
REQUEST FOR PROPOSALS
RFP [Roc.No/1030/B2/PTSLLP/2016]

Country [INDIA]

Project Name [International Fund for Agriculture Development assisted
Post Tsunami Sustainable Livelihoods Programme]

Existing Loan # [662 – IN and 691 - IN]
Additional Loan # [2000001433 – IN]

Title of Consulting Services [Engaging Internal Auditor to audit accounts of six
existing project districts, viz, Thiruvallur, Kancheepuram, Villupuram,
Cuddalore, Nagapattinam and Kanyakumari for the year 2017-18 and six
additional districts, viz, Thiruvavur, Thanjavur, Pudhukotai, Ramanathapuram,
Tuticorin and Thirunelveli for the year 2017-18]

Method : QCBS

Section 1. Letter of Invitation

[if applicable, insert: RoC.No.1030/B2/PTS LP/2016-----]
[insert: Chennai, dated -----]

[insert: Name and Address of Internal Auditor]

Dear Mr./Ms.:

1. The Government of Tamil Nadu (hereinafter called “Borrower”) has received financing from the International Fund for Agricultural Development (hereinafter called “IFAD”) toward the cost of implementing Post Tsunami Sustainable Livelihood Programme through Project Management Unit, PTS LP (hereinafter called ‘Client’ or PMU). The Client Borrower intends to apply a portion of the funds to eligible payments under the contract for engaging Internal Auditor for the year 2017-18 which this Request for Proposals is issued.
2. The Client now invites proposals to provide the following consulting services: **Internal Audit to audit the accounts of project offices of six existing project districts, viz, Thiruvallur, Kancheepuram, Villupuram, Cuddalore, Nagapattinam and Kanyakumari] & [Engaging of Internal Auditor to audit accounts of six additional districts, viz, Thiruvarur, Thanjavur, Ramanathapuram, Pudhukkotai, Thoothukudi and Tirunelveli.** 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 Internal Auditor:
NA
It is not permissible to transfer this invitation to any other firm.
4. A firm will be selected under QCBS – *Quality 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 Internal 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

Definitions

- (a) “IFAD” means the International Fund for Agricultural Development.
- (b) “Client” means the agency with which the selected Internal Auditor signs the Contract for the Services.
- (c) “Internal 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 Internal 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 Internal Auditor” (Section 2 of the RFP) means the document which provides shortlisted Internal 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 Internal Auditor.
- (j) “Personnel” means professionals and support staff provided by the Internal Auditor or by any Sub-Internal 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 Internal 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 Internal Auditor pursuant to the Contract.
- (o) “Sub-Internal Auditor” means any person or entity with whom

the Internal 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 Internal 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 Internal 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 Internal Auditor.
- 1.3 Internal 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, Internal 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. Internal 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. Internal 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 Internal 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 Internal 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 Internal Auditor.

Conflict of Interest

1.6 IFAD policy requires that Internal 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, Internal 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 Internal 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 Internal Auditor to be executed for the same or for another Client. For example, a Internal 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 Internal Auditor assisting a Client in the privatization of public assets shall not purchase, nor advise purchasers of, such assets. Similarly, a Internal Auditor hired to prepare Terms of Reference

for an assignment should not be hired for the assignment in question.

Conflicting relationships

- (iii) A Internal Auditor (including its Personnel and Sub-Internal 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 Internal 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 Internal Auditor or the termination of its Contract.

1.6.3 No agency or current employees of the Client shall work as Internal 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 Internal 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 Internal Auditor as part of his technical proposal.

Unfair Advantage

1.6.4 If a shortlisted Internal 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 Internal Auditor together with this RFP all information that would in that respect give such Internal Auditor any competitive advantage over competing Internal Auditor.

**Fraud and
Corruption**

1.7 It is the IFAD's policy to require that Borrowers (including beneficiaries of IFAD loans), as well as Internal Auditor and their agents (whether declared or not), personnel, sub-contractors, sub-Internal 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, any party or the property of the party to influence improperly the actions of a party⁵;

(v) "obstructive practice" is

¹ In this context, any action taken by a Internal Auditor or a sub-Internal 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.

