
REQUEST FOR PROPOSALS
RFP [-544/B1/PTSLLP/2017-]



***Country* [INDIA]**

***Project Name* [Post Tsunami Sustainable Livelihoods Programme]**

***Loan #* [662 – IN and 691 - IN]**

***Title of Consulting Services* [Engaging External Auditor to audit accounts of six existing project districts, viz, Thiruvallur, Kancheepuram, Villupuram, Cuddalore, Nagapattinam and Kanyakumari for the year 2016-17]**

Method : QCBS

Section 1. Letter of Invitation

[if applicable, insert: RoC.No.544/B1/PTSLP/2017-----]
[insert: Chennai, dated -----]

[insert: Name and Address of External Auditor]

Dear Mr./Ms.:

1. The [Government of Tamilnadu] (hereinafter called “Borrower”) has received financing from the International Fund for Agricultural Development (hereinafter called “loan”) toward the cost of [**Engaging of External Auditor to audit accounts of six existing project districts, viz, Thiruvallur, Kancheepuram, Villupuram, Cuddalore, Nagapattinam and Kanyakumari**]. The Borrower intends to apply a portion of the funds to eligible payments under the contract for which this Request for Proposals is issued.
2. The [Post Tsunami Sustainable Livelihood Programme *PTSLP*] now invites proposals to provide the following consulting services: [**Auditor engaging External Audit to audit the accounts of project offices of six existing project districts, viz, Thiruvallur, Kancheepuram, Villupuram, Cuddalore, Nagapattinam and Kanyakumari**]. More details on the services are provided in the Terms of Reference.
3. This Request for Proposal (RFP) has been addressed to the following shortlisted External Auditor:
[insert: List of Shortlisted External Auditor]

It is not permissible to transfer this invitation to any other firm.

4. A firm will be selected under [*QCBS – Quality and Cost Based Selection*] and procedures described in this RFP, in accordance with the policies of the International Fund for Agricultural Development
5. The RFP includes the following documents:
 - Section 1 - Letter of Invitation
 - Section 2 - Instructions to External Auditor (including Data Sheet)
 - Section 3 - Technical Proposal - Standard Forms
 - Section 4 - Financial Proposal - Standard Forms
 - Section 5 - Terms of Reference
 - Section 6 - Standard Forms of Contract

6. Please inform us in writing at the following address [*The Project Director, PTSLP, No. 100, Anna Salai, Guindy, Chennai – 600 032.*], upon receipt:

- (a) that you received the Letter of Invitation; and
- (b) whether you will submit a proposal alone or in association.

Yours sincerely,

Thiru. Vikram Kapur, I.A.S
Principal Secretary / Project Director

[Note to the Borrower: this Section 2 - Instructions to External Auditor shall not be modified. Any necessary changes, acceptable to the IFAD, to address specific country and project issues, shall be introduced only through the Data Sheet (e.g., by adding new reference paragraphs)]

Definitions

- (a) “IFAD” means the International Fund for Agricultural Development.
- (b) “Client” means the agency with which the selected External Auditor signs the Contract for the Services.
- (c) “External Auditor” means any entity or person that may provide or provides the Services to the Client under the Contract.
- (d) “Contract” means the Contract signed by the Parties and all the attached documents listed in its Clause 1, that are the General Conditions (GC), the Special Conditions (SC), and the Appendices.
- (e) “Data Sheet” means such part of the Instructions to External Auditor used to reflect specific country and assignment conditions.
- (f) “Day” means calendar day.
- (g) “Government” means the government of the Client’s country.
- (h) “Instructions to External Auditor” (Section 2 of the RFP) means the document which provides shortlisted External Auditor with all information needed to prepare their Proposals.
- (i) “LOI” (Section 1 of the RFP) means the Letter of Invitation being sent by the Client to the shortlisted External Auditor.
- (j) “Personnel” means professionals and support staff provided by the External Auditor or by any Sub-External Auditor and assigned to perform the Services or any part thereof; “Foreign Personnel” means such professionals and support staff who at the time of being so provided had their domicile outside the Government’s country; “Local Personnel” means such professionals and support staff who at the time of being so provided had their domicile inside the Government’s country.
- (k) “Proposal” means the Technical Proposal and the Financial Proposal.
- (l) “RFP” means the Request For Proposal to be prepared by the Client for the selection of External Auditor, based on the SRFP.
- (m) “SRFP” means the Standard Request for Proposals, which must

be used by the Client as a guide for the preparation of the RFP.

- (n) “Services” means the work to be performed by the External Auditor pursuant to the Contract.
- (o) “Sub-External Auditor” means any person or entity with whom the External Auditor subcontracts any part of the Services.
- (p) “Terms of Reference” (TOR) means the document included in the RFP as Section 5 which explains the objectives, scope of work, activities, tasks to be performed, respective responsibilities of the Client and the External Auditor, and expected results and deliverables of the assignment.

1. Introduction

- 1.1 The Client named in the Data Sheet will select a auditing firm/organization (the Auditor) from those listed in the Letter of Invitation, in accordance with the method of selection specified in the Data Sheet.
- 1.2 The shortlisted External Auditor are invited to submit a Technical Proposal and a Financial Proposal, or a Technical Proposal only, as specified in the Data Sheet, for consulting services required for the assignment named in the Data Sheet. The Proposal will be the basis for contract negotiations and ultimately for a signed Contract with the selected External Auditor.
- 1.3 External Auditor should familiarize themselves with local conditions and take them into account in preparing their Proposals. To obtain first-hand information on the assignment and local conditions, External Auditor are encouraged to visit the Client before submitting a proposal and to attend a pre-proposal conference if one is specified in the Data Sheet. Attending the pre-proposal conference is optional. External Auditor should contact the Client’s representative named in the Data Sheet to arrange for their visit or to obtain additional information on the pre-proposal conference. External Auditor should ensure that these officials are advised of the visit in adequate time to allow them to make appropriate arrangements.
- 1.4 The Client will timely provide at no cost to the External Auditor the inputs and facilities specified in the Data Sheet, assist the firm in obtaining licenses and permits needed to carry out the services, and make available relevant project data and reports.
- 1.5 External Auditor shall bear all costs associated with the

preparation and submission of their proposals and contract negotiation. The Client is not bound to accept any proposal, and reserves the right to annul the selection process at any time prior to Contract award, without thereby incurring any liability to the External Auditor.

Conflict of Interest

1.6 IFAD policy requires that External Auditor provide professional, objective, and impartial advice and at all times hold the Client's interests paramount, strictly avoid conflicts with other assignments or their own corporate interests and act without any consideration for future work.

1.6.1 Without limitation on the generality of the foregoing, External Auditor, and any of their affiliates, shall be considered to have a conflict of interest and shall not be recruited, under any of the circumstances set forth below:

Conflicting activities

(i) A firm that has been engaged by the Client to provide goods, works or services other than consulting services for a project, and any of its affiliates, shall be disqualified from providing consulting services related to those goods, works or services. Conversely, a firm hired to provide consulting services for the preparation or implementation of a project, and any of its affiliates, shall be disqualified from subsequently providing goods or works or services other than consulting services resulting from or directly related to the firm's consulting services for such preparation or implementation. For the purpose of this paragraph, services other than consulting services are defined as those leading to a measurable physical output, for example surveys, exploratory drilling, aerial photography, and satellite imagery.

Conflicting assignments

(ii) A External Auditor or any of its affiliates shall not be hired for any assignment that, by its nature, may be in conflict with another assignment of the External Auditor to be executed for the same or for another Client. For example, a External Auditor hired to prepare engineering design for an infrastructure project shall not be engaged to prepare an independent environmental

assessment for the same project, and a External Auditor assisting a Client in the privatization of public assets shall not purchase, nor advise purchasers of, such assets. Similarly, a External Auditor hired to prepare Terms of Reference for an assignment should not be hired for the assignment in question.

Conflicting relationships

(iii) A External Auditor (including its Personnel and Sub-External Auditor) that has a business or family relationship with a member of the Client's staff who is directly or indirectly involved in any part of (i) the preparation of the Terms of Reference of the assignment, (ii) the selection process for such assignment, or (iii) supervision of the Contract, may not be awarded a Contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the IFAD throughout the selection process and the execution of the Contract.

