



Assam Inland Water Transport Development Society
Project Management Unit (PMU)

World Bank financed Assam Inland Water Transport Project (AIWTP)

3rd Floor, Directorate of Inland Water Transport, G. S. Road, Ulubari, Guwahati-781007 (Assam, India)

No: AIWTDS/ACCTS/112/2018/36

Dated: Guwahati, March 6th, 2019

**Request for Expression of Interest for Engagement of a Statutory Auditor for
AIWTD Society**

(CONSULTING SERVICES – FIRM SELECTION)

Project/Organisation	Assam Inland Water Transport Project / Assam Inland Water Transport Development Society, Autonomous Society under Transport Department, Government of Assam
Application Deadline:	20 th March, 2019; 1400hrs (IST)
Project Category	Public Administration - Transport
Type of Contract:	Consulting Service-Firm Selection (Lump-sum)
Method of Procurement:	Consultant's Qualification Based Selection (CQS)
Expected Duration of Assignment:	1 year; extendable up to 3 years


1. The Government of Assam (GoA) has constituted a society, the Assam Inland Water Transport Development Society (AIWTDS) as a special purpose vehicle (SPV) under the Transport Department for effective implementation of the 150 Million USD "Assam Inland Water Transport Project (AIWTP)" of the Transport Department. The AIWTDS is the Project Management Unit (PMU) for implementing the AIWT Project with World Bank funding assistance.
2. The Project consists of the following components:
 - a. Long term strategic plan and institutional Formation and Safety
 - b. Terminal Infrastructure
 - c. Ferry Infrastructure and Modernisation

3. AIWTDS desires to appoint an independent firm of Chartered Accountants to conduct the audit of the Project Financial Statement (PFS) of AIWTP; and consolidate the audited PFS of "Namami Brahmaputra & Namami Barak festivals" conducted by third party auditor which is also under the AIWTD Society with the AIWT Project's PFS at entity level under the attached Terms of Reference. The audit will cover the period FY 2017-18 and 2018-19.
4. The overall objective of the audit of the PFS is to enable the auditor to express a professional opinion on the PFS of the AIWT Project, and matters detailed in the ToR.
5. The AIWTDS now invited the interested eligible Chartered Accountant firms ("Consultant") to indicate their interest for providing these services. Interested Consultant should provide information demonstrating that they have the required qualifications and relevant experience to perform the services.
6. The duration of the assignment is for one year, effective from the contract signing date. The draft Terms of Reference (ToR) for the assignment are attached with the REOI notice.
7. The shortlisting criteria are as follows

SN	CRITERION	SUPPORTING DOCS
1	The firm should be in existence since last five years as on January 01, 2019.	Incorporation / registration certificate
2	The firm should not have been Debarred / blacklisted by any State Government, Central Government or any other Public Sector undertaking or a Corporation or any other Autonomous Organization of Central or State Government as of the date of submission of EoI	Self-certification
3	The firm should have completed at least Five Internal/Statutory/Concurrent or similar audit assignments for State / Central Government Department/ Organisation, Societies, Autonomous Body, Public Sector Unit etc during the last 5 years.	Appointment letters issued by the Client.
4	The firm should have completed at least one audit assignment of Development Sector projects funded by Govt/External Aid Agencies. World Bank aided projects will be given additional weightage.	Appointment letters issued by the client.

5	The firm should have valid empanelment with CAG	Self attested copy of the latest CAG Certificate
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8. The attention of interested Consultants is drawn to paragraph 1.9 of the World Bank's *Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grant* by World Bank Borrowers, January 2011 – revised 2014 (“Consultant Guidelines”), setting forth the World Bank's policy on conflict of interest. In addition, please refer to the following specific information on conflict of interest related to this assignment: conflict between consulting activities and procurement of goods, works or non-consulting services; conflict among consulting assignments; and relationship with Borrower's staff.
9. A Consultant will be selected in accordance with the Consultant's Qualification based Selection (CQS) Method set out in the World Bank Consultant Guidelines.
10. Further information can be obtained at the address / email address below during office hours [i.e. 0930 to 1700 hours].
11. Expressions of interest are to be submitted in a sealed envelope at the address given below. Last date for submission of EoI is up to 1400 hrs (IST) on 20th March, 2019.