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

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

^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.

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

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- 1.7.1. In further pursuance of this policy, Internal 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 Internal Auditor, their agents (whether declared or not), personnel, sub-contractors, sub-Internal 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 Internal Auditor shall be aware of the provisions on fraud and corruption stated in the specific clauses in the General Conditions of Contract.
- 1.9 Internal 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 Internal 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-Internal Auditor** 1.11 In case a shortlisted Internal Auditor intends to associate with Internal Auditor who have not been shortlisted and/or individual expert(s), such other Internal 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 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** 1.13 Shortlisted Internal Auditor may only submit one proposal. If

Proposal	a Internal 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-Internal Auditor, including individual experts, to more than one proposal.
Proposal Validity	1.14 The Data Sheet indicates how long Internal Auditor' Proposals must remain valid after the submission date. During this period, Internal 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 Internal Auditor to extend the validity period of their proposals. Internal 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, Internal Auditor could submit new staff in replacement, who would be considered in the final evaluation for contract award. Internal Auditor who do not agree have the right to refuse to extend the validity of their Proposals.
2. Clarification and Amendment of RFP Documents	<p data-bbox="529 980 1435 1377">2.1 Internal 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 Internal 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.</p> <p data-bbox="529 1409 1435 1730">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 Internal Auditor and will be binding on them. Internal Auditor shall acknowledge receipt of all amendments. To give Internal 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.</p>
3. Preparation of Proposals	3.1 The Proposal (see para. 1.2), as well as all related correspondence exchanged by the Internal Auditor and the Client, shall be written in the language (s) specified in the

Data Sheet.

3.2 In preparing their Proposal, Internal 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, Internal Auditor must give particular attention to the following:

(a) If a shortlisted Internal Auditor considers that it may enhance its expertise for the assignment by associating with other Internal Auditor in a joint venture or sub-consultancy, it may associate with either (a) non-shortlisted Internal Auditor(s), or (b) shortlisted Internal Auditor if so indicated in the Data Sheet. A shortlisted Internal Auditor must first obtain the approval of the Client if it wishes to enter into a joint venture with non-shortlisted or shortlisted Internal Auditor(s). In case of association with non-shortlisted Internal Auditor(s), the shortlisted Internal 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 Internal 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 Internal 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 Internal 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, Internal 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 Internal Auditor's organization and an outline of recent experience of the Internal 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-Internal Auditor/ Professional staff who participated, duration of the assignment, contract amount, and Internal Auditor's involvement. Information should be provided only for those assignments for which the Internal 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 Internal Auditor, or that of the Internal Auditor's associates, but can be claimed by the Professional staff themselves in their CVs. Internal 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).

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- (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 Internal 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 Internal 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 Internal 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 Internal Auditor may express the price of their services in a maximum of three freely convertible currencies, singly or in combination. The Client may require Internal 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 Internal 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 Internal 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 Internal 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

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- 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 Internal Auditor should not contact the Client on any matter related to its Technical and/or Financial Proposal. Any effort by Internal 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 Internal 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 Internal 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 of Financial Proposals (only for QCBS)**
- 5.4 After the technical evaluation is completed and the IFAD has issued its no objection (if applicable), the Client shall inform the Internal Auditor who have submitted proposals the technical scores obtained by their Technical Proposals, and shall notify those Internal 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 Internal Auditor that have secured the minimum qualifying mark, the date, time and location for opening the Financial Proposals. The opening date should allow Internal Auditor sufficient time to make arrangements for attending the

opening. Internal Auditor' attendance at the opening of Financial Proposals is optional.

- 5.5 Financial Proposals shall be opened publicly in the presence of the Internal Auditor' representatives who choose to attend. The name of the Internal Auditor, and the technical scores of the Internal Auditor shall be read aloud. The Financial Proposal of the Internal 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 Internal 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.
- 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.