1.6.2 External Auditor have an obligation to disclose any situation of actual or potential conflict that impacts their capacity to serve the best interest of their Client, or that may reasonably be perceived as having this effect. Failure to disclose said situations may lead to the disqualification of the External Auditor or the termination of its Contract.

1.6.3 No agency or current employees of the Client shall work as External Auditor under their own ministries, departments or agencies. Recruiting former government employees of the Client to work for their former ministries, departments or agencies is acceptable provided no conflict of interest exists. When the External Auditor nominates any government employee as Personnel in their technical proposal, such Personnel must have written certification from their government or employer confirming that they are on leave without pay from their official position and allowed to work full-time outside of their previous official position. Such certification shall be provided to the Client by the External Auditor as part of his technical proposal.

**Unfair
Advantage**

1.6.4 If a shortlisted External Auditor could derive a competitive advantage from having provided consulting services related to the assignment in question, the Client shall make available to all shortlisted External Auditor together with this RFP all information that would in that respect give such External Auditor any competitive advantage over competing External Auditor.

**Fraud and
Corruption**

1.7 It is the IFAD's policy to require that Borrowers (including beneficiaries of IFAD loans), as well as External Auditor and their agents (whether declared or not), personnel, sub-contractors, sub-External Auditor, service providers and suppliers, under IFAD-financed contracts, observe the highest standard of ethics during the selection and execution of such contracts.¹ In pursuance of this policy, the IFAD:

- (a) defines, for the purposes of this provision, the terms set forth below as follows:
 - (i) "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party²;
 - (ii) "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation³;
 - (iii) "collusive practices" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party⁴;
 - (iv) "coercive practices" is impairing or harming, or threatening to impair or harm, directly or indirectly,

¹ In this context, any action taken by a External Auditor or a sub-External Auditor to influence the selection process or contract execution for undue advantage is improper.

² "Another party" refers to a public official acting in relation to the selection process or contract execution. In this context "public official" includes IFAD staff and employees of other organizations taking or reviewing selection decisions.

³ A "party" refers to a public official; the terms "benefit" and "obligation" relate to the selection process or contract execution; and the "act or omission" is intended to influence the selection process or contract execution.

⁴ "Parties" refers to participants in the procurement or selection process (including public officials) attempting to establish contract prices at artificial, non competitive levels.

any party or the property of the party to influence improperly the actions of a party⁵;

- (v) “obstructive practice” is
 - (aa) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a IFAD investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or
 - (bb) acts intended to materially impede the exercise of the IFAD’s inspection and audit rights provided for under paragraph 1.7.1 below.
- (b) will reject a proposal for award if it determines that the External Auditor recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;
- (c) will cancel the portion of the Loan allocated to a contract if it determines at any time that representatives of the Borrower or of a beneficiary of the Loan were engaged in corrupt, fraudulent, collusive, or coercive practices during the selection process or the execution of that contract, without the Borrower having taken timely and appropriate action satisfactory to the IFAD to address such practices when they occur; and
- (d) will sanction a firm or an individual at any time, in accordance with prevailing IFAD’s sanctions procedures^a, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a IFAD-financed contract, and (ii)

⁵ “Party” refers to a participant in the selection process or contract execution.

^a A firm or an individual may be declared ineligible to be awarded a IFAD-financed contract upon completion of the IFAD’s sanctions proceedings as per its sanctions procedures,.

to be a nominated sub-External Auditor^b, sub-contractor, supplier, or service provider of an otherwise eligible firm being awarded a IFAD-financed contract.

1.7.1. In further pursuance of this policy, External Auditor shall permit the IFAD to inspect their accounts and records and other documents relating to the submission of proposals and contract performance, and to have them audited by auditors appointed by the IFAD.

1.8 External Auditor, their agents (whether declared or not), personnel, sub-contractors, sub-External Auditor, service providers and suppliers shall not be under a declaration of ineligibility for corrupt and fraudulent practices issued by the IFAD in accordance with the above para. 1.7. Furthermore, the External Auditor shall be aware of the provisions on fraud and corruption stated in the specific clauses in the General Conditions of Contract.

1.9 External Auditor shall furnish information on commissions and gratuities, if any, paid or to be paid to agents relating to this proposal and during execution of the assignment if the External Auditor is awarded the Contract, as requested in the Financial Proposal submission form (Section 4).

Eligibility 1.10 A firm or an individual sanctioned by the IFAD in accordance with the IFAD Policy on Anticorruption and Fraud shall be ineligible to be awarded a IFAD-financed contract, or to benefit from a IFAD-financed contract, financially or otherwise, during such period of time as the IFAD shall determine.

Eligibility of Sub-External Auditor 1.11 In case a shortlisted External Auditor intends to associate with External Auditor who have not been shortlisted and/or individual expert(s), such other External Auditor and/or individual expert(s) shall be subject to the eligibility criteria set forth in the Guidelines.

Origin of Goods and Consulting Services 1.12 Goods supplied and Consulting Services provided under the Contract may originate from any country except if:
(i) as a matter of law or official regulation, the Borrower's country prohibits commercial relations

^b A nominated sub-External Auditor, supplier, or service provider is one which either has been (i) included by the External Auditor in its proposal because it brings specific and critical experience and know-how that are accounted for in the technical evaluation of the External Auditor's proposal for the particular services; or (ii) appointed by the Client.

with that country; or

- (ii) by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, the Borrower's Country prohibits any imports of goods from that country or any payments to persons or entities in that country.

Only One Proposal

- 1.13 Shortlisted External Auditor may only submit one proposal. If a External Auditor submits or participates in more than one proposal, such proposals shall be disqualified. However, this does not limit the participation of the same Sub-External Auditor, including individual experts, to more than one proposal.

Proposal Validity

- 1.14 The Data Sheet indicates how long External Auditor' Proposals must remain valid after the submission date. During this period, External Auditor shall maintain the availability of Professional staff nominated in the Proposal. The Client will make its best effort to complete negotiations within this period. Should the need arise, however, the Client may request External Auditor to extend the validity period of their proposals. External Auditor who agree to such extension shall confirm that they maintain the availability of the Professional staff nominated in the Proposal, or in their confirmation of extension of validity of the Proposal, External Auditor could submit new staff in replacement, who would be considered in the final evaluation for contract award. External Auditor who do not agree have the right to refuse to extend the validity of their Proposals.

2. Clarification and Amendment of RFP Documents

- 2.1 External Auditor may request a clarification of any of the RFP documents up to the number of days indicated in the Data Sheet before the proposal submission date. Any request for clarification must be sent in writing, or by standard electronic means to the Client's address indicated in the Data Sheet. The Client will respond in writing, or by standard electronic means and will send written copies of the response (including an explanation of the query but without identifying the source of inquiry) to all External Auditor. Should the Client deem it necessary to amend the RFP as a result of a clarification, it shall do so following the procedure under para. 2.2.
- 2.2 At any time before the submission of Proposals, the Client may amend the RFP by issuing an addendum in writing or by standard electronic means. The addendum shall be sent to all

External Auditor and will be binding on them. External Auditor shall acknowledge receipt of all amendments. To give External Auditor reasonable time in which to take an amendment into account in their Proposals the Client may, if the amendment is substantial, extend the deadline for the submission of Proposals.

3. Preparation of Proposals

3.1 The Proposal (see para. 1.2), as well as all related correspondence exchanged by the External Auditor and the Client, shall be written in the language (s) specified in the Data Sheet.

3.2 In preparing their Proposal, External Auditor are expected to examine in detail the documents comprising the RFP. Material deficiencies in providing the information requested may result in rejection of a Proposal.

3.3 While preparing the Technical Proposal, External Auditor must give particular attention to the following:

(a) If a shortlisted External Auditor considers that it may enhance its expertise for the assignment by associating with other External Auditor in a joint venture or sub-consultancy, it may associate with either (a) non-shortlisted External Auditor(s), or (b) shortlisted External Auditor if so indicated in the Data Sheet. A shortlisted External Auditor must first obtain the approval of the Client if it wishes to enter into a joint venture with non-shortlisted or shortlisted External Auditor(s). In case of association with non-shortlisted External Auditor(s), the shortlisted External Auditor shall act as association leader. In case of a joint venture, all partners shall be jointly and severally liable and shall indicate who will act as the leader of the joint venture.

