

A. Terms of Reference (TOR) for hiring the services of Chartered Accountant firm for auditing of Asian Development Bank (ADB) assisted AIDIP Project

Introduction:

1. Government of Maharashtra (GOM's) Vision towards achieving rise in the income of the farmers through proper price discovery is supported by Government of India (GoI). It is also envisaged to support this through (i) adaptation of modern production technology by the farmers to increase agricultural productivity; (ii) ease of access to the market information to be informed about wider markets; (iii) the establishment of various alternative marketing channels to fetch competitive price to their agricultural produce; and, (iv) access to the various market risk mitigation measures to reduce market stress. Project preparatory work identified that Maharashtra has potential for attracting private sector investment into post-harvest horticulture. The GOM has therefore initiated steps to undertake development of IVCs (Integrated Value Chains) for various agricultural products in high potential regions. In alignment with the GOI policy PPP is being used to develop IVC infrastructure. The AIDIP is one such intervention to give impetus to the efforts of the state towards achieving greater value addition to agriculture through PPP mode.
2. GOI has decided to invest in agricultural value chain approaches using a PPP format. This is being partly financed by ADB, which has approved a loan of \$ 170 million in September 2010 to fund eligible agribusiness infrastructure projects in Bihar and Maharashtra. The program will finance the competitive contracting of private sector concessionaires that will be responsible for investing in and building and operating the Integrated Value Chain (IVC) infrastructure for a period of 20 years.
3. The investment program aims to address three main constraints in agricultural growth: i) outdated technologies and management; (ii) lack of public investment in linking infrastructure (such as roads from production areas to collection points); and (iii) lack of private investment and management in modern marketing infrastructure (such as cold chains, controlled atmosphere storages, and automated grading). Using an integrated value chain (IVC) approach, the investment program will invest in physical and institutional links along horticultural value chains by supporting (i) site development and agribusiness infrastructure, (ii) linking infrastructure to ensure connectivity and basic services across the value chain, (iii) backward links to the production areas through contract farming and producer companies, and (iv) capacity building to strengthen technical and managerial skills along the value chain. The

investment program area covers selected regions of Bihar and Maharashtra, two states that have adopted different agri-marketing policies: Bihar promotes the provision of agri-marketing as a private-sector-led function, and Maharashtra enables greater private sector participation but leaves the role of regulator and market manager with the public sector.

4. The Program will leverage private sector investment and management into agribusiness infrastructure on publicly owned land, that form geographically linked spokes & hubs within which investment into required grading and packaging, storing processing and cold storage facilities to a range of IVCs is envisaged. The program targets to achieve a functional IVC infrastructure, with IVC stakeholders effectively participating in and managing the IVC, and state government efficiently performing regulatory and supervisory functions of IVCs and the PPP contracts. Accordingly, the GoM has passed the resolution of implementation of IVCs under Agribusiness Infrastructure Development Investment Program (AIDIP) by adopting PPP approach.
5. To attract private sector investments, provision has also been made to subsidize a portion of the investment cost with a Capital Grant from the government. The PPP contracts will be signed with the private sector concessionaires selected based on bidding for the expected capital grant. The lowest capital grant requirement will, with all other things being equal, be successful. The successful concessionaires will be responsible to design, build, finance, operate and maintain the IVC. Selected concessionaires will finalize the design in consultation with the PMU-MSAMB, procure goods, works and services as per the ADB Procurement Guidelines, and manage the IVC infrastructure in return for the revenue generated from the facilities. The PMU will coordinate overall implementation of the project through administrative support, contracting of the PPP transactions, monitoring & evaluation (M&E), and financial management of the project activities. A maximum capital grant of 40% is available.
6. **Impact and Outcome.** The impact of the overall investment program (AIDIP and JFPR 9147) will be higher value of horticulture products captured by the stakeholders of the IVCs in selected regions of Bihar and Maharashtra, as the private sector brings in world-class technology and modern management, increased integration and linkage of agriculture production with main stream markets and increased income to farmers thereby improving their quality of life. The investment program outcome will be the investment in and management of eight or more IVCs, including small-scale farmers, by the private sector.