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- 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 Internal Auditor will, as a prerequisite 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 Internal Auditor. Representatives conducting negotiations on behalf of the Internal 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 Internal Auditor to improve the Terms of Reference. The Client and the Internal 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 Internal Auditor.
- Financial negotiations**
- 6.3 If applicable, it is the responsibility of the Internal Auditor, before starting financial negotiations, to contact the local tax authorities to determine the local tax amount to be paid by the Internal 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, Internal 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.

- | | | |
|---|-----|---|
| Availability of Professional staff/experts | 6.4 | Having selected the Internal 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 Internal Auditor may be disqualified. Any proposed substitute shall have equivalent or better qualifications and experience than the original candidate and be submitted by the Internal Auditor within the period of time specified in the letter of invitation to negotiate. |
| Conclusion of the negotiations | 6.5 | Negotiations will conclude with a review of the draft Contract. To complete negotiations the Client and the Internal Auditor will initial the agreed Contract. If negotiations fail, the Client will invite the Internal Auditor whose Proposal received the second highest score to negotiate a Contract. |
| 7. Award of Contract | 7.1 | After completing negotiations the Client shall award the Contract to the selected Internal Auditor, publish in UNDB on line and in the Development Gateway the award of the Contract, and promptly notify all Internal Auditor who have submitted proposals. After Contract signature, the Client shall return the unopened Financial Proposals to the unsuccessful Internal Auditor. |
| | 7.2 | The Internal 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 Internal 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 Internal 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 Internal Auditor

DATA SHEET

[Comments in brackets provide guidance for the preparation of the Data Sheet; they should not appear on the final RFP to be delivered to the shortlisted Internal Auditor]

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: Internal Audit for 2017-18 of six existing project districts, viz, Thiruvallur, Kancheepuram, Villupuram, Cuddalore, Nagapattinam and Kanyakumari & Six Additional project districts viz, Thiruvarur, Thanjavur, Pudhukkotai Ramanathapuram, Thoothukudi and Tirunelveli.
1.3	A pre-proposal conference will be held: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <i>[If yes, indicate date, time, and venue]</i> _____ _____
1.4	The Client will provide the following inputs and facilities: the client will provide the legal documents, fund flow system, Budget profile of the Project and all other documents required for conduct of the audit. <hr/> <hr/>
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 _____ days after the submission date.

2.1	<p>Clarifications may be requested not later than 10 days before the submission date.</p> <p>The address for requesting clarifications is: IFAD assisted PTSLP, 100, Anna Salai , Guindy- Chennai-32 Facsimile: 044 – 22350025 E-mail: tnifad @gmail.com</p>
3.1	Proposals shall be submitted in the following language: English
3.3 (a)	Shortlisted Internal Auditor may associate with other shortlisted Internal Auditor: Yes ___ No <input checked="" type="checkbox"/>
3.3 (b)	The estimated number of professional and other staff-months required for the assignment is: <u>As per the Terms of Reference</u>
3.4	The format of the Technical Proposal to be submitted is: FTP, or STP <input checked="" type="checkbox"/> [<i>check the applicable format</i>]
3.4 (g)	Training is a specific component of this assignment: Yes ___ No <input checked="" type="checkbox"/>
3.6	<p>[<i>List the applicable Reimbursable expenses in foreign and in local currency.</i>]</p> <ol style="list-style-type: none"> (1) a per diem allowance in respect of Personnel of the Internal Auditor for every day in which the Personnel shall be absent from the home office (2) cost of necessary travel, including transportation of the Personnel by the most appropriate means of transport and the most direct practicable route; (3) cost of applicable local communications such as the use of telephone and facsimile required for the purpose of the Services; (4) cost, rental and freight of any instruments or equipment required to be provided by the Internal Auditor for the purposes of the Services; (5) other allowances where applicable and provisional or fixed sums (if any); and (6) cost of such further items required for purposes of the Services not covered in the foregoing.