(b) The estimated number of Professional staff-months or the budget for executing the assignment shall be shown in the Data Sheet, but not both. However, the Proposal shall be based on the number of Professional staff-months or budget estimated by the External Auditor.

For fixed-budget-based assignments, the available budget is given in the Data Sheet, and the Financial Proposal shall not exceed this budget, while the estimated number of Professional staff-months shall

not be disclosed.

(c) Alternative professional staff shall not be proposed, and only one curriculum vitae (CV) may be submitted for each position.

Language

(d) Documents to be issued by the External Auditor as part of this assignment must be in the language(s) specified in the Reference Paragraph 3.1 of the Data Sheet. If Reference Paragraph 3.1 indicates two languages, the language in which the proposal of the successful External Auditor will be submitted shall govern for the purpose of interpretation. It is desirable that the firm's Personnel have a working knowledge of the Client's national language.

**Technical
Proposal
Format and
Content**

3.4 Depending on the nature of the assignment, External Auditor are required to submit a Full Technical Proposal (FTP), The Data Sheet indicates the format of the Technical Proposal to be submitted. Submission of the wrong type of Technical Proposal will result in the Proposal being deemed non-responsive. The Technical Proposal shall provide the information indicated in the following paras from (a) to (g) using the attached Standard Forms (Section 3). Paragraph (c) (ii) indicates the recommended number of pages for the description of the approach, methodology and work plan of the STP. A page is considered to be one printed side of A4 or letter size paper.

(a) (i) For the FTP only: a brief description of the External Auditor's organization and an outline of recent experience of the External Auditor and, in the case of joint venture, for each partner, on assignments of a similar nature is required in Form TECH-2 of Section 3. For each assignment, the outline should indicate the names of Sub-External Auditor/ Professional staff who participated, duration of the assignment, contract amount, and External Auditor's involvement. Information should be provided only for those assignments for which the External Auditor was legally contracted by the client as a corporation or as one of the major firms within a joint venture. Assignments completed by individual Professional staff working privately or through other consulting firms cannot be claimed as the experience of the External Auditor, or that of the External Auditor's

associates, but can be claimed by the Professional staff themselves in their CVs. External Auditor should be prepared to substantiate the claimed experience if so requested by the Client.

- (ii) For the STP the above information is not required and Form TECH-2 of Section 3 shall not be used.
- (b) (i) For the FTP only: comments and suggestions on the Terms of Reference including workable suggestions that could improve the quality/ effectiveness of the assignment; and on requirements for counterpart staff and facilities including: administrative support, office space, local transportation, equipment, data, etc. to be provided by the Client (Form TECH-3 of Section 3).
- (ii) For the STP Form TECH-3 of Section 3 shall not be used; the above comments and suggestions, if any, should be incorporated into the description of the approach and methodology (refer to following sub-para. 3.4 (c) (ii)).
- (c) (i) For the FTP, and STP: a description of the approach, methodology and work plan for performing the assignment covering the following subjects: technical approach and methodology, work plan, and organization and staffing schedule. Guidance on the content of this section of the Technical Proposals is provided under Form TECH-4 of Section 3. The work plan should be consistent with the Work Schedule (Form TECH-8 of Section 3) which will show in the form of a bar chart the timing proposed for each activity.
- (ii) For the STP only: the description of the approach, methodology and work plan should normally consist of 10 pages, including charts, diagrams, and comments and suggestions, if any, on Terms of Reference and counterpart staff and facilities.
- (d) The list of the proposed Professional staff team by area of expertise, the position that would be assigned to each staff team member, and their tasks (Form TECH-5 of Section 3).
- (e) Estimates of the staff input (staff-months of foreign

and local professionals) needed to carry out the assignment (Form TECH-7 of Section 3). The staff-months input should be indicated separately for home office and field activities, and for foreign and local Professional staff.

- (f) CVs of the Professional staff signed by the staff themselves or by the authorized representative of the Professional Staff (Form TECH-6 of Section 3).
- (g) For the FTP only: a detailed description of the proposed methodology and staffing for training, if the Data Sheet specifies training as a specific component of the assignment.

3.5 The Technical Proposal shall not include any financial information. A Technical Proposal containing financial information may be declared non responsive.

Financial Proposals

3.6 The Financial Proposal shall be prepared using the attached Standard Forms (Section 4). It shall list all costs associated with the assignment, including (a) remuneration for staff (foreign and local, in the field and at the External Auditor' home office), and (b) reimbursable expenses indicated in the Data Sheet. If appropriate, these costs should be broken down by activity and, if appropriate, into foreign and local expenditures. All activities and items described in the Technical Proposal must be priced separately; activities and items described in the Technical Proposal but not priced, shall be assumed to be included in the prices of other activities or items.

Taxes

3.7 The External Auditor may be subject to local taxes (such as: value added or sales tax, social charges or income taxes on nonresident Foreign Personnel, duties, fees, levies) on amounts payable by the Client under the Contract. The Client will state in the Data Sheet if the External Auditor is subject to payment of any local taxes. Any such amounts shall not be included in the Financial Proposal as they will not be evaluated, but they will be discussed at contract negotiations, and applicable amounts will be included in the Contract.

3.8 External Auditor may express the price of their services in a maximum of three freely convertible currencies, singly or in combination. The Client may require External Auditor to state the portion of their price representing local cost in the national

currency if so indicated in the Data Sheet.

3.9 Commissions and gratuities, if any, paid or to be paid by External Auditor and related to the assignment will be listed in the Financial Proposal Form FIN-1 of Section 4.

**4. Submission,
Receipt, and
Opening of
Proposals**

4.1 The original proposal (Technical Proposal and, if required, Financial Proposal; see para. 1.2) shall contain no interlineations or overwriting, except as necessary to correct errors made by the External Auditor themselves. The person who signed the proposal must initial such corrections. Submission letters for both Technical and Financial Proposals should respectively be in the format of TECH-1 of Section 3, and FIN-1 of Section 4.

4.2 An authorized representative of the External Auditor shall initial all pages of the original Technical and Financial Proposals. The authorization shall be in the form of a written power of attorney accompanying the Proposal or in any other form demonstrating that the representative has been duly authorized to sign. The signed Technical and Financial Proposals shall be marked "ORIGINAL".

4.3 The Technical Proposal shall be marked "ORIGINAL" or "COPY" as appropriate. The Technical Proposals shall be sent to the addresses referred to in para. 4.5 and in the number of copies indicated in the Data Sheet. All required copies of the Technical Proposal are to be made from the original. If there are discrepancies between the original and the copies of the Technical Proposal, the original governs.

4.4 The original and all copies of the Technical Proposal shall be placed in a sealed envelope clearly marked "TECHNICAL PROPOSAL" Similarly, the original Financial Proposal (if required under the selection method indicated in the Data Sheet) shall be placed in a sealed envelope clearly marked "FINANCIAL PROPOSAL" followed by the Loan/TA number and the name of the assignment, and with a warning "**DO NOT OPEN WITH THE TECHNICAL PROPOSAL.**" The envelopes containing the Technical and Financial Proposals shall be placed into an outer envelope and sealed. This outer envelope shall bear the submission address, reference number and title of the Loan, and be clearly marked "**DO NOT OPEN, EXCEPT IN PRESENCE OF THE OFFICIAL APPOINTED, BEFORE** [*insert the time and date of the submission deadline indicated in the Data Sheet*]". The Client shall not be responsible for misplacement, losing or premature opening if the outer

envelope is not sealed and/or marked as stipulated. This circumstance may be case for Proposal rejection. If the Financial Proposal is not submitted in a separate sealed envelope duly marked as indicated above, this will constitute grounds for declaring the Proposal non-responsive.

4.5 The Proposals must be sent to the address/addresses indicated in the Data Sheet and received by the Client no later than the time and the date indicated in the Data Sheet, or any extension to this date in accordance with para. 2.2. Any proposal received by the Client after the deadline for submission shall be returned unopened.

4.6 The Client shall open the Technical Proposal immediately after the deadline for their submission. The envelopes with the Financial Proposal shall remain sealed and securely stored.

