of the Project. The process of appointment should be completed before the commencement of the Financial Year for which the audit is to be done. The auditors may be appointed initially for a period of one year and then for another year, subject to annual performance review. This will ensure continuity and the auditors will be able to assess the progress over time. However, in case of reappointment of the same auditor, ensure compliance with the Procurement Guidelines of the Manual; and re-confirm that the audit firm continues to satisfy the eligibility criteria as prescribed in the ToR.

2. Eligibility Criteria:

- The firm must be **empanelled with ICAI**, without which the application of the firm would not be considered.
- The applicant firm should **Independent of the entity** to be audited.
- It should be a firm of Chartered accountant
- Experience of having undertaken at least 5 similar assignments (Internal Audit Assignments) with Central/state Government/externally aided projects **in India**, in last 10 years.
- The Chartered Accountancy Firm so hired in States having atleast Six or more shall have at least 6 CA Partners. The break up details to be provided are (i) Partners of Firm i.e. number of full time-chartered accountant partners (ii) paid chartered accounts of firm must also be provided.
- An undertaking from the internal auditor regarding their non-engagement as external auditor/statutory auditor with implementing agencies in the State.

- (i) The audit firm is not one against which disciplinary orders have been issued by the Public Companies Accounting Oversight Board and these orders are in force. Also, any partner/senior manager of the audit firm is not associated with the audit in any manner if he/she
- 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; or
 - is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board
- (ii) Firms must qualify following minimum criteria:

Sl. No	Particulars*	Minimum Criteria
1.	Number of Full Time Partners associated with the firm for not less than 3 years with at least one being a Fellow CA (As per Certificate of ICAI as on 1.1.2009)	4 (four)
2.	Turnover of the firm <i>(Average annual in last three financial years)</i>	Minimum Rs. 50 (fifty) lakh
3.	No. of Years of Firm Existence	5 (five) years
4.	No. of assignments of Internal Audit of Corporate/PSUs entities except Bank Branch Audit having a turnover of not less than Rs 25 crores in the last 3 years.	5 (five)
5.	No. of assignments: Experience of audit of Externally Aided Projects/ Social Sector Projects (other than Audit of Charitable Institutions & NGOs) in the last 3 years	5 (five)

13. SUPPORTING DOCUMENTS FOR ELIGIBILITY CRITERIONS:

Following supporting documents must be submitted by the firm along with the technical proposal:

- (i) A self-attested copy of the latest empanelment intimation letter issued by the **ICAI**.
- (ii) A certificate 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 or is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board. In case the firm has such partners, the firm provides details of such partners and certifies that they will not be associated with the audit in any manner.
- (iii) A Declaration signed by an authorized partner of the audit firm verifying that the applicant is independent of the entity to be audited that they have no relationship with the entity to be audited (in particular, the auditor should not be employed by, serve as director for, or have any financial or close business relationship with the entity during the period(s) covered by the audit or immediately thereafter for a period of two years).
- (iv) A self-attested copy of the latest firm constitution certificate issued by the ICAI (this certificate shall also act as evidence for verifying the Date of Constitution of the firm). This certificate should not be older than 30 days as on the date of the EoI.
- (v) A copy of the balance sheet for the last three years.
- (vi) A copy of the appointment letters from the auditee organizations. Branch Audit of any Bank shall not be considered while taking into account the total number of assignments.

14. EVALUATION CRITERIA FOR SELECTION OF AUDITOR

Evaluation Criteria: Expression of Interest (EoI)

Sl. No.	Evaluation Criteria	Max Marks
1.	Number of Partners (5 marks up to 6 partners, 1 for each additional partner)	10
2.	Presence of the Firm in the operational area of SPIU-Sundernagar i.e. Himachal Pradesh	09
3.	Number of Professionally Qualified Staff Upto-25 staff-(5 marks) More than 25 Staff-(10 marks)	10
4.	Turnover for the last three years More than 50 lacs and up to 100 Lacs-1 marks for each year More than 100 Lacs-2 marks for each year	21s
5.	Number of Audit and similar assignments undertaken during last 5 years (5 marks for each additional assignment after essential four assignments required i.e. 0 marks up to four assignments, 5 marks each for 5 th 6 th & 7 th Assignment)	15
6.	Number of World Bank Project /ADB/IDBI etc. Audits** undertaken during the last 5 years (5 marks for each assignment, maximum seven assignments)	35
	Total Marks	100

* The audit firms must be empanelled with the **ICAI** and eligible for major audit.