<p>3.7</p>	<p>Amounts payable by the Client to the Internal Auditor under the contract to be subject to local taxation: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If affirmative, the Client will</p> <p>(a) reimburse the Internal Auditor for any such taxes paid by the Internal Auditor: Yes</p>																								
	<p>(b) pay such taxes on behalf of the Internal Auditor: No</p>																								
<p>3.8</p>	<p>Internal Auditor to state local cost in the national currency: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>																								
<p>5.2 (b)</p>	<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; width: 20%;"><u>Points</u></th> </tr> </thead> <tbody> <tr> <td>(i) Specific experience of the firm related to the assignment</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) Audit Manager Sr. Professional Chartered Accountant</td> <td style="text-align: right;">[30]</td> </tr> <tr> <td style="padding-left: 20px;">b) Team Leader Professional Chartered Accountant – (1 / team)</td> <td style="text-align: right;">[20]</td> </tr> <tr> <td style="padding-left: 20px;">c) Senior Audit Assistant – (1 / team)</td> <td style="text-align: right;">[10]</td> </tr> <tr> <td style="padding-left: 20px;">d) Junior Audit Assistant – (1 / team)</td> <td style="text-align: right;">[10]</td> </tr> <tr> <td style="padding-left: 40px;">Total points for criterion (ii):</td> <td style="text-align: right;">[70]</td> </tr> </tbody> </table> <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: 70%;">1) General qualifications</td> <td style="width: 30%; 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;">Total points for the two criteria: 100</p> <p>The minimum technical score St required to pass is: <u>70</u> Points</p>		<u>Points</u>	(i) Specific experience of the firm related to the assignment	(30)	(ii) Key professional staff qualifications and competence for the assignment:		a) Audit Manager Sr. Professional Chartered Accountant	[30]	b) Team Leader Professional Chartered Accountant – (1 / team)	[20]	c) Senior Audit Assistant – (1 / team)	[10]	d) Junior Audit Assistant – (1 / team)	[10]	Total points for criterion (ii):	[70]	1) General qualifications	[20%]	2) Adequacy for the assignment	[60%]	3) Experience in region and language	[20%]	Total weight:	100%
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Technical Proposal Forms

Mandatory Information for of Internal Audit Firm of PTSLP

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, objectives 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

Internal Audit consultancy Assignments of Central/state Government/externally aided projects in IFAD assisted PTSLP Information of at least last 5 years

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

Internal Audit consultancy Assignments of Central/state Government/externally aided projects in States other than IFAD assisted PTSLP .

Information of at least last 5 years

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

Team Composition proposed (please attach CVs of the team proposed)

Sl. No.	Team position	Name of key staff proposed for the assignment	No. of days of engagement for the assignment per quarter
1.	Internal Audit Manager		
2.	Audit Team Leader 1		
3	Audit Team Leader 2		
4	Audit Team Leader 3		
5	Senior Audit Assistant 1		
6	Senior Audit Assistant 2		
7	Senior Audit Assistant 3		
8	Junior Audit Assistant 1		
9	Junior Audit Assistant 2		
10	Junior Audit Assistant 3		

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 [INR]			
	No. of experts	Unit cost (per day)	No. of days	Total professional fees
Remuneration (Audit Manager)				
Remuneration (Audit Leader)				
Remuneration (Sr. Audit Assistant)				
Remuneration (Jr. Audit Assistant)				
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 Internal 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 Internal Auditor for possible additional services requested by the Client)

N°	Description¹	Unit	Number	Unit Cost²
	Per diem allowances	Day		
	Travel expenses	Trip		
	Total			

- 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.

**Terms of Reference for engaging Internal Auditors for the IFAD assisted
PTSLP Tsunami Sustainable Livelihood Programme
For the year 2017-18**

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., Thiruvarur, Thanjavur, Pudhukottai, 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 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.