7. **Implementation Arrangements** - A National Steering Committee (NSC) for the AIDIP MFF is established at central level under the chairmanship of the Secretary to the Ministry of Agriculture (MOA, GOI) with the following as members: representatives of the Department of Economic Affairs (DEA) of Ministry of Finance (MOF, GOI), Ministry of Food Processing Industries (MFPI, GOI) and Planning Commission, representatives of the State Executive Agencies and the Director of Marketing of MOA, GOI who is the Secretary.
8. **The State Executing Agency** (EA) for the project is the Department of Cooperation, Marketing and Textile (DCMT), GOM. The EA has established at State level an Empowered Committee on Agricultural Marketing (ECAM), chaired by the Chief Secretary, Government of Maharashtra. ECAM is established with an advisory mandate to the executing and implementing agencies.
9. **The Implementing Agency** is the Maharashtra State Agricultural Marketing Board (MSAMB), Pune which will act as the Project Management Unit (PMU) to ensure the efficient implementation of AIDIP with a focus on facilitation and coordination rather than direct "hands on" implementation, i.e. sub-contracting of specific activities. The PMU will invite bids from the private sector to design, construct, operate and maintain the IVC projects on PPP basis; and the successful private sector concessionaires will be expected to invest, build and operate IVC projects on land provided on lease by the government.
10. **AIDIP Project Components:** The project has three main components: (i) Establishment of Integrated Value Chains (IVCs) ii) Strengthening of and establishment of Backward linkages and IVC Capacity Development iii) Institutional Development and Program Management
11. The guidelines for accounting, records disbursement and auditing are furnished in Project Administration Manual. Project Management Unit (PMU) in MSAMB under DCMT will provide the Balance Sheet, Receipts and Payments Account, statement of account of the bank together with bank reconciliation, and other related records to the auditor prior to the audit.

Objective of the assignment :-

12. To audit the accounts of the Project to be maintained by the Project Management Unit (PMU), in MSAMB, for a financial year 2017-18. Expenses incurred for the financial year 2017-18 are **Rs.39.34** Lakh. The audit should assess whether:

- (i) Financial management systems and internal and operational control procedures as applicable to the project are being adhered to by the PMU.
- (ii) The financial reports being submitted by the PMU are in agreement with the books of account and can be relied upon to support the disbursements made by ADB.
- (iii) The procurement followed by Implementing Agency is as per the ADB procurement procedure.
- (iv) To submit a report of factual findings with regard to the agreed procedures performed.

Scope of Work :-

13. The audit should be carried out in accordance with Standards on Auditing practice issued by Institute of Chartered Accountants of India (ICAI) and will include such tests and controls as the Auditor considers necessary under the circumstances. Specific areas of coverage of the audit will include, but not be limited to, the following:
- a) Assess the adequacy of the project financial management system, including internal controls. Such as adequacy and effectiveness of accounting, financial and operational control.
 - b) Assess compliance with the provisions in the Project Administration Manual, especially those relating to accounting and financial matters.
 - c) That all funds received under the project have been used with due attention to economy and efficiency, and only for the purposes for which the financing was provided and approved; that civil works, goods and services, including consultancy services financed have been procured in accordance with the financing agreements and procurement guidelines of the bank.
 - d) That all necessary supporting documents, contracts, records, and accounts have been kept in respect of all project expenditures reported by the PMU, and that clear linkages exist between that accounting records, accounts books and the monthly/ quarterly financial reports.
 - e) Status of reconciliation of the accounts maintained by PMU with their respective bank.
 - f) In respect of expenditures claimed for reimbursement following the withdrawal applications/Statement of Expenditure (SOE) procedure, appropriate original supporting

documents has been retained by the PMU, and that these can be relied upon to support expenditure reimbursed by ADB.

Coverage and Timing of the Audit :-

14. The auditor will submit the audit report to the Project Director, PMU, who in turn will present the same to the EA for its review and onward transmission to ADB. The assignment will be for the period of one month from commencement of work.