5. Proposal Evaluation

5.1 From the time the Proposals are opened to the time the Contract is awarded, the External Auditor should not contact the Client on any matter related to its Technical and/or Financial Proposal. Any effort by External Auditor to influence the Client in the examination, evaluation, ranking of Proposals, and recommendation for award of Contract may result in the rejection of the External Auditor' Proposal.

Evaluators of Technical Proposals shall have no access to the Financial Proposals until the technical evaluation is concluded and the IFAD issues its "no objection".

Evaluation of Technical Proposals

5.2 The evaluation committee shall evaluate the Technical Proposals on the basis of their responsiveness to the Terms of Reference, applying the evaluation criteria, sub-criteria, and point system specified in the Data Sheet. Each responsive Proposal will be given a technical score (St). A Proposal shall be rejected at this stage if it does not respond to important aspects of the RFP, and particularly the Terms of Reference or if it fails to achieve the minimum technical score indicated in the Data Sheet.

Financial Proposals for QBS

5.3 Following the ranking of technical Proposals, when selection is based on quality only (QBS), the first ranked External Auditor is invited to negotiate its proposal and the Contract in accordance with the instructions given under para. 6 of these Instructions.

Public Opening and Evaluation

5.4 After the technical evaluation is completed and the IFAD has issued its no objection (if applicable), the Client shall inform

**of Financial
Proposals (only
for QCBS)**

the External Auditor who have submitted proposals the technical scores obtained by their Technical Proposals, and shall notify those External Auditor whose Proposals did not meet the minimum qualifying mark or were considered non responsive to the RFP and TOR, that their Financial Proposals will be returned unopened after completing the selection process. The Client shall simultaneously notify in writing External Auditor that have secured the minimum qualifying mark, the date, time and location for opening the Financial Proposals. The opening date should allow External Auditor sufficient time to make arrangements for attending the opening. External Auditor' attendance at the opening of Financial Proposals is optional.

- 5.5 Financial Proposals shall be opened publicly in the presence of the External Auditor' representatives who choose to attend. The name of the External Auditor, and the technical scores of the External Auditor shall be read aloud. The Financial Proposal of the External Auditor who met the minimum qualifying mark will then be inspected to confirm that they have remained sealed and unopened. These Financial Proposals shall be then opened, and the total prices read aloud and recorded. Copy of the record shall be sent to all External Auditor and the IFAD.
- 5.6 The Evaluation Committee will correct any computational errors. When correcting computational errors, in case of discrepancy between a partial amount and the total amount, or between word and figures the formers will prevail. In addition to the above corrections, as indicated under para. 3.6, activities and items described in the Technical Proposal but not priced, shall be assumed to be included in the prices of other activities or items. In case an activity or line item is quantified in the Financial Proposal differently from the Technical Proposal, (i) if the Time-Based form of contract has been included in the RFP, the Evaluation Committee shall correct the quantification indicated in the Financial Proposal so as to make it consistent with that indicated in the Technical Proposal, apply the relevant unit price included in the Financial Proposal to the corrected quantity and correct the total Proposal cost, (ii) if the Lump-Sum form of contract has been included in the RFP, no corrections are applied to the Financial Proposal in this respect. Prices shall be converted to a single currency using the selling rates of exchange, source and date indicated in the Data Sheet.

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- 5.7 In case of QCBS, the lowest evaluated Financial Proposal (Fm) will be given the maximum financial score (Sf) of 100 points. The financial scores (Sf) of the other Financial Proposals will be computed as indicated in the Data Sheet. Proposals will be ranked according to their combined technical (St) and financial (Sf) scores using the weights (T = the weight given to the Technical Proposal; P = the weight given to the Financial Proposal; T + P = 1) indicated in the Data Sheet: $S = St \times T\% + Sf \times P\%$. The firm achieving the highest combined technical and financial score will be invited for negotiations.
- 5.8 In the case of Fixed-Budget Selection, the Client will select the firm that submitted the highest ranked Technical Proposal within the budget. Proposals that exceed the indicated budget will be rejected. In the case of the Least-Cost Selection, the Client will select the lowest proposal among those that passed the minimum technical score. In both cases the evaluated proposal price according to para. 5.6 shall be considered, and the selected firm is invited for negotiations.

6. Negotiations

6.1 Negotiations will be held at the date and address indicated in the Data Sheet. The invited External Auditor will, as a pre-requisite for attendance at the negotiations, confirm availability of all Professional staff. Failure in satisfying such requirements may result in the Client proceeding to negotiate with the next-ranked External Auditor. Representatives conducting negotiations on behalf of the External Auditor must have written authority to negotiate and conclude a Contract.

Technical negotiations

6.2 Negotiations will include a discussion of the Technical Proposal, the proposed technical approach and methodology, work plan, and organization and staffing, and any suggestions made by the External Auditor to improve the Terms of Reference. The Client and the External Auditor will finalize the Terms of Reference, staffing schedule, work schedule, logistics, and reporting. These documents will then be incorporated in the Contract as "Description of Services". Special attention will be paid to clearly defining the inputs and facilities required from the Client to ensure satisfactory implementation of the assignment. The Client shall prepare minutes of negotiations which will be signed by the Client and the External Auditor.

Financial

6.3 If applicable, it is the responsibility of the External Auditor, before starting financial negotiations, to contact the local tax

negotiations	<p>authorities to determine the local tax amount to be paid by the External Auditor under the Contract. The financial negotiations will include a clarification (if any) of the firm's tax liability in the Client's country, and the manner in which it will be reflected in the Contract; and will reflect the agreed technical modifications in the cost of the services. In the cases of QCBS, Fixed-Budget Selection, and the Least-Cost Selection methods, unless there are exceptional reasons, the financial negotiations will involve neither the remuneration rates for staff nor other proposed unit rates. For other methods, External Auditor will provide the Client with the information on remuneration rates described in the Appendix attached to Section 4 - Financial Proposal - Standard Forms of this RFP.</p>
Availability of Professional staff/experts	<p>6.4 Having selected the External Auditor on the basis of, among other things, an evaluation of proposed Professional staff, the Client expects to negotiate a Contract on the basis of the Professional staff named in the Proposal. Before contract negotiations, the Client will require assurances that the Professional staff will be actually available. The Client will not consider substitutions during contract negotiations unless both parties agree that undue delay in the selection process makes such substitution unavoidable or for reasons such as death or medical incapacity. If this is not the case and if it is established that Professional staff were offered in the proposal without confirming their availability, the External Auditor may be disqualified. Any proposed substitute shall have equivalent or better qualifications and experience than the original candidate and be submitted by the External Auditor within the period of time specified in the letter of invitation to negotiate.</p>
Conclusion of the negotiations	<p>6.5 Negotiations will conclude with a review of the draft Contract. To complete negotiations the Client and the External Auditor will initial the agreed Contract. If negotiations fail, the Client will invite the External Auditor whose Proposal received the second highest score to negotiate a Contract.</p>
7. Award of Contract	<p>7.1 After completing negotiations the Client shall award the Contract to the selected External Auditor, publish in UNDB on line and in the Development Gateway the award of the Contract, and promptly notify all External Auditor who have submitted proposals. After Contract signature, the Client shall return the unopened Financial Proposals to the unsuccessful</p>

External Auditor.

7.2 The External Auditor is expected to commence the assignment on the date and at the location specified in the Data Sheet.

8. Confidentiality 8.1 Information relating to evaluation of Proposals and recommendations concerning awards shall not be disclosed to the External Auditor who submitted the Proposals or to other persons not officially concerned with the process, until the publication of the award of Contract. The undue use by any External Auditor of confidential information related to the process may result in the rejection of its Proposal and may be subject to the provisions of the IFAD's antifraud and corruption policy.

Instructions to External Auditor

DATA SHEET

Paragraph Reference	
1.1	Name of the Client: The Principal Secretary / Project Director PTSLP, 100, Anna Salai, Guindy, Chennai- 32 Email ID: tnifad@gmail.com <hr/> Method of selection: Quality Cost Based Selection (QCBS)
1.2	Financial Proposal to be submitted together with Technical Proposal: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Name of the assignment is: External Audit for 2016-17 of six project districts, viz, Thiruvallur, Kancheepuram, Villupuram, Cuddalore, Nagapattinam and Kanyakumari
1.3	A pre-proposal conference will be held: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
1.4	The Client will provide the following inputs and facilities: the client will provide the fund flow system, Budget profile of the Project and unaudited Project Financial Statement and the accounting records
1.6.1 (a)	The Client envisages the need for continuity for downstream work: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
1.14	Proposals must remain valid 90 days after the submission date.