 Additional State Project Director,
 Assam Inland Water Transport Dev. Society
 3rd Floor, Directorate of Inland Water
 Transport, G. S. Road, Ulubari, Ghy-07.
 Email Id: dir.iwtds-as@gov.in
 ADDL. STATE PROJECT DIRECTOR
 Assam Inland Water Transport Development Society
 (AIWTDS)

Memo No: AIWTDS/ACCTS/112/2018/36A

Dated: 06th March, 2019

Copy for Information :

1. OSD To SPD for Kind appraisal of SPD, AIWTD Society


 Additional State Project Director,
 Assam Inland Water Transport Dev. Society
 ADDL. STATE PROJECT DIRECTOR
 Assam Inland Water Transport Development Society
 (AIWTDS)

Assam Inland Water Transport Project (AIWTP)

(IBRD Loan No. P157929)

Implementing Agency – Assam Inland Water Transport Development Society (AIWTDS)

Terms of Reference for Hiring a Statutory Auditor for AIWTP

Background

1. The Government of Assam (GoA) has constituted a society, the Assam Inland Water Transport Development Society as a special purpose vehicle (SPV) under the Transport Department for effective implementation of the 150 Million USD “Assam Inland Water Transport Project (AIWTP)” of the Transport Department. The AIWTDS is implementing the AIWT Project with support from the World Bank. The Project Development Objective (PDO) is to “transform the infrastructure of the IWT Sector in Assam”.
2. The Project consists of the following components:
 - a. Long term strategic plan and institutional Formation and Safety
 - b. Terminal Infrastructure
 - c. Ferry Infrastructure and Modernisation

Statement of Intent

3. AIWTDS desires to appoint an independent firm of Chartered Accountants to conduct the audit of the Project Financial Statement (PFS) of AIWTP; and consolidate the audited PFS of Namami Brahmaputra & Barak conducted by third party auditor with the AIWTP's PFS at entity level under the attached Terms of Reference. The audit will cover the period FY 2017-18 and 2018-19.

Objective of the Audit

(a) Audit of the entity financial statements of AIWTP

The overall objective of the audit of the entity financial statements of AIWT Project is to enable the auditor to express a professional opinion as to whether the financial statements are presented fairly, in all material respects, and give a true and fair view of the financial position of AIWTP.

(b) Audit of the Project Financial Statements (PFS) of the AIWT Project

4. The overall objective of the audit of the PFS is to enable the auditor to express a professional opinion as to whether:

- a. The Project expenditure during the period under audit has been correctly reported in the Interim Unaudited Financial Reports (IUFR);
- b. the PFS give a true and fair view of the financial position of the Project at the end of the period under audit and of the sources and applications of project funds for that period;
- c. the Project is in compliance with the financial covenants of the Loan Agreement;
- d. the Project funds were utilized for the purposes for which they were provided;
- e. expenditures shown in the PFS are eligible for financing under the relevant Financing Agreement and these were exclusively financed through the Project funds and no other sources of funds have been received for incurring these expenditures;
- f. IUFRs submitted by the Project management can be relied upon to support applications for withdrawal of the Loan, and adequate supporting documentation has been maintained to support these claims;
- g. procurement has been carried in line with the agreed procedures;
- h. the Project has an adequate internal control system;
- i. the books of account that provide the basis for preparation of the financial statements and the underlying procedures and controls are well established and properly maintained and can be relied upon to reflect accurately the financial transactions and performance of the Project.

Auditing Standards

5. The audit will be carried out in accordance with the Standards of Auditing promulgated by the Institute of Chartered Accountants of India (ICAI). The auditor should accordingly consider materiality when planning and performing the audit to reduce audit risk to an acceptable level that is consistent with the objective of the audit. Although the primary responsibility for preventing irregularity and fraud, or ensuring that the Loan proceeds are used for purposes as required in the legal agreements remains with the Management, the auditor should specifically consider the risk of material misstatements in the financial statements resulting from fraud, while planning and performing the audit procedures and evaluating and reporting the results thereof.

Scope and suggested Methodology for conduct of Audit of the PFS for AIWT project

6. The audit will be carried out in accordance with the standards of auditing generally accepted in India, and will include such tests and controls as the auditor considers necessary to apply under the circumstances. In conducting the audit, special attention should be paid to the following:
 - a. All funds have been used (including procurement of goods & services) in accordance with the conditions of the relevant financing agreements with due attention to economy and efficiency, and only for the purposes for which the financing was provided¹.
 - b. The expenditures claimed through IUFRs and withdrawal applications rendered under the Project are eligible within the legal agreements and the extent to which the IFRs can be relied upon as a basis for reimbursement. Where ineligible

expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be specifically reported by the auditor.