** World Bank audit mean any audit conducted by the firm for World Bank clients, and includes both external audit and internal audit.

15. APPLICATION FORMAT

1.	Name, address, phone number, e-mail ID and website address of the Firm	
2.	Whether empanelled with the ICAI? If yes, give details	
3.	Number of partners and organizational structure of the Firm	
4.	Number of branches/ offices in the state with full addresses of the branches/offices	
5.	Number of professionally qualified staff working. Details of staff with their qualifications	
6.	Year-wise annual turnover of the Firm in INR for the last three years upto 2017-2018, 2018-2019 & 2019-2020 (along with documentary evidence).	
7.	Details of Audit and similar assignments undertaken during the last 5 years	
8.	Details of relevant audit assignments undertaken for large Public Sector/ Government organizations	
9.	Details of experience in conducting audit of external funded projects e.g. World Bank, ADB etc.	

NOTE: Enclose proof of evidence wherever necessary.

16. SUGGESTED FORMAT OF INTERNAL AUDIT REPORT

Part A: Brief details of the Auditee and Audit:

- a. Name and address of the Auditee:
- b. Names of Office bearers:
- c. Name/s of Audit Team Members:
- d. Days of audit:
- e. Period covered in the previous audit:
- f. Period covered in the current audit:

Part B: Executive Summary:

The Executive Summary should normally cover the following items:

- a) Objectives of audit
- b) Methodology of audit
- c) Status of implementation of the **integrated procurement & financial management** system
- d) Status of compliance of previous audit reports, including major audit observations pending compliance
- e) Key areas of weaknesses that need improvement, classified into the following areas:
 - i. Disallowance of expenditure as per the World Bank rules
 - ii. Procedural Lapse
 - iii. Accounting Lapse
 - iv. Accounting books & records not maintained.
- f) Recommendations for improvements

Executive Summary to include the following format: -

Para No.	Observations	Implications with risks involved	Recommendations for improvement	Auditee's Comments/ Agreed Action	Agreed Timeline for compliance

Part C: Compliance to previous Audit Reports:

In this part, provide status of compliance with previous reports and detail pending audit observations. The views of the auditee should also be mentioned. In case there is any difficulty or problem in resolution of audit findings, these should be clearly highlighted.

Part D: Serious Observations:

In this part, provide details of serious audit observations, such as ineligible expenses, major lapses in internal controls, systemic weaknesses, procurement procedures not followed, incorrect information submitted for reimbursements, difference between cash drawn and expenditure reported, procedural lapse, accounting lapse, accounting books & records not maintained etc.

Part E: Other Observations:

Observations that are not serious in nature, but nonetheless require the attention of the Project should be detailed in this part.

Part F: Executive Summary and Suggestions/Recommendations:

Provide an Executive Summary of the observations mentioned in Part C and D along with suggestions/recommendations. Provide specific recommendations on internal control and systemic weaknesses. In addition to audit reports, the auditor will provide a report to Project Management highlighting findings during the period under review. This will be in the form of a **consolidated Management Letter**, which will inter-alia include:

- a) Comments and observations on the financial management records, systems and controls that were examined during the course of the review.
- b) Deficiencies and areas of weaknesses in systems and controls and recommendation for their improvement.
- c) Compliance with covenants in the financing agreement and comments, if any, on internal and external matters affecting such compliance.
- d) Matters that have come to attention during the review and might have a significant impact on the implementation of the Project.
- e) Any special review procedures required of a compliance nature (for example, compliance of procurement procedures and procedure for selection of consultants etc. recommended by the World Bank).
- f) Any other matters that the auditor considers pertinent.