



The Gujarat State Disaster Management Authority

Government of Gujarat

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Date: September 12, 2017

REQUEST FOR EXPRESSION OF INTEREST

Project Title: Appointment of External Auditor for National Cyclone Risk Mitigation

Project, Phase II (NCRMP II) in the State of Gujarat

Credit No. P144726, Reference: IN-GSDMA-18968-CS-CQS

Gujarat State Disaster Management Authority (“GSDMA”) is the State Project Implementing Unit (SPIU) for NCRMP II in Gujarat and intends to engage a consulting firm as an External Auditor for the project.

GSDMA invites eligible Consultants (reputed/ experienced **firms** of Chartered Accountants) to indicate their interest in providing the aforementioned services. A Consultant will be selected in accordance with the procedures set out in the World Bank guidelines: Selection of Employment of Consultants by the World Bank Borrower (January 2011 Revised July 2014 edition). Relevant details of the project and the terms of reference for the appointment of External Auditor can be downloaded from: www.gsdma.org.

Interested firms may submit their 'Expression Of Interest' in **sealed** envelopes clearly superscripted as "Expression of Interest for External Audit of NCRMP II" to Deputy Director (Finance), Gujarat State Disaster Management Authority, Block No.11, 5th Floor, Udyog Bhavan, Sector-11, Gandhinagar – 382011, Gujarat. The last date for submission of EoI is **October 12, 2017 by 1600 hrs.**

Deputy Director (Finance)

Gujarat State Disaster Management Authority

Government of Gujarat

Request for Expressions of Interest (Consulting Services Firm Selection)

Country : India
Name of the Project : National Cyclone Risk Mitigation Project II (NCRMP II)
Assignment Title : Appointment of External Auditor for National Cyclone Risk Mitigation Project, Phase II (NCRMP II) in the State of Gujarat
Credit No. : P144726
Reference No. : IN-GSDMA-18968-CS-CQS

Government of India has applied for financing from the World Bank towards the cost of National Cyclone Risk Mitigation Project (“NCRMP”) and intends to apply part of the proceeds for consulting services.

Gujarat State Disaster Management Authority (“GSDMA”) is the State Project Implementing Unit (“SPIU”) for NCRMP II. As the SPIU, GSDMA intends to hire an External Auditor for the said project. Initially the audit will be carried out for the period April 1, 2017 to March 31, 2018 which may be extended till March 31, 2019 based on performance and mutual agreement and on the same terms and conditions.

GSDMA now invites eligible consulting firms (reputed/ experienced **firms** of Chartered Accountants) to indicate their interest in providing the said services. Interested Consultants should provide information demonstrating that they have the requisite qualification and relevant experience to perform these services. The shortlisting criteria is mentioned below:

Shortlisting criteria

1. Firm should be registered with the Institute of Chartered Accountants of India (ICAI) and should be empanelled with Comptroller and Audit General of India (CAG) for current/ previous financial year as the case maybe. (Proof of registration with ICAI and empanelment with CAG should be submitted)
2. Firm should have an average turnover of minimum Rs. 50 lacs or equivalent USD in the last 3 financial years (FY: 2016 – 17, 2015-16 and 2014-15). Average turnover needs to be substantiated by audited financial statements. (Income from professional fees only from conducting External Audit will be considered as turnover for the purpose of the shortlisting)
3. Firm must have adequate structure, relevant staff, facilities and financial standing to provide the External Audit services. Minimum criteria is mentioned below:

Sr. No	Criteria	Minimum Requirement
1	Full time partners	4
2	No of CA's (excluding partners)	5
3	Other Staff (excluding 1 & 2)	20

4. Firm must be in existence for at least 7 years.

Expression of Interest (EoI) must include:

1. General information on the letter head of the firm explaining how they are best suited to deliver the task with the following details:
 - a. Name of the firm
 - b. Head office / Registered office address
 - c. Contact details
 - d. Contact person
 - e. Place of incorporation/ registration
 - f. Year of incorporation/ registration
 - g. PAN No. of the firm
 - h. Service Tax/GST registration number of the firm
2. Organization Structure along with details of the partners, CA's (excluding partners) and other staff (Details should include Name, Membership no, Qualification, Area of expertise, Experience, Date of association with the firm etc.)
3. Proposed team for the project (must include 1 team leader with minimum 10 years of experience)
 - a. For team leader indicate – Qualifications, years of experience in conducting external audit especially for client in the infrastructure domain. Knowledge of World Bank processes is mandatory
4. Annual **audited** financial statements for the last 3 financial years (FY: 2016 – 17, 2015-16, an 2014-15)
5. Summary of all the similar projects undertaken (completed/ ongoing) in the last 20 years (i.e., 1997 onwards) for clients in sectors such as infrastructure (linear, buildings, etc.). (Summary should be in a tabular format capturing Client's name, Name of the project, Nature of services rendered, Date of engagement, Value of the engagement, Location, Period of appointment etc.)
6. Summary of all World Bank/ADB/any other multilateral/ bilateral agency funded projects undertaken (completed/ ongoing) in the last 20 years (i.e., 1997 onwards). (Summary should be in a tabular format capturing Client's name, Name of the project, Nature of services rendered, Date of engagement, Value of the engagement, Location, Period of appointment etc.)