Deliverables

15. At the conclusion of the audit, the firm should submit an audit report, which should include an opinion on the accounts that have been audited. The opinion should also state whether (a) the PMU has complied with ADB's guidelines for operation of the Imprest Account; (b) the financial covenants incorporated in the Project Administration Manual have been complied with; and (c) expenditures claimed following the withdrawal applications/ SOE procedure are adequately documented.

The Firm shall sign and provide:-

16. A separate opinion on the project financial statements (PFSs).
Minimum content of the PFSs to be provided by the project:
- Yearly and cumulative statements of sources and application of funds, which should disclose separately ADB's funds and Govt. of Maharashtra's funds;
 - Yearly and cumulative SOEs by withdrawal application and category of expenditures;
 - Reconciliation between the amounts shown as received by the project and those shown as being disbursed by ADB should be attached as an annex to the PFSs. As part of that reconciliation, the auditor will indicate the procedure used for disbursement (reimbursement or direct payment) and indicate whether the expenditure is fully documented or uses the summary of expenditures format;
 - Cumulative status of funds by category;
 - A statement of comparison between actual expenditures and budget estimates;
 - Notes accompanying the PFSs; fixed assets;

- Full disclosure of cash balances; and
- Other statements or disclosures relevant to the project, e.g. financial monitoring reports, credit lines, etc.

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

The audit will include a review of SOEs used as the basis for submitting withdrawal applications. The auditor will carry out tests and reviews as necessary and relevant to the circumstances. SOE expenditures will be carefully compared for eligibility with relevant financial agreements and the disbursement letter, with reference to the project design report for guidance when necessary. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed, auditors will note these separately. A schedule listing individual SOEs, withdrawal applications by reference number and amount should be attached to the PFSs. The total withdrawals under the SOE procedure should be part of the overall reconciliation of ADB disbursements described above. The auditor's opinion should deal with the adequacy of the procedures used by the project for preparing withdrawal applications, SOEs and should include a statement that amounts withdrawn from the project account on the basis of such SOEs were used for the purposes intended under the agreement. The auditor is also required to check and verify the previous year's withdrawal applications/SOEs if they have a material effect on the SOEs pertaining to the audit period.

18. A separate management letter addressing the adequacy of the accounting and internal control systems of the program, including compliance with the ADB Procurement Guidelines and such other matters as ADB may notify the PMU to include in the audit.

The auditor is requested to comment on:

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

19. Auditor shall certify:-

- Whether the PFSs are drawn up in conformity with internationally accepted accounting standards;
- Whether the PFSs are accurate and are drawn up from the books of accounts maintained by the project;
- Whether the provisions of the financing agreement are adhered to;
- Whether procurement has been undertaken by the project in accordance with applicable procurement procedures and the ADB Procurement Guidelines;
- The existence of any significant assets purchased and confirms their existence and use for project purposes;
- Whether the project has an effective system of financial supervision or internal audit at all levels; and
- Whether the expenditures claimed through withdrawal applications, SOEs are properly approved, classified and supported by adequate documentation.

20. **Fees of Auditor:** The payment of the fees for the services of the CA firm will be made by the PMU.

B. Eligibility Criteria:

The Firm should fulfill following eligibility criteria:

- The firm should be a partnership in continuous existence for a period of at least 5 year.
- The Auditor should be empanelled with CAG & ICAI.
- Auditor must have experience of minimum 10 assignments either in the area of CAG Audits, Social Audit, Statutory Audit, Tax, Bank etc.
- The auditor Head office or Branch office must be in Pune, Maharashtra.

- Firm should have turnover of a minimum of Rs. 20.00 Lakhs in the financial year 2017-18.
- Declaration as per annexure IV.
- The Project will not consider any subletting/outsourcing/joint venture proposal for Audit.
- In case Auditor Firm does not fulfill the eligibility criteria, its proposal will be rejected.
- Interested firms are requested to review the attached TOR to make themselves familiar with the scope of work before submitting their financial quote.
- The interested Auditor Firms are requested to submit the Technical and Financial proposal in sealed envelope with superscript on it "**Services of Chartered Accountant firm for auditing of AIDIP Project** " not later than 08th August 2018 17.00, hrs on the address given below.