2.1	Clarifications may be requested not later than 15 days before the submission date. The address for requesting clarifications is: IFAD assisted PTSLP, 100, Anna Salai , Guindy- Chennai-32 Facsimile: 044 – 22350025 E-mail: tnifad @gmail.com
-----	--

3.1	Proposals shall be submitted in the following language: English
3.3 (a)	Shortlisted External Auditor may associate with other shortlisted External Auditor: Yes ___ No <input checked="" type="checkbox"/>
3.3 (b)	The estimated number of professional staff-months required for the assignment is: <u>As per the ToR</u>
3.4	The format of the Technical Proposal to be submitted is: FTP __, or STP <input checked="" type="checkbox"/>
3.4 (g)	Training is a specific component of this assignment: Yes ___ No <input checked="" type="checkbox"/>
3.6	<p>(1) a per diem allowance in respect of Personnel of the External Auditor for every day in which the Personnel shall be absent from the home office and, as applicable, outside the Client's country for purposes of the Services;</p> <p>(2) cost of necessary travel, including transportation of the Personnel by the most appropriate means of transport and the most direct practicable route;</p> <p>(3) cost of such further items required for purposes of the Services not covered in the foregoing.</p>
3.7	<p>Amounts payable by the Client to the External Auditor under the contract to be subject to local taxation: Yes <input checked="" type="checkbox"/> No ___</p> <p>If affirmative, the Client will</p> <p>(a) reimburse the External Auditor for any such taxes paid by the External Auditor: Yes</p>

	(b) pay such taxes on behalf of the External Auditor: No																												
3.8	External Auditor to state local cost in the national currency: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>																												
4.3	External Auditor must submit the original and 2 copies of the Technical Proposal.																												
5.2 (b)	<p>Criteria, sub-criteria, and point system for the evaluation of Simplified Technical Proposals are:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">Points</th> </tr> </thead> <tbody> <tr> <td>(i) Specific experience to the assignment</td> <td style="text-align: right;">[30]</td> </tr> <tr> <td style="text-align: right;">Total points for criterion (i):</td> <td style="text-align: right;">[30]</td> </tr> <tr> <td>(ii) Key professional staff qualifications and competence for the assignment:</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">a) Team Leader</td> <td style="text-align: right;">[40]</td> </tr> <tr> <td style="padding-left: 20px;">b) Professional Chartered Accountant staff</td> <td style="text-align: right;">[20]</td> </tr> <tr> <td style="padding-left: 20px;">c) Junior Audit Assistant</td> <td style="text-align: right;">[10]</td> </tr> <tr> <td style="text-align: right;">Total points for criterion (ii):</td> <td style="text-align: right;">[70]</td> </tr> <tr> <td colspan="2" style="padding-top: 10px;"> <p>The number of points to be assigned to each of the above positions or disciplines shall be determined considering the following three sub-criteria and relevant percentage weights:</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">1) General qualifications</td> <td style="text-align: right;">[20%]</td> </tr> <tr> <td>2) Adequacy for the assignment</td> <td style="text-align: right;">[60%]</td> </tr> <tr> <td>3) Experience in region and language</td> <td style="text-align: right;">[20%]</td> </tr> <tr> <td style="text-align: right;">Total weight:</td> <td style="text-align: right;">100%</td> </tr> </tbody> </table> <p style="text-align: right; margin-top: 5px;">Total points for the two criteria: 100</p> </td> </tr> <tr> <td colspan="2" style="padding-top: 10px;"> <p>The minimum technical score St required to pass is: <u>80</u> Points [<i>Insert number of points</i>]</p> </td> </tr> </tbody> </table>		Points	(i) Specific experience to the assignment	[30]	Total points for criterion (i):	[30]	(ii) Key professional staff qualifications and competence for the assignment:		a) Team Leader	[40]	b) Professional Chartered Accountant staff	[20]	c) Junior Audit Assistant	[10]	Total points for criterion (ii):	[70]	<p>The number of points to be assigned to each of the above positions or disciplines shall be determined considering the following three sub-criteria and relevant percentage weights:</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">1) General qualifications</td> <td style="text-align: right;">[20%]</td> </tr> <tr> <td>2) Adequacy for the assignment</td> <td style="text-align: right;">[60%]</td> </tr> <tr> <td>3) Experience in region and language</td> <td style="text-align: right;">[20%]</td> </tr> <tr> <td style="text-align: right;">Total weight:</td> <td style="text-align: right;">100%</td> </tr> </tbody> </table> <p style="text-align: right; margin-top: 5px;">Total points for the two criteria: 100</p>		1) General qualifications	[20%]	2) Adequacy for the assignment	[60%]	3) Experience in region and language	[20%]	Total weight:	100%	<p>The minimum technical score St required to pass is: <u>80</u> Points [<i>Insert number of points</i>]</p>	
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6.1	Expected date and address for contract negotiations: 04.07.2017 _____																												
7.2	Expected date for commencement of consulting services 10.07.2017 _____																												

Section 3. Technical Proposal - Standard Forms

Form TECH-1: Technical Proposal Submission Form

[Location, Date]

To: [Name and address of Client]

Dear Sirs:

We, the undersigned, offer to provide the consulting services for [Insert title of assignment] in accordance with your Request for Proposal dated [Insert Date] and our Proposal. We are hereby submitting our Proposal, which includes this Technical Proposal, and a Financial Proposal sealed under a separate envelope¹.

We are submitting our Proposal

We hereby declare that all the information and statements made in this Proposal are true and accept that any misinterpretation contained in it may lead to our disqualification.

If negotiations are held during the period of validity of the Proposal, i.e., before the date indicated in Paragraph Reference 1.14 of the Data Sheet, we undertake to negotiate on the basis of the proposed staff. Our Proposal is binding upon us and subject to the modifications resulting from Contract negotiations.

We undertake, if our Proposal is accepted, to initiate the consulting services related to the assignment not later than the date indicated in Paragraph Reference 7.2 of the Data Sheet.

We understand you are not bound to accept any Proposal you receive.

We remain,

Yours sincerely,

Authorized Signature [*In full and initials*]: _____

Name and Title of Signatory: _____

Name of Firm: _____

Address: _____

-
- 1 [*In case Paragraph Reference 1.2 of the Data Sheet requires to submit a Technical Proposal only, replace this sentence with: “We are hereby submitting our Proposal, which includes this Technical Proposal only.”*]
 - 2 [*Delete in case no association is foreseen.*]

Form TECH-2: External Auditor's Organization and Experience

A - External Auditor's Organization

[Provide here a brief description of the background and organization of your firm/entity and each associate for this assignment.]

Mandatory Information for of External Audit Firm

Submission Requirements

A - Consultant's Company/Firm Profile:

1. **Organizational:** Provide a brief description of the background and organization of your firm/entity. The brief description should include ownership details, date and place of incorporation of the firm, etc.

Brief Data Sheet of CA Firm for Internal Audit			
Sl. No.	Particulars		To be filled up by CA firms
1	Name of Firm		
2	CAG Empanelment Number (Please attach Empanelment Certificate as per instructions)		
3	CAG Empanelment Year		
4	Registration No. & Date: (Please attach Registration Certificate)		
5	Year of incorporation		
6	Total number of years of Experience from the incorporation of the Firm.		

2. **Financial:** Provide previous three financial years turn over and net worth of the firm on the basis of the audited accounts of the previous three financial years as follows.