(Work order clearly stating the Client's name, date of engagement, value of engagement and the duration to be furnished for each project mentioned)

The attention of interested Consultants is drawn to paragraph 1.9 of the World Bank Guidelines: Selection and Employment of Consultants (under IBRD Loans and IDA Credits and Grants) by World Bank Borrowers, July 2014 setting forth the World Bank's policy of conflict of interest.

<http://pubdocs.worldbank.org/en/894361459190142673/ProcurementConsultantHiringGuidelinesEngJuly2014.pdf>

The Consultant will be selected in accordance with the **Selection Based on Consultants Qualification (CQS)** method set out in the World Bank procurement guidelines.

Further information can be obtained at the address below during 10:30 AM to 6:00 PM (on working days) on or before **September 20, 2017**

Expressions of Interest must be delivered (by hand or post) in the written format to the address below on or before October 12, 2017 by 1600 hrs

Deputy Director (Finance)

Gujarat State Disaster Management Authority (GSDMA)

5th Floor, Block No. 11, Udyog Bhavan,

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Gujarat, India

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Terms of Reference

1. Introduction

Project background

Government of India is implementing the National Cyclone Risk Mitigation Project (hereafter referred to as the 'Project' or 'NCRMP'), with a view to minimize cyclone risks in the coastal states of the country. National Disaster Management Authority ('NDMA') under the aegis of Ministry of Home Affairs (MHA) shall implement the project in coordination with participating States/ UTs.

Key objectives of the NCRMP are as follows:

- (a) Reduction in vulnerability of coastal states, through creation of appropriate infrastructure which can help mitigate the adverse impacts of cyclone, while preserving the ecological balance of coastal regions
- (b) Strengthening of cyclone warning systems enabling quick dissemination of warnings and advisories from source/district/sub-district level to the community for their timely reception and adequate response.

Gujarat has been included in the second phase of implementation of this project in India.

Project components

The project has been divided into the following four components to fulfil the aforementioned objectives:

- (a) Component A - Early Warning Dissemination System ("EWDS"): Last Mile Connectivity for the dissemination of cyclone warnings and advisories from district/sub-district level to communities
- (b) Component B - Cyclone Risk Mitigation Infrastructure: Construction/ upgradation of physical infrastructure for cyclone risk mitigation. Component B has following 3 sub components:
 - (i) Component B1 - Multi-Purpose Cyclone Shelters ("MPCS"): 100 MPCS are being constructed in 11 districts of Gujarat
 - (ii) Component B2 - Access Roads: 43 access roads of 156.69 km length are being constructed/ upgraded in 8 districts of Gujarat
 - (iii) Component B4 - Underground Cabling ("UGC"): Overhead cabling is being replaced with underground cabling (UGC) in the cities of Gandhidham and Adipur in Kutch. The total cable length is nearly 430.74km.
- (c) Component C - Technical Assistance for Cyclone Hazard Risk Mitigation, Capacity Building and Knowledge Creation: This component involves improving the

understanding of natural disaster risks and vulnerabilities of the vulnerable community, and strengthen the institutional capacity to address such risks and vulnerabilities

- (d) Component D - Project Management and Implementation Support: This component provides for support for Project management and implementation.

2. Objective of hiring an External Auditor

The objective of the audit of the Project Financial Statement (PFS) is to enable the auditor to express a professional opinion on the financial position of NCRMP II at the end of each financial year. The Auditor should also verify the funds received and expenditures incurred for the accounting period ended as reported by the PFS. The auditor is expected to express an opinion on the eligibility of the expenditure under the Project.

3. Scope of Audit Services

Audit shall be carried out in accordance with relevant standards of auditing with due regard to regulations and standards of audit of the Comptroller and Auditor General of India. It will include such tests and controls as the Auditor considers necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

- All funds provided by Government of India with the World Bank assistance have been used in accordance with the conditions of the relevant agreement, with due attention to economy and efficiency and only for the purposes for which the financing was provided
- Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided
- The Project Financial Statements attached to the audit certificate must be on cash basis only
- All necessary supporting documents, records, and accounts have been kept in respect of all financial transactions of project including expenditure reported in IUFRs
- Existence of proper audit trail providing linkages between the Books of Account and reports presented to the Bank
- Project accounts have been prepared in accordance with consistently applied Accounting Standards in this respect and the accounting policies laid down in the Financial management manual of NCRMP and give a true and fair view of the financial position of the SPIU for the financial year ending 31st March each year and of receipts and payments for the year ended as on that date
- There exists a system to maintain Fixed Asset Register to record all assets procured under the Project. The auditor may undertake physical verification of fixed assets, as deemed necessary, as per the auditing standards.