- c. All necessary supporting documents, records, and accounts have been kept in respect of all Project transactions including procurement and expenditures reported in the IUFRs. Clear linkages exist between the books of account and the IUFRs.
- d. Procurement has been carried out by the Project in line with the agreed procedures with the Bank. For this purpose, the auditor will select a sample of procurement cases under the Project (other than cases that were under Prior Review of the Bank) and check procurement documents so as to ascertain the robustness of procurement system in accordance with the checklist suggested in *Annex 1*. The auditor will describe the sampling methodology that they have followed, in the Management Letter. Additionally, the auditor will review the complaints related to procurement, if any, and mention how these were addressed/the action taken.
- e. Review the Internal Audit reports of AIWTP (if applicable) consider the key internal audit observations (including systemic and recurrent), particularly those related to the Project or which impact Project implementation including the adequacy of their resolution. The auditor will ascertain the likely impact of the pending internal audit observations on the Project. Likewise, the auditor will take into account the observations made by the CAG of India, if any, and the World Bank in the Aide Memoir/s.
- f. Review the adequacy of the contract management procedures including (a) internal controls in respect of verification/ approval of invoices raised by suppliers/cosultants including timeliness of payments; (b) compliance with the terms and conditions of the contract agreement; (c) maintenance of documents and accounting.
- g. Review the adequacy and maintenance of accounting and internal control systems underlying the Project throughout the audit period.
- h. Review the adequacy of governance mechanisms within the organization such as meetings of the Governing Body and Executive Committee, approvals of contracts as applicable in relation to the implementation of the project, and report on any material observation.

Project Financial Reporting Framework

- 7. The Project Financial Statements will comprise of the Interim Unaudited Financial Report (IUFR) for the period ending March of the year under audit and include the statements mentioned below. The PFS will be signed by the authorized officials of AIWTDS.
 - a. Statement of Sources and Uses of Funds and Expenditure for the period under audit
 - b. Payment made during reporting period against prior review contracts
 - c. Statement of Withdrawal Applications filed by AIWTDS with the Bank through the office of the Controller of Aid Accounts and Audit

- d. Explanatory Notes to the financial statements including the basis for preparation of the PFS
8. AIWTDS will provide a separate Management Assertion Letter for the Project financial statement. This will include a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements and an assertion that Project funds have been expended in accordance with the intended purposes as reflected in the financial statements. A suggested format is given in the Annex 2.

Audit Report

9. The auditors will prepare audit reports on the entity financial statements of AIWTD Society. The audits will be done in accordance with the Standards of Auditing promulgated by ICAI (as applicable). Those standards require a clear written expression of opinion on whether the financial statements give a true and fair view relating to the financial statements taken as a whole.
10. In regard to the audit of the PFS of AIWTP, the auditors will provide a primary opinion (true and fair view) on the PFS, and in addition their professional opinion on whether -
- the Project funds were utilized for the purpose for which they were intended and expenditure reported through IUFRs and claimed through withdrawal applications rendered under the Project are eligible within the legal agreements;
 - the expenditures were exclusively financed through the Project funds and no other sources of funds have been received for incurring these expenditures;
 - proper books of accounts have been maintained and Project expenditure reported in the IUFR is in agreement with the books of accounts;
 - IUFRs submitted during the period under audit are supported by adequate detailed documentation maintained in AIWTDS to support claims to the World Bank for reimbursement of expenditure incurred;
 - the accounting, and internal control systems underlying the project and oversight over the Project funds were adequate and maintained throughout the audit period; and
 - Procurements made by AIWTDS under the project had been undertaken in accordance with agreed procedures.

Management Letter

11. In addition to the audit report on the entity financial statements, the auditor will also prepare and submit along with the audit reports a Management Letter for each period covering the audit. The Management Letter will elaborate the findings of the audit and contain recommendations for improvements in internal control and other matters coming to the attention of the auditor during the audit examination. The Management Letter would include matters such as the following:
- (i) Observations on deficiencies/weakness on the accounting records, systems, and controls that were examined during the course of the audit and management's response to these together with specific recommendations for improvement.
 - (ii) Any identified internal control weaknesses related to the procurement process such as, over the bidding, evaluation and contract management domains

- (iii) Specific deficiencies and areas of weakness in systems and controls identified during the audit and recommendation for their improvement.
- (iv) Elaboration of the audit qualifications, if any, made in the audit report;
- (v) Degree of compliance of the financial covenants in the financing agreements.
- (vi) Communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the project.
- (vii) Report of the status of the financial management action plan (if any) agreed with AIWTDS including adequacy of FM staffing.
- (viii) Adequacy of compliance with previous audit findings/recommendations in the Audit Report/Management Letter and status of any issues which remain to be addressed and any issues which recurred.
- (ix) Bring to the Management's attention any matter (s) that might have a significant impact on the implementation of the project or that the auditor considers necessary and pertinent.
- (x) Describe the sampling methodology followed in audit.