The Project Director (AIDIP-JFPR)
Project Management Unit,
Agribusiness Infrastructure Development Investment Program (AIDIP)
Maharashtra State Agricultural Marketing Board (MSAMB),
Plot No. F/E/78, Ground Floor,LDB Training Centre,
Market yard, Gultekadi, Pune-411037, Maharashtra
Phone : 0-20-2426 0574 / 75
Email : projectadb@msamb.com

C. Bid Procedure:

- i. The whole process of quotation can be cancelled without giving any prior notice or information by the PMU, AIDIP, Pune.
- ii. A firm can submit only one quotation. If a firm submits more than one quotation all such quotations shall be rejected.
- iii. The professional fees shall be quoted excluding of Service Tax. All other expense such as local conveyance), lodging, boarding, Stationery Expenses, Communication Expenses are not under the purview of the said assignment.
- iv. Quotation shall be in two covers, the first cover shall be marked "Technical proposal for audit of AIDIP Project ". (Please see Annexure-I for Format). The same shall contain details as per Annexure II. The Financial proposal should be in second cover marked "Financial proposal for audit of AIDIP Project ". (please see Annexure-III for format) Both the covers to be put in a third envelope superscripting "**Services of Chartered Accountant firm for auditing of AIDIP Project "**.
- v. The technical and financial proposals must reach to PMU,AIDIP Office, Market Yard Gultekadi on or before 08th August 2018 17.00, hrs Submission of quotation beyond the time limit will not be entertained.
- vi. The documents as per Annexure- II are to be attached with the Technical proposal for scrutiny of the proposal. Proposals without necessary documents will be rejected.
- vii. The technical proposal will be opened first and will be evaluated by a committee constituted in the office of PMU, AIDIP,Pune. The Financial quote of only those firms will be opened who are found technically qualified to carry out the assignment.

D. Rates & Payment Terms:

- i. The CA Firm will be required to quote the professional fees as per the Annexure for Financial Bid given herewith. The rates quoted shall be inclusive of all the expenses like travelling, lodging, boarding, stationery, communication and all other expenditure relating to the said assignment. However, the Service Tax shall be quoted separately at the applicable rate.
- ii. Fees will be paid after submission of Audit Report. Of the fee, 80% of the amount will be paid on receipt of the audit report and the remaining 20% on final acceptance of the report. The Audit Report shall be prepared in 2 copies and to be submitted to Project Director,AIDIP, Pune along with softcopy.

E. Settlement of Disputes

- i. The decision of the Committee shall be final in selection of the C.A Firm.
- ii. Any dispute between the CA Firm and PMU,AIDIP will be resolved by the committee consisting of PMU,AIDIP officials and representative of the concerned firm. CA Firm, if dissatisfied with the decision of the committee may approach the **Managing Director, MSAMB** whose decision would be final.
- iii. For the purpose of the said assignment as well as for any matter arising there under or connected therewith, the courts at Pune will have jurisdiction.

F. Penalties

- i. In the event of gross negligence, irregularity, laxity or misconduct on the part of the CA firms personnel, the contract may be terminated and the CA firm shall liable to be black listed for any Government work.
- ii. The violation of any of the terms will invoke penalty. It will be the responsibility of the CA firm to complete the assignment with full knowledge and experience of the work with proper care and time. Failure to do so leading to either undue delay or laxity or failure or incorrect report will make the CA Firm liable for being removed from the contract by the PMU,AIDIP,Pune after issuing a notice of 7 days. The decision of the Project Director, AIDIP shall be final in this respect.
- iii. The audit report along with documents substantiating the findings is to be submitted within 30. days of assigning the work. If the report is delayed then penalty shall be charged. The amount of penalty will be 10 % of the professional fees of audit. However, if the delay is due to circumstances beyond the control of the CA Firm and the same is informed in writing to the office of the PMU,AIDIP,Pune then the penalty shall be reduced or condoned by duly considering each case.

G. Signing of Contract:

The C.A. firm has to submit acceptance letter and has to sign a contract on Rs.100/- non-judicial stamp paper mentioning all the above terms and conditions within 7 days of the issue of offer letter.