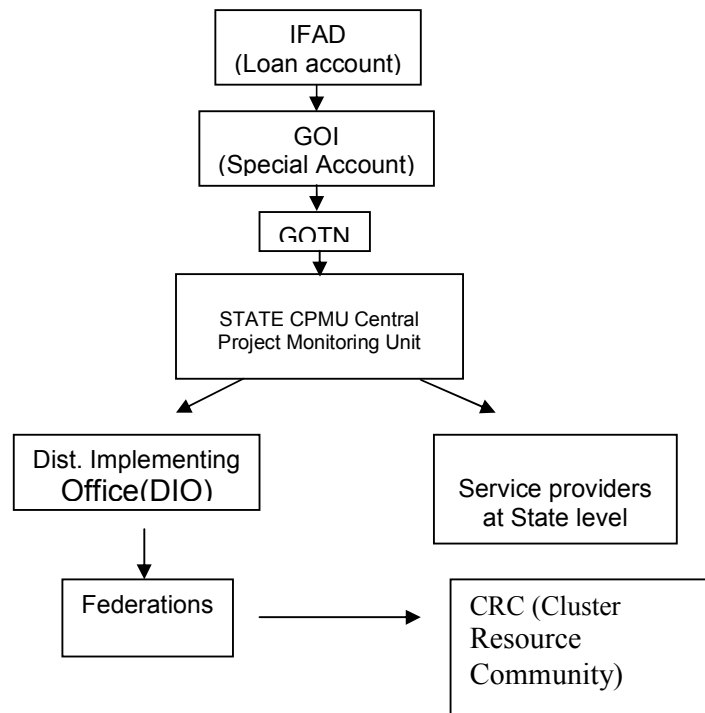
- Coordinate and consolidate the Annual Work Plan and budget (AWPB) of the Project.
- Facilitate flow of funds to implementing agencies, ensure proper utilization of the funds, prepare expenditure statements and submit reimbursement claims.
- Maintain a Management Information System and
- Submit progress 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:



6. Project Coverage:

The project has been under implementation covering 12 districts, 109 panchayats in existing districts and 129 panchayats in additional districts as detailed below;

S.No.	Details	No. of Districts	No. of Blocks	No. of Village Panchayats
1	Existing Project area	6	28	109
2	Additional Project area	6	36	129
Total		12	64	238

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

7. Objectives of internal audit:

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

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

8. Coverage and Standards for the Internal Audit:

The Audit will cover the PMU and the 12 districts of and also cover a sample of PLFs in each of the Quarter and at least 10% of the PLFs audited

in the previous quarter. PLFs will be selected manually from the list. The audit will also cover all Statement of Expenditures and progress reports submitted by the NGOs and release of management fee to them as per the prescribed guidelines. Internal audit should be carried out in accordance with the Auditing & Assurance Standards prescribed by the Institute of Chartered Accountants of India and will include such tests and controls, as the auditor considers necessary under the circumstances.

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

- i. All funds have been used in accordance with the conditions of the relevant legal agreements and only for the purposes for which the financing was provided. Relevant legal agreement includes the Financing Agreement, the Project Agreement and the agreement and contracts with NGOs and other service providers and contracts. The auditor will verify that payments to the consultants/partners/contractors are as per agreement.
- ii. The monthly expenditure Statement submitted by the districts indicating the approved budget provision and expenditure during the month, cumulative expenditure against the activity / sub-activity during the year should be reviewed in the internal audit.
- iii. The procurement procedure adopted for civil works, goods and consultancy services should be reviewed by the internal auditors and it should be ensured that correct procedures as per the IFAD procurement guidelines and Procurement Handbook have been followed, for each procurement.
- iv. It should be ensured that the records of all procurement, agreements, work/purchase orders, invoices, receipts, stock registers etc. are properly maintained, duly linked and retained including expenditures reported. The auditor should also review contract management and whether business standards for payment to contractors are being adhered to.

- v. The project accounts have been prepared in accordance with consistently applied accounting standards and as per the Chart of accounts of the project. (Preparation of the project accounts is the responsibility of the project)
- vi. The auditor should ensure the efficiency and timeliness of the funds flow mechanism at the State and District level and whether there are delays and which could impact the timely implementation of project. The auditor should also identify and report the reasons for such delays and possible remedial measures.
- vii. The auditor should ensure all funds received under the project have been used with due attention to economy, efficiency and effectiveness, and only for the purposes for which the financing was provided;
- viii. The auditor should ensure that all necessary supporting documents, records, have been separately filed in respect of all project activities and that clear linkages exist between the supporting documents, accounting books and records and the periodic financial reports from the respective spending units.
- ix. The internal auditor should ensure that the adequate records are maintained regarding the assets created and assets acquired by the project, including description, details of cost, identification and location of assets. The internal auditor should carry out physical verification of a sample of assets created out of the project and comment on its utilization.
- x. Whether the accounting for the advances to service providers are properly recorded in the accounting books; whether systems are in place for monitoring the receipt of periodic financial reports & follow up on overdue reports are adequate. Exceptions should be identified and reported.
- xi. Bank reconciliations have been carried out on a monthly basis.
- xii. While conducting internal audit in a subsequent quarter the auditor will ensure that the compliance report on previous audit observations pointed out in the