Particulars	Amount in Lakh (INR)
Turnover2013-14	
Turnover2014-15	
Turnover2015-16	
Average Turnover	

B - Consultant's Experience

External Audit consultancy Assignments of Central/state Government/private sector/banks/externally aided projects in Tamil Nadu

Information of at least last 5 years

Sl. No.	Name of Assignment	Type of Assignment	Fees Received

External Audit consultancy Assignments of Central/state Government/private sector/banks/externally aided projects in other States

Information of at least last 5 years

Sl. No.	Name of Assignment	Type of Assignment	Fees Received

Key Staff Profile

a) Total number of full time chartered accountants (partners with the firm)

Sl. No.	Name of Chartered Accountant (Partner)	Education	Total years of experience

b) Total number of paid chartered accountants with the firm

Sl. No.	Name and position	Education	Total years of experience

c) Total number of Senior Audit Assistant with the firm

Sl. No.	Name and position	Education	Total years of experience

d) Total number of Junior Audit Assistant with the firm

Sl. No.	Name and position	Education	Total years of experience

Form TECH-6: Curriculum Vitae (CV) for Proposed Professional Staff

1. **Proposed Position** [*only one candidate shall be nominated for each position*]: _____

2. **Name of Firm** [*Insert name of firm proposing the staff*]: _____

3. **Name of Staff** [*Insert full name*]: _____

4. **Date of Birth:** _____ **Nationality:** _____

5. **Education** [*Indicate college/university and other specialized education of staff member, giving names of institutions, degrees obtained, and dates of obtainment*]: _____

6. **Membership of Professional Associations:** _____

7. **Other Training** [*Indicate significant training since degrees under 5 - Education were obtained*]: _____

8. **Countries of Work Experience:** [*List countries where staff has worked in the last ten years*]: _____

9. **Languages** [*For each language indicate proficiency: good, fair, or poor in speaking, reading, and writing*]: _____

10. **Employment Record** [*Starting with present position, list in reverse order every employment held by staff member since graduation, giving for each employment (see format here below): dates of employment, name of employing organization, positions held.*]:

From [Year]: _____ To [Year]: _____

Employer: _____

Positions held: _____

<p>11. Detailed Tasks Assigned</p> <p><i>[List all tasks to be performed under this assignment]</i></p>	<p>12. Work Undertaken that Best Illustrates Capability to Handle the Tasks Assigned</p> <p><i>[Among the assignments in which the staff has been involved, indicate the following information for those assignments that best illustrate staff capability to handle the tasks listed under point 11.]</i></p> <p>Name of assignment or project: _____</p> <p>Year: _____</p> <p>Location: _____</p> <p>Client: _____</p> <p>Main project features: _____</p> <p>Positions held: _____</p> <p>Activities performed: _____</p>
--	--

13. Certification:

I, the undersigned, certify that to the best of my knowledge and belief, this CV correctly describes myself, my qualifications, and my experience. I understand that any wilful misstatement described herein may lead to my disqualification or dismissal, if engaged.

_____ Date: _____
[Signature of staff member or authorized representative of the staff] *Day/Month/Year*

Full name of authorized representative: _____

Section 4. Financial Proposal - Standard Forms

Form FIN-1: Financial Proposal Submission Form

[Location, Date]

To: [Name and address of Client]

Dear Sirs:

We, the undersigned, offer to provide the consulting services for [Insert title of assignment] in accordance with your Request for Proposal dated [Insert Date] and our Technical Proposal. Our attached Financial Proposal is for the sum of [Insert amount(s) in words and figures¹]. This amount is exclusive of the local taxes, which shall be identified during negotiations and shall be added to the above amount.

Our Financial Proposal shall be binding upon us subject to the modifications resulting from Contract negotiations, up to expiration of the validity period of the Proposal, i.e. before the date indicated in Paragraph Reference 1.14 of the Data Sheet.

We understand you are not bound to accept any Proposal you receive.

We remain,

Yours sincerely,

Authorized Signature [In full and initials]: _____

Name and Title of Signatory: _____

Name of Firm: _____

Address: _____

1 Amounts must coincide with the ones indicated under Total Cost of Financial proposal in Form FIN-2.

2 If applicable, replace this paragraph with: “No commissions or gratuities have been or are to paid by us to agents relating to this Proposal and Contract execution.”

Form FIN-2: Summary of Costs

Item	Costs			
				<i>[Indicate Local Currency]</i>
Total Costs of Financial Proposal ¹				

- ¹ Indicate the total costs, net of local taxes, to be paid by the Client in each currency. Such total costs must coincide with the sum of the relevant Subtotals indicated in all Forms FIN-3 provided with the Proposal.

Form FIN-3: Breakdown of Costs by Activity¹

Group of Activities (Phase):² <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/>	Description:³ <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/>			
Cost component	Costs			
	Unit	Per day rate	No. of days	<i>[Indicate Local Currency]</i>
Remuneration				
Reimbursable Expenses				
Subtotals				

- 1 Form FIN-3 shall be filled at least for the whole assignment. In case some of the activities require different modes of billing and payment (e.g.: the assignment is phased, and each phase has a different payment schedule), the External Auditor shall fill a separate Form FIN-3 for each group of activities. For each currency, the sum of the relevant Subtotals of all Forms FIN-3 provided must coincide with the Total Costs of Financial Proposal indicated in Form FIN-2.
- 2 Names of activities (phase) should be the same as, or correspond to the ones indicated in the second column of Form TECH-8.
- 3 Short description of the activities whose cost breakdown is provided in this Form.

Form FIN-5: Breakdown of Reimbursable Expenses (Lump-Sum)

(This Form FIN-5 shall only be used when the Lump-Sum Form of Contract has been included in the RFP. Information to be provided in this Form shall only be used to establish payments to the External Auditor for possible additional services requested by the Client)

N°	Description¹	Unit	Unit Cost²
	Per diem allowances	Day	
	Miscellaneous travel expenses	Trip	

- 1 Delete items that are not applicable or add other items according to Paragraph Reference 3.6 of the Data Sheet.
- 2 Indicate unit cost and currency.

Section 5. Terms of Reference

The following are the terms of reference (TORs) on the basis of which the Post Tsunami Sustainable Livelihoods Programme agrees to engage the **audit firm** (“the auditor”) to perform an audit and to report in connection with the agreement with the International Fund for Agricultural Development (IFAD) Post Tsunami Sustainable Livelihoods Programme and loan no.662-IN & 691 - IN.

1. Introduction:

IFAD assisted PTSLP is implementing the Livelihood Programme for the Coastal Communities of Tamil Nadu. The Project is being implemented 109 in coastal Panchayat of six districts viz., Thiruvallur, Kancheepuram, Villupuram, Cuddalore, Nagapattinam and Kanyakumari over a period of 8 years commencing from the financial year 2007-08 and in additionally the project is being implemented 129 in coastal Panchayat of six districts viz., Thiruvavur, Thanjavur, Pudhukotai, Ramanathapuram, Tuticorin and Tirunelveli for a period of 3 years commencing from the financial year 2017-18.

2. Goal and Objectives of the Project:

The overall objectives of the project would be to build self reliant coastal communities, resilient to shocks and able to manage their livelihoods in a sustainable manner. This would be achieved via the immediate objective of developing viable enterprises and resource management systems owned and operated by poor men and women in the region affected by the Tsunami and supported by community and other appropriate institutions.

3. Project Components:

The following are the project components under which various activities have to be taken up in existing districts:

- ❖ Coastal areas resource management
- ❖ Rural finance and risk transfer instruments
- ❖ Employment generation and skill training

- ❖ Community based sea safety and disaster management
- ❖ Programme Management

For additional district

- ❖ Coastal areas resource management
- ❖ Rural finance and risk transfer instruments
- ❖ Central Project Management Unit

4. Programme Components:

(i) Coastal Area Resource Management:

(a) Community Support:

Community Support is provided through Cluster Resource Centre (CRCs) which is a group of coastal Panchayats. In the Project area 28 Cluster Resource Centres have been established by Facilitating NGOs (FNGOs). Three staff for each Cluster Resource Centre viz., a Cluster Coordinator, Facilitator & Business Promoter have been engaged by the FNGOs. The Cluster Resource Centre provides support to the local community in implementing the project activities. The salary and other allowances of the CRC staff is being paid through the FINGOs.

(b) Community Resource Planning:

The Cluster Resource Centre personnel help the community in a Participatory Resource Mapping exercise, which identifies and prioritize the infrastructure needs of the community. Infrastructure Micro Plans for implementation are developed based on the Participatory Rural Appraisal (PRA) which also reflects environmental and gender concerns and also Livelihood options.

The Programme makes available funds to the community for implementing the Micro Plans, 10% of which are contributed by the community by way of cash.