12. The Management Letter should contain an Executive Summary including a table of observations and audit recommendations along with response of the Management and a timeline for completing the action recommended.

Periodicity of the Audit and Timeline for submission of Audit Report

13. The Statutory Auditor shall be engaged initially for a period of one year to audit the financial statements for FY 2017-18 and 2018-19. The Auditor is required to submit the final report within two months of engagement as Statutory Auditor.

Suggested Team Composition

14. The audit team will comprise, at the minimum, the following personnel who would be evaluated-

S. No.	Key Professionals	Description of services to be provided	Qualification and experience	No. of persons	Total expected man days
1	Engagement Partner and Team Leader	Overall coordination and planning, team leadership, reporting, liaison with client.	Qualified Chartered Accountant. Minimum 10 years post qualification experience as practicing Chartered Accountant and minimum 5 years continuously with the firm.	1(One)	7
3	Audit team	Audit at AIWTDS and preparing reports for the Audit Manager.	C. A. (Inter) with at least two years' post Articleship experience in accounting, audit and report writing.	2 (Two)	30 (2 × 15)
Total expected man days					37

* The total expected mandays is conducting the audit for both the FY 2017-18 and 2018-19.

General

15. The auditor shall be given access to any information relevant for the purposes of conducting the audit. This would normally include all legal documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. The information made available to the auditor should include, but not be limited to, the documents mentioned in footnote 1, World Bank's procurement guidelines and the Bank's Disbursement Manual. All documents will be provided by AIWTDS to the auditor. The auditor is expected to familiarize itself with the financial management systems and procedures of AIWTDS.

Tool for Post Reviews of Contracts

Date of Audit:	Name of Implementing Agency:
Procurement Officer's Name:	Designation:
Contact Telephone No.....	email:
Contact Address:	
Contract No. and Date:	Contract Amount:
Contractor/Supplier's Name and Address:	
Description of the Item Goods / Services / Works:	

PROCUREMENT METHOD: Open tender / Limited quotation comparison /
other.....

Aspects	Comments and Findings
Advertisement required ..Yes/ No Advertisement issued for bids	Date of Advertisement: Medium/Newspapers Used _____
Quotation Call Letter issued to firms and the number of firms to whom sent	Date of Issue: No of Firms :
Method of collection of quotations	
Time allowed for submission of quotations	No. of days:
Number of quotations received	No.:
For verification (not evaluation) of the quotations please attach complete copies of all quotations received with covering offer letters	Please attach copies of all quotations received for this contract or record the prices quoted and the names of the bidders as per the quotation evaluation report.
Quotation evaluation report and date; comments, if any	Review completeness and comment on the selection recommendation
Whether cost estimate was originally prepared?	If yes, value
Whether final award price compares well with estimate	
Were negotiations were held on any aspect of the quotation	If yes, review the minutes and record key elements on which negotiations were held
Signed Contract / Purchase Order document	Verify correctness, validity, etc.
Work Progress/Completion Reports	Verify availability and comment on contents
Actual Completion Date	
Timeliness of Payments	Invoice No:Date received: Date paid:Amount
Compliance with State Government regulations	

Format of a Management Assertion Letter

(AIWTDS's Letterhead)

(To Auditor)

(Date)

This representation letter is provided in connection with your audit of the Project Financial Statements of the Assam Inland Water Transport Project (IBRD Loan No. P157929) (the Project) implemented by Assam Inland Water Transport Development Society for the year ended on 31 March xxxx for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the sources and uses of funds and of the expenditure for the year then ended. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the basis of accounting followed by us, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

- The project financial statements are free of material misstatements, including omissions.
- Assets shown on the project financial statements exist, are owned by the project, and are used solely for project purposes.
- The proceeds of the Loan provided by the World Bank have been used only for the purposes for which they were granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.
- Project expenditures are eligible for financing under the Financing Agreement.
- There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the project financial statements.
- Procurement has been done as per the agreed procedures.
- We have made available to you all books of account and supporting documentation relating to the project.
- We have made available to you all procurement documents relating to the project.
- All complaints received and subsequent correspondence thereof has been made available.
- <<Any other significant and material matter>>
- The project has complied with the conditions of all relevant legal documents of the World Bank, including the Financing Agreement, Project Agreement, the Minutes of Negotiations, Disbursement Letter and the Project Appraisal Document.

Authorized Signatory

Authorized Signatory