- The auditor can undertake physical verification of inventory so as to provide reasonable assurance on Inventory Management and safeguard of inventory. The auditor may apply such other procedure as per applicable auditing standards.

4. Project Financial Statements

The Project Financial Statements should include:

- Summary of funds received, showing the World Bank and counterpart funds (State share) separately
- Summary of expenditure under the project components, both for the current year and accumulated till date.

5. Responsibility of preparing the Project Financial Statements

The responsibility of preparing the Project Financial Statement rests with the GSDMA under the guidance of the Auditor. However, the Auditor has to express a true professional opinion on the operations of the project during the year and the financial position of the project at the close of the fiscal year.

6. Management Letter

In addition to the audit reports, the Auditor will prepare a “Management letter”, in which the Auditor will summarize the observations on internal control issues (other than those which materially affect his opinion on the Project Financial Statements). These observations would include but not limited to:

- Comments and observation on the accounting records, systems and internal controls that were examined during the course of the audit
- Specific deficiencies and areas of weakness in systems and internal controls and recommendations for their improvement
- Report on the level of compliance with the financial/internal control, procedures as documented in the financial manual of the project and
- Matters that have come to the attention during the audit which might have a significant impact on the implementation of the project.

The observations in the Management Letter must be accompanied by the implications, recommendations and comments on the observations/ recommendations from the management.

7. Audit opinion

Besides a primary opinion on the PFS, the annual audit report of the project accounts should include a specific comments on the accuracy and propriety of expenditures withdrawn and

the extent to which the World Bank can rely on Interim Unaudited Financial Reports (IUFRs) as a basis for loan disbursement.

8. Review Committee to monitor Consultant's work

Consultant's performance would be reviewed periodically and monitored through the audit reports. A Committee will be constituted to review the work of the Consultant from time to time. Actions related to reporting shall be followed as per the schedule agreed with the Consultant, and shall be viewed as a major indicator of performance of the Consultant. Reporting activities should not be posed as an excuse for retarding the field activities by the Consultant at any point of time, under any circumstances. Any correction/ modification/ alteration to the deliverables suggested by the Review Committee/Bank/ PMU/ SPIU shall be done promptly by the Consultant and resubmitted in the same manner within 15 days of intimation.

The Committee will review the Statutory Audit report and send the action taken against the audit observations to the World Bank and NDMA.

9. Procedure for review of audit report

The Review Committee shall review the Statutory Audit reports within 30 days from the date of submission of reports by the Consultant. Committee will then share the Statutory Audit reports with the Roads & Building Department, Government of Gujarat for the compliances of the audit observations. Roads & Building Department, Government of Gujarat will submit the audit reports along with the status of compliances against the audit observations within 30 days of receipt of audit reports. The final Statutory Audit report along with the status of compliances submitted by Roads & Building Department, Government of Gujarat will be submitted to NDMA and the World Bank.

During the audit of next year, Consultant shall check the compliances done for the last year. If there is any incomplete compliance, it shall be reported in the next audit report as pending compliance.

10. General

The Auditor will be given access to all legal documents, correspondence, and any other information, which is deemed necessary by the auditor, relating to the Project. The auditor should obtain confirmation of amounts disbursed and outstanding if any from GoI. It is highly desirable that the auditor becomes familiar with a copy of the Bank's document on Financial Management Practices in the World Bank financed Investment Operations which summaries the Bank's financial reporting and auditing requirements. The auditor should also be familiar with the Bank's Disbursement Manual. Both documents will be provided by the Project staff to the auditor. The auditor would also be provided with copies of the legal agreements, and related manuals of the Project. The auditor will maintain working papers in a systematic manner and make them available to GoI and World Bank if required.

11. Reporting

The financial statements, including the audit report, should be submitted not later than 3 months after the end of the accounting period to which the audit refers. The Auditor should

submit the two copies of the audited accounts and audit reports to the SPIU. The Auditor's report shall also contain other statutory certificates (where applicable) such as certifications relating to societies registered under "Societies Registration Act, 1860", etc.

12. Qualification and team composition

External Audit team must have considerable experience and expertise in conducting audits particularly on infrastructure development projects. There should be at least 1 Team Leader who will be responsible for the overall monitoring of the project. Consultant may propose a suitable team for the execution of the project subject to SPIU's approval. The team should be familiar with general financial and treasury rules and procedures and works accounting system, as well as government accounting and financial procedures. All the key team members will work as full time staff for the period committed by the Consultant. The Consultant should also have experience in the process and audit practices of the World Bank funded projects.

13. Terms of payment

Payment to the auditor will be made after submission of report fulfilling the requirement of the agreement and raising of bill as per rate mentioned in agreement.