(c) Fisheries Resource Management:

The expertise of specialist Organizations in the fisheries sector are utilized in Fisheries Resource Management. The project promotes responsible safe fishing practices. Creating awareness through holding workshops on environmental impact, diversifying fishing operations etc are other important activities that are being undertaken.

(ii) Rural Finance and Risk Transfer Instruments:**(a) Micro credit for SHGs:**

Training to SHG members are given to identify Income Generating Activities and bank linkages are facilitated by the Cluster staff/District Offices.

The District Implementation Office (DIO) in coordination with Cluster Resource Centres personnets conduct sensitization workshops to the bank staff and financial institutions. Exposure visits are arranged for the bankers, to understand the importance of timely credit assistance.

(b) Risk management and Insurance:

The District Implementation Officers (DIOs) arrange workshops to discuss the risk management needs of the fishing community. For this, Vulnerability Reduction Fund is set up which extends soft loans at the time of disasters. This fund is administered by PLFs of which the project contribute 4/5 the share and the balance 1/5 share by the community. Workshops on insurance help the community to decide on suitable insurance products. Self Help Groups and the members of fish marketing societies are given training on insurance.

(c) Establishment of Venture Capital Fund:

This Fund would supplement the loans from banks to Self Help Groups and fishermen societies. The fund will be managed by a professional Financial or Business establishment that has necessary skills to provide support for the enterprises to become successful. The establishment would be selected through procurement procedures laid down by IFAD.

(iii) Employment Generation and Skill Training:**(a) Support to SHGs:**

A structured survey to assess the status of Self Help Group(SHGs) and Panchayat Level Federations (PLFs) was undertaken, which indicated areas of weakness and has suggested measures to strengthen them. The NGOs undertake capacity building training of weak Self Help Groups, promote credit linkages and emergence of Federations.

(b) Formation of Fish Marketing Societies:

The Programme Management Unit (PMU) has entered into an agreement with South Indian Federation of Fishermen Societies (SIFFS) through a Memorandum of Understanding (MoU) for setting up of Fish Marketing Societies(FMS), limiting membership to owners of small crafts, kattumarams and vallams. South Indian Federation of Fishermen Societies (SIFFS) is also given grants to finance loan redemption of fisher folk. The Programme Management Unit examines proposals submitted by South Indian Federation of Fishermen Societies for various measures for the development of fishermen and gives clearances/ financial assistance.

(c) Vocational Training:

The programme helps the rural unemployed educated youth to take up vocational training in their optional trades from selected institutions which assure placement / employment. The institutions are selected by the PMU as per the procurement method prescribed by IFAD.

(d) Micro Enterprise Development:

Technical specialists / reputed organizations / institutes are engaged in conducting district wise sub sector studies and analysis. The Programme Management Unit in partnership with Non-Government Organizations (NGOs) / organizations that have experience in development of micro enterprises work to develop a cluster of enterprises in the identified sub sector. The PMU provides financial assistance to the identified very poor/ poor beneficiaries to the tune of 3 lakhs (maximum) for setting up of their own Micro Enterprises.

(iv) Community based Sea Safety and Disaster Management:

Training sessions have been organized for fishermen on sea safety measures. Workshops were conducted utilizing subject experts to create awareness on the various measures available for ensuring Sea Safety (Communication aids, life saving techniques etc).

Technical expertises are engaged in ascertaining the need to educate school children on disaster management. Workshops are also conducted to evolve

resource material and curriculum on environmental education in Primary Schools. Teachers have been trained on these materials and they were involved in conducting workshops for school children. Developing, Printing and dissemination of resource material, its periodical review and presenting awards to model schools are part of this component.

(v) Project Management Unit (PMU) will

- Coordinate and supervise the implementation of the programme.
- Contract NGOs, consultants and other service providers wherever necessary.
- Coordinate and consolidate the Annual Work Plan and budget (AWPB) of the Project.
- Facilitate flow of funds to implementing agencies, ensure proper utilization of the funds, prepare expenditure statements and submit reimbursement claims.
- Maintain a Management Information System and
- Submit progress reports as required by the Programme.

The Project Director, Additional Director and Finance Manager of the PMU is responsible for the administration and funds management of the Programme. He/She shall discharge his/her functions under the guidance of the Steering Committee.

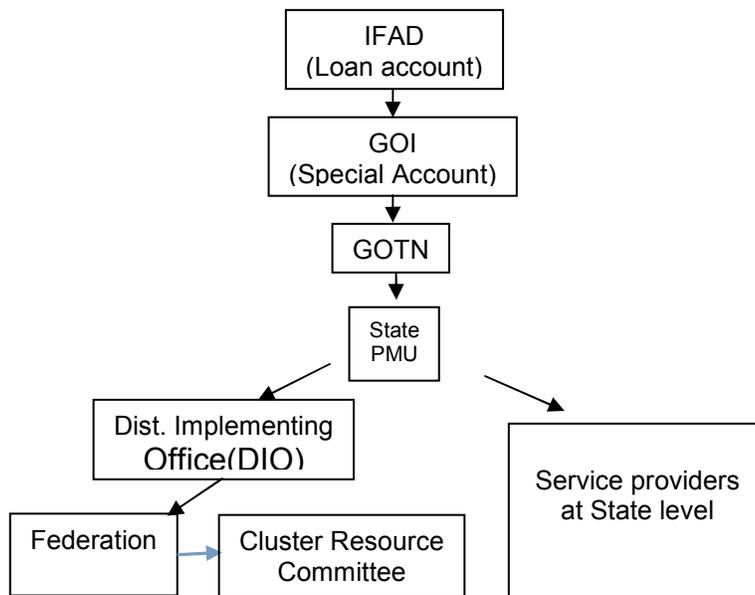
The Project Director shall appoint staff, exercise supervisory and disciplinary control by prescribing duties for all officers and staff of the project.

- Shall incur eligible expenditure under the programme observing the procurement guidelines.
- Shall be guided by the Steering Committee, help in conducting and recording the proceedings of the meeting.
- Shall coordinate and exercise general supervision over the activities of the programme.

5. Flow of funds:

The project is funded by the State Government initially under Part I scheme by regular budget allocation under the Rural Development and Panchayat Raj department every year. The Commissioner of Rural Development and Panchayat Raj draws funds from Treasury and disburses the same to the PMU. The PMU, in turn, will release funds to the District. The Implementation Offices for the implementation of the schemes including salary & office administration and to the PLFs/ Facilitating NGOs for the implementation of project activities in the field levels through the District Implementation Offices.

As and when expenditures are incurred, eligible amount is being reimbursed by IFAD through Dept., of Economic Affairs, Ministry of Finance, Govt. of India based on Statement of Expenditure (SoE)



6. Project Coverage:

The Project is implemented in 121 Village Panchayat in 6 districts and approved of IFAD

Sl.no	No. of Districts	No. of Blocks	No. of Panchayat
1.	6	24	121

For details about the Project please visit www.ptslp.org

7.1 Responsibilities of the parties to the engagement

The Lead Programme Agency refers to the entity that executes the project on behalf of the borrower/recipient and that has signed the agreement with IFAD.

- The LPA is responsible for providing financial statements for the activities financed by the financing agreement and for ensuring that these financial statements can be properly reconciled to the LPA records and accounts in respect of these services.
- The LPA accepts that the ability of the auditor to perform the procedures required by this engagement effectively depends on the LPA's providing full and free access to its staff and records and accounts.
- The LPA shall provide the auditor with all necessary documentation to perform the assignment properly; in particular, the following information shall be provided to the auditor before the beginning of the assignment:
 - Financing agreement;
 - Annual progress report;
 - Project implementation manual;
 - Financial management manual;
 - Organizational charts along with names and titles of senior managers;
 - Names and qualifications of officers responsible for financial management, accounting and internal audit;
 - Description of information technology facilities and computer systems in use; and
 - Copies of the minutes of negotiations, the project design document, the annual work programme and budget, and the Letter to the Borrower, if available.

“**The auditor**” refers to the auditor who is responsible for performing the agreed procedures as specified in these TORs, and for submitting a report of factual findings to the LPA.

The auditor shall provide:

A separate opinion on the project financial statements (PFSs).