reports relating to earlier audit is made and corrective actions taken on those points are furnished in the Audit Report of the subsequent phase.

- xiii. Routine errors of omission or commission noted during the course of internal audit may be rectified on the spot.
- xiv. The auditor should ensure that project assets exist; adequate records are maintained and assets are adequately safeguarded and are actually used for their intended purposes.
- xv. The auditor will undertake an assessment of the adequacy of the project financial management systems, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls and any needs for revision; level of compliance with established policies, plan and procedures; reliability of accounting systems, data and financial reports; creating controls mechanism in areas where they are lacking; verification of assets and liabilities, security and effectiveness of the operation of the computerized system
- xvi. Internal auditors will summarize key issues and risks from a review of the audit findings.
- xvii. Auditor will also provide variance report as per approved annual action plan and budget.
- xviii. **In conducting the audit of DIOs, special attention should be paid to assessing whether adequate controls have been established and complied in respect to following.**
 - Risk assessment report is to be prepared by the auditor in the first Quarterly report: Identifying what are the risks in the project. Assessment of risk (High, Medium, Low). Ensure that there is an appropriate response to all risks and identify the risks which are outside acceptable limits, usually those which are to be tolerated or taken for the potential risk.

- Efficiency and timeliness of the funds flow mechanism at the DIOs and to the Community Institutions, if any.
- Whether the fund/ tranche released to the Community Institutions are properly recommended by the officer in DIO and approved by the District Project Managers having the necessary authority, and the conditions for tranche release have been complied and are in line with the project guidelines. Whether milestones have been reached before release of fund to CBOs.
- Whether the DIO is accounting for the tranche release properly in the subsidiary records and is monitoring the receipt of periodic reports and utilization certificates from the CBOs & systems to follow up on overdue reports are adequate. Quantify (number and amount) of the funds transferred to the Community Institutions for which the reports and/or UCs are overdue.
- The reports and other documents submitted by CBOs to the DIO, form the basis of providing funds by the Project, provide clear linkages with the books/records and reflect the correct position.
- Auditor will verify the no. of CBOs to whom funds have been transferred during the quarter and no. of CBOs reported in IUFR.

9. Data, services and facilities to be provided by the project

- a) All the project documents, copy of agreements and relevant papers needed for Audit will be provided by the PMU. The auditor would be given access to all documents, correspondence, and any other information relating to the project and deemed necessary by the auditor for carrying out audit.
- b) The auditor would be provided copies of guidelines, policies and procedures issued by PMU.
- c) One day briefing meeting will be organized by PMU for giving details of the project and the implementation arrangements. It should be attended by all the members of audit team.
- d) The project shall prepare the financial statements for each quarter and submit it to the internal auditor on commencement of the audit.

10. Final Output & Reporting :

a. Quarterly Reporting & Annual reporting to PMU: The Auditor will provide **separate consolidated** reports on PMU and DIOs. The reports will be provided **quarterly** and a summary of the key findings, implications and recommendations to enable the Project Director, PTSLP to take timely action. The reports should be structured in a manner giving the observations, the implications of the observations, the suggested recommendation and the management comments/ agreed actions. The audit observations should be supported by instances and quantified, as far as practicable. **Quarterly** audit reports and annual audit report to be submitted each financial year. Submission of quarterly report (2 hard copies) before the due dates given below to the Project Director. Discussion notes duly signed by the both parties will be part of audit Report.