H. Time Schedule:

Last date of submission of quotation will be 08th August 2018 17.00, hrs. The Technical proposals will be opened in the presence of the committee on 08th August 2018 17.30 hrs. Representative from interested CA Firms may remain present for the same.

I. Contact Details:

For any further clarifications/information the following officer may be contacted.

The Project Director (AIDIP-JFPR)

Project Management Unit,

Agribusiness Infrastructure Development Investment Program (AIDIP)

Maharashtra State Agricultural Marketing Board (MSAMB),

Plot No. F/E/78, Ground Floor,LDB Training Centre,

Market yard, Gultekadi, Pune - 411037, Maharashtra

Phone : 0-20-2426 0574 / 75

Email : projectadb@msamb.com

Annexure I: Format for Technical Proposal

1. Name of the Firm:
2. Address of the Head Office:
3. Year of Establishment:
4. Nature of Constitution:
5. Firm Registration No with ICAI:
6. CAG empanelment No. :
7. PAN No. :
8. GST Registration No. :
9. Partners Details as on 1-4-2017 in the record of ICAI:

SR. No	Partner's Name, Age & Location	Membership No.	Qualification	Experience/ Details of Work	Period of Partnership	Whether partner sleeping or active
1.						
2.						
3.						
4.						
5.						

10. Details of Head Office and Branch Offices including offices in Maharashtra.

SR. No	Location/ Address	Since	Name of Brach Head	Phone No / Fax No.	Email Address	Total No. of Staff		
						Qualified	Semi	Others
1.								
2.								
3.								
4.								
5								

11. Audit Experience: Attach full details of all types of audit assignments undertaken in the last five years by the CA Firm (Such as CAG Audits, Social Audit, Statutory Audit, Bank, etc.)

12. Details of full time Staff- indicate separately for Head office and Branches:

SR . No	Head Office/Branch Office	No	Name	Designation	Qualification	Associated Since	Assignment details
1.	Qualified Staff						
2	Other Chief Executives						
3.	Semi Qualified Staff						
4.	Article Clerk						
5.	Other Audit Staff						

6.	Supporting Staff						
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13. Total Turnover (as per B/S attached along with IT Return)

Year	Turnover	Profit
2015-16		
2016-17		
2017-18		

14. List of major audit clients (Last two years): _____

Annexure II: List of Documents to be attached with the Technical Proposal

- 1. Brief Profile of Firm**
- 2. CVs of all Partners**
- 3. Photocopy of Partnership Deed**
- 4. Photocopies of Audited Financial Statements of last Three years**
- 5. Photocopies of Status of Firm, Branch & Partners as on 01.04.2017 in the records of ICAI**
- 6. Photocopies of CAG empanelment, PAN, GST Registration Number**
- 7. List of major assignments undertaken in last five years along with supporting documents.**
- 8. Declaration as per Annexure IV.**

Date:

Place:

Authorized Signatory

Name:

Membership No.:

Status:

Seal of Firm / Organization

Annexure III - Format for Financial Proposal

(The financial bid to be submitted on the C.A. firm's letter head in separate sealed envelope).

With reference to letter no. ----- Dated----- 2017 of AIDIP, PMU, Pune for hiring the services of Chartered Accountant firm for auditing of Asian Development Bank Assisted AIDIP Project, the professional fees would be Rs. _____(in words Rs. _____). The fee quoted is exclusive of service taxes BUT includes all other expenditure such as travelling expenses (including local conveyance), lodging & boarding expenses, stationery expenses, communication expenses and all other expenditure relating to the said assignment. ate:

Signature:

(Name and position held by the (Authorized signatory)

Place:

Seal of Firm / Organization

Annexure IV - DECLARATION

(To be submitted on letter head of the firm duly signed by the partner of the firm)

I undersigned.....on behalf of M/s.
hereby certify that all the information mentioned
 above is true and correct.

Further declare that the CA Firm and Partner/s shall neither be under a declaration of ineligibility for corrupt and fraudulent practices nor should they have been blacklisted by the ICAI, State Government/Central Government of India or any legal Institution of its agencies. They shall neither be debarred nor issued notice for failure to submit deliverables and cancellation of work order by any government and / or semi government entities. Neither the firm nor the staffs have any conflict of interest in accepting the assignment.