Minimum content of the PFSs to be provided by the project:

- Yearly and cumulative statements of sources and application of funds, which should disclose separately IFAD's funds, other donors' funds and beneficiaries' funds;
- Yearly and cumulative SOEs by withdrawal application and category of expenditures;
- Reconciliation between the amounts shown as received by the project and those shown as being disbursed by IFAD should be attached as an annex to the PFSs. As part of that reconciliation, the auditor will indicate the procedure used for disbursement (SA funds, letters of credit, special commitments, reimbursement or direct payment) and indicate whether the expenditure is fully documented or uses the summary of expenditures format;
- Cumulative status of funds by category;
- A statement of comparison between actual expenditures and budget estimates;
- Notes accompanying the PFSs; fixed assets;
- Full disclosure of cash balances; and
- Other statements or disclosures relevant to the project, e.g. financial monitoring reports, credit lines, etc.

A separate opinion on withdrawal applications/statements of expenditure/summary of expenditures (SOEs).

The audit will include a review of SOEs used as the basis for submitting withdrawal applications. The auditor will carry out tests and reviews as necessary and relevant to the circumstances. SOE expenditures will be carefully compared for eligibility with relevant financial agreements and the disbursement letter, with reference to the project design report for guidance when necessary. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed, auditors will note these separately. A schedule listing individual SOEs

withdrawal applications by reference number and amount should be attached to the PFSs. The total withdrawals under the SOE procedure should be part of the overall reconciliation of IFAD disbursements described above. The auditor's opinion should deal with the adequacy of the procedures used by the project for preparing SOEs and should include a statement that amounts withdrawn from the project account on the basis of such SOEs were used for the purposes intended under the agreement.

• **A separate management letter** addressing the adequacy of the accounting and internal control systems of the programme, including compliance with the IFAD Procurement Guidelines and such other matters as IFAD may notify the LPA to include in the audit.

The auditor is requested to comment on:

- Economy, efficiency and effectiveness in the use of project resources;
- Achievement of planned project results;
- Legal and financial obligations and commitments of the project and the extent of compliance or non-compliance thereof;
- Systems and procedures such as improvements in accounting, information
- Technology or computer systems, and operations that may be under development, on which the auditor's comments are necessary to ensure effective controls; and
- Other activities on which the auditor may consider it appropriate to report.

• **Auditors shall certify:**

- Whether the PFSs are drawn up in conformity with internationally accepted
- accounting standards;
- Whether the PFSs are accurate and are drawn up from the books of accounts maintained by the project;
- Whether the provisions of the financing agreement are adhered to;
- Whether procurement has been undertaken by the project in accordance with
- applicable procurement procedures and the IFAD Procurement Guidelines;
- The existence of any significant assets purchased and confirm their existence and use for project purposes;

- Whether the project has an effective system of financial supervision or internal audit at all levels; and
 - Whether the expenditures claimed through SOEs are properly approved, classified and supported by adequate documentation.
- The auditor is a member of the Institute of Registered Auditors of **India**, which in turn is a member of the International Federation of Accountants (IFAC). In the case of supreme audit institutions, these should be members of the International Organization of Supreme Audit Institutions (INTOSAI).

7.2 Subject of the engagement

The subjects of this engagement are the financial statements dated **31.03.2017** in connection with the agreement for the period covering **01.04.2016 to 31.03.2017**.

The information, both financial and non-financial, that is subject to verification by the auditor is all information that makes it possible to verify that the expenditures claimed by the LPA in financial statements have occurred, and are accurate and eligible. Annex 1 to these TORs contains an overview of key information about the agreement and the services concerned.

7.3 Reason for the engagement

The LPA is required to submit to IFAD an audit report produced by an external auditor under article IX of the General Conditions for Agricultural Development Financing.

7.4 Engagement type and objective

This constitutes an engagement to perform specific agreed procedures following the IFAD Guidelines on Project Audits provided to the auditors by the LPA in annex 2 of these TORs. The objective of this audit is for the auditor:

- To verify that the expenditures claimed by the LPA in the financial statements for the activities covered by the agreement have occurred (“reality”), are

- accurate (“exact”) and are eligible (i.e. that expenditure has been incurred in accordance with the terms and conditions of the agreement); and
- To submit a report of factual findings with regard to the agreed procedures performed.

7.5 Scope of work

7.5.1 The auditor shall undertake this engagement in accordance with these TORs and with:

- International Standards on Auditing (ISAs) to perform agreed procedures regarding financial information as promulgated by IFAC;
- The Code of Ethics for Professional Accountants issued by IFAC. Although the International Standard on Related Services 4400 provides that independence is not a requirement for agreed procedures engagement, IFAD requires that the auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants.
- IFAD Guidelines on Project Audits.

7.5.2 Terms and conditions of the agreement

The auditor verifies that the funds provided by the agreement were spent in accordance with the terms and conditions of the agreement.

7.5.3 Planning, procedures, documentation and evidence

The auditor should plan the work so that an effective audit can be performed. For this purpose, the auditor performs the procedures specified in the IFAD Guidelines on Project Audits and uses the evidence obtained from these procedures as the basis for the report of factual findings. The auditor should document matters that are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with ISAs and these TORs.

7.6 Reporting

The report on this audit should describe the purpose and the agreed procedures of the engagement in sufficient detail to enable the LPA and IFAD to understand the nature and extent of the procedures performed by the auditor. Use of financial and audit reporting is governed by IFAD rules.

ANNEX : IFAD Guidelines on Project Audits December 2011

Section VI - IFAD Policy – Corrupt and Fraudulent Practices

(Section VI shall not be modified)

“Fraud and Corruption

It is IFAD’s policy to require that Borrowers (including beneficiaries of IFAD loans), consultants, and their agents (whether declared or not), sub-contractors, sub-consultants, service providers, or suppliers, and any personnel thereof, observe the highest standard of ethics during the selection and execution of IFAD-financed contracts [footnote: In this context, any action taken by a consultant or any of its personnel, or its agents, or its sub-consultants, sub-contractors, services providers, suppliers, and/or their employees, to influence the selection process or contract execution for undue advantage is improper.]. In pursuance of this policy, the IFAD:

(a) defines, for the purposes of this provision, the terms set forth below as follows:

- (i) “corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party⁶;
- (ii) “fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation⁷;
- (iii) “collusive practices” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party⁸;
- (iv) “coercive practices” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party⁹;

⁷ For the purpose of this sub-paragraph, “another party” refers to a public official acting in relation to the selection process or contract execution. In this context “public official” includes IFAD staff and employees of other organizations taking or reviewing selection decisions.

⁸ For the purpose of this sub-paragraph, “party” refers to a public official; the terms “benefit” and “obligation” relate to the selection process or contract execution; and the “act or omission” is intended to influence the selection process or contract execution.

⁹ For the purpose of this sub-paragraph, “parties” refers to participants in the procurement or selection process (including public officials) attempting either themselves, or through another person or entity not participating in the procurement or selection process, to simulate competition or to establish prices at artificial, non-competitive levels, or are privy to each other’s bid prices or other conditions.

(v) “obstructive practice” is

- (aa) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an IFAD investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or
- (bb) acts intended to materially impede the exercise of the IFAD’s inspection and audit rights;

(b) will reject a proposal for award if it determines that the consultant recommended for award or any of its personnel, or its agents, or its sub-consultants, sub-contractors, services providers, suppliers, and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;

(c) will declare misprocurement and cancel the portion of the Loan allocated to a contract if it determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the Loan were engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the selection process or the implementation of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the IFAD to address such practices when they occur, including by failing to inform the IFAD in a timely manner they knew of the practices;

(d) will sanction a firm or an individual at any time, in accordance with prevailing IFAD’s sanctions procedures, including by publicly declaring such firm or an ineligible, either indefinitely or for a stated period of time: (i) to be awarded an IFAD-financed contract, and (ii) to be a nominated¹⁰ sub-consultant, supplier, or service provider of an otherwise eligible firm being awarded an IFAD-financed contract.

10 For the purpose of this sub-paragraph, “party” refers to a participant in the selection process or contract execution.

¹¹ A nominated sub-consultant, supplier, or service provider is one which has been either (i) included by the consultant in its proposal because it brings specific and critical experience and know-how that are accounted for in the technical evaluation of the consultant’s proposal for the particular services; or (ii) appointed by the Borrower.