The audit report to be submitted will be as per the template in Annexure. The audit reports should be submitted within 15 days after completion of quarterly audit.

S.No	Period	Audit to be commenced in	No.of Districts /State	Submission of audit report
2017-18 (4 quarters)				
1.	1 st April – 30 th June	July	12 Dist. & 1 State Office	15 th August
2.	1 st July – 30 th September	October	12 Dist. & 1 State Office	15 th November
3.	1 st Oct – 31 st December	January	12 Dist. & 1 State Office	15 th February
4.	1 st January - 31 st March	April	12 Dist. & 1 State Office	15 th May

11. Period of Internal Audit:

Initially contract with the firm will be for one year which will be extended further one year based on the performance. The selected firm will submit audit plan in consultation with PMU in advance and agree with PMU a Schedule of

Audit. The contract will be renewed after assessing the pace of implementation, requirement of the project and performance of the consultant for next one year on same terms till 2 years.

12. Key personnel:

Sl. No	Key Professionals	Description of Services to be provided	Experience	No. of persons
1	Audit Manager	Overall coordination, & planning, team leadership, reporting, liaison with client	Qualified Chartered Accountant with at least 7 years' experience as a partner with expertise in the area of internal audit planning, execution and reporting.	1
2	Audit Team Leader	Responsibility to lead the audit teams in the field, planning and execution of the audits, discussion with heads of offices, consolidation/compilation	Qualified Chartered Accountants with at least 3 years' experience in internal audit with ability to lead the team.	3
3	Senior Audit Asst.	Vouching and verification of PMU and DIO books of accounts	CA (Inter) /Article clerk with 3 years of experience in Accounting, audit and report writing.	3
4	Junior Audit Asst.	Vouching and verification of PMU and DIO books of accounts	Graduate/ CA (Inter) with 1 years of experience in Accounting, audit and report writing.	3

Qualification Criteria for short listing of Internal Audit firm for the RFP Stage.

- a) The firm shall have a standing of at least ten years in the profession and should be empanelled with CAG for "Major Audits". C.A. firm should be a firm having independent legal existence, registered under the applicable Act. [Submit proof of CAG Empanelment and Registration Certificate
- b) C.A. firm expressing interest should have an annual turnover of Rs 30 **Lakhs** or more in each of the last three financial years. [Relevant documents viz,

Audited financial statements and a certificate from Chartered Accountant in support of satisfying the criteria should be submitted]

- c) Experience of having undertaken at least 2 similar assignments (Internal Audit Assignments) with Central/state Government/externally aided projects in **India**, in last 5 years.
- d) Experience of having undertaken at least 1 similar assignments (Internal Audit Assignments) with Central/state Government/externally aided projects in **Tamil Nadu**, in last 5 years.
- e) The Chartered Accountancy firm shall have at least 6 of chartered accountants / CA Partners. The break up details are (i) Partners of Firm i.e. number of full time chartered accountant partners (ii) paid chartered accounts of firm must be given in the annexure I
- f) Consultant must submit the Annexure I information along with EOI.

13. Method of Selection:

The Auditor will be selected as per the IFAD guidelines following Quality Cost Based Selection (QCBS) method.

14. Deduction of Audit Fees:

If the selected audit firm has not employed audit personnel as per the qualifications prescribed in this ToR or has not done the audit in accordance with the periodicity prescribed in this ToR or has delayed the audit reports, the Project reserves the right to deduct proportionate quantum of amount from the audit fees.

Annexure - A

Annexure to Main Audit Report

Part A: Serious Observations

In this part, give details of serious audit observations such as ineligible expenses, major lapses in internal controls, systemic weaknesses, procurement procedures not followed etc.

Part B: Other Observations

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

The Observation should also mention the best practices and how the error can be minimized at every level.

Part C: Executive Summary to the project and Suggestions/Recommendations

Provide an Executive Summary of the observations in Part A and B along with suggestions/recommendations. Only those observations that are dealt with in either Part A or Part B should be included in this section Provide specific recommendations on internal control and systemic weaknesses.

Part D: Matters Requiring Immediate Attention**1. Matter requiring Immediate Attention**

Auditor should point out the serious issue like cash defalcation, payment made without any approval and beyond the limit of devolution of powers, blank cheque signed, and any other matter which auditor deemed serious in nature.

2. Persisting Irregularities

Under this Para, Auditor should report the persisting irregularities which have been raised earlier but not complied.

3. Books of Account

Under this, Auditor should verify all the books of account maintained by the unit, identify the discrepancies in the books of accounts and also suggest their improvement.

4. Internal Control System

Under this Para, auditor should report on discrepancies of current internal control system and suggest remedial measures.

5. Compliance with Finance Agreement, Project agreement, PIM, and FM Manual / delegation of power

Under this Para, auditor should comment on deviation from Finance Agreement, Project agreement, PIM, and FM Manual.

6. Procurement Procedures

Under this paragraph auditor should report on procurement process which deviate from procurement guidelines.

7. Computerized financial Management system (Tally)

- Data entries in tally are up to date or not
- Payroll accounting in tally or not
- Verification of group, sub – group, head, sub head and ledger in tally and make suggestions on proper classification of accounts, if any.
- Cost Centre
- Chart of accounts and upload of approved annual budget in tally
- Verify the computerized balance with Manual Books of accounts (cash Books, Cheque register etc.)

8. Advance to staff and others and its periodicity

- Age of advance
- Settlement of advance within stipulated period with proper voucher
- Pending bill for settlement of advance
- Action on bills submitted for settlement against advance after one month.
- Statutory deduction/ payments like TDS, VAT, EPF, Professional Tax and its compliance
- Deduction and date of deposit with any irregularities
- Employee benefit in the light of HR and approval from competent authorities
- Verify and certify the IUFR from available books of records

9. Check the accuracy of Quarterly IUFR from tally data / BRS etc.

10. Tracking of financial variance – Variance showing physical and financial achievement in the light of approved action plan and budget.

11. Any other matter:

Any other matter which auditor deemed fit for notice to the management.

12. Suggestion with specific case for improvement**13. TA & DA**

- a) TA & DA submission by the Staff within stipulated time
- b) Settlement of TA & DA within stipulated time (within one month) with proper voucher
- c) Settlement of TA & DA Advance.

14. Fund Transfer to DIOs

- a) Observation on the Time taken by the PMU in transfer of funds.
- b) Whether a system has been developed for the fund transfer.
- c) Whether the DPMUs are clear about the Fund Mechanism

SUGGESTIVE QUESTIONNAIRE FOR PMU/DIO (GIVE SHORT DETAILS OF DIVERGENCE):

1. Whether Office has maintained proper records showing full particulars including quantitative details and situation of fixed assets?
2. Whether all assets including current assets like inventory have been physically verified during the quarter?
3. Whether the cash book is properly maintained and whether it conforms to computerized system of accounting?
4. Cash balance as on the date of audit
5. Whether expenditure has been made as per the devolution of power? Details of any divergence should be mentioned.
6. Whether bank book is properly prepared and whether the balance as per the pass book conforms to the balance as per the bank book?
7. Whether proper training programs are being conducted?
8. Whether the training expenditure is as per the Budget and whether the training report is submitted with each residential training or not?
9. Whether the books of accounts reconciled between DPMUs and SPMU? If not, then reason and amount of such difference.

10. Whether any advance is given to the staff? If yes, whether advance register is maintained and updated till the date of audit and whether it is properly sanctioned and settled within specified days?
11. Whether there is proper internal control system followed?
12. Whether the office is paying TDS, VAT, Professional Tax and EPF regularly and on time?
13. Whether any fraud on or by any office or person has been noticed or reported during the year? If yes, the nature and amount involved.
14. Whether log book of Vehicle hiring has been properly maintained or not?
15. Whether stock register is maintained? If yes, last entry of goods number/voucher page number of stock register and particulars of goods.
16. Whether 100% vouching is done? If yes, then give the total number of vouchers, component wise total expenditure during the reporting period and its variance from budget.
17. Whether all expenditure is made as per the budget? If not, amount of variance.