Date:

Authorized Signatory:

Name:

Designation:

Membership No. :

Seal of Firm / Organization

Terms of Reference (TOR) for hiring the services of Chartered Accountant firm for auditing of Asian Development Bank (ADB) assisted JFPR Project

Background and Objectives

1. On 16 September 2010, ADB approved a Multi-tranche Financing Facility (the MFF) in for up to \$170 million OCR funds for the Government of India to implement the Agribusiness Infrastructure Development Investment Program (MFF 0045--IND).

The Investment Program

2. The investment program aims to address three main constraints on agriculture growth: i) outdated technologies and management; (ii) lack of investment in linking infrastructure (such as roads from production areas to collection points); and (iii) lack of private sector investment and management in modern marketing infrastructure (such as cold chains, controlled atmosphere storages, and automated grading). Using an integrated value chain (IVC) approach, the investment program will invest in essential infrastructure to support integrated value chain development for high value horticultural commodities. The investment will support (i) site development and agribusiness infrastructure, (ii) linking infrastructure to ensure connectivity and basic services across the value chain, (iii) backward links to the production areas through contract farming and producer companies, and (iv) capacity building to strengthen technical and managerial skills along the value chain. The investment program area covers selected regions of Bihar and Maharashtra, two states that have adopted different agri-marketing policies: Bihar promotes the provision of agri-marketing as a private-sector-led function, and Maharashtra enables greater private sector participation but leaves the role of regulator and market manager with the public sector.
3. To facilitate and further strengthen linkages with farmers and producers and ensure inclusion of farmers with small scale /small landholdings a grant of \$3 million equivalent under the Japan Fund for Poverty Reduction (JFPR) 9147-IND: Improving Small Farmers' Access to Market in Bihar and Maharashtra, is being provided by ADB. For the implementation of JFPR, the State Executing Agency (EA) of AIDIP, the Department of Cooperation, Marketing and Textiles (DCMT) will establish a Grant Implementation Unit (GIU) in the Implementing Agency (IA) of AIDIP, which is the Maharashtra State Agricultural Marketing Board (MSAMB). Establishment of GIU will help ensure better synergy and cohesion of activities between JFPR and AIDIP. GIU will be responsible for the day-to-day activities of JFPR in coordination with AIDIP and the supervision of the IA.
4. Following are the three broad components of this technical assistance:
 - **Component A** : Assistance towards formation of Farmer Groups and Producer Companies, wherein small-scale Fresh Fruit and Vegetable (FF&V) producer-farmers are grouped together to aggregate their produce into larger volumes and linking/integrating these to private sector buyers/purchasers (developed under AIDIP) for ensuring better returns; improve production techniques, systematic improvement of the quality of the produce, increased post-harvest activities to give value addition to the produce, etc. The farmer groups may later be integrated/ federated into producer companies for improving professionalism in the operations

- **Component B:** Assistance for improving the farmer's capacity to meet market requirements for achieving higher returns for their produce. A broad range of capacity development skills is envisaged which includes business management skills, technical skills, and organizational management skills. The component also includes exposure visits for the farmers to other areas where farmers have successfully formed farmer groups and or producer companies, along with other interventions which has led to successful increase in production and increased income from sale of their produce.
- **Component C:** Facilitation of Farmer-Buyer Linkages for the small-scale farmers. This component aims to help farmers and buyers identify and develop sustainable partnerships that are outside the traditional marketing systems.
- **Component D:** This component supports the project management, monitoring and evaluation activities to ensure successful implementation of the project's goals and objectives. The activities under this component includes overall project coordination, implementation, supervision, management, procurement, accounting, auditing and reporting; preparation of work plans, conducting baseline surveys, poverty impact assessments, benefit monitoring and evaluation and final dissemination workshop.

Impact and Outcome :-

5. The impact of the overall investment program (AIDIP and JFPR) will be higher value of horticulture products captured by the stakeholders of the IVCs in selected regions of Maharashtra, as the private sector brings in world-class technology and modern management, increased integration and linkage of agriculture production with main stream markets and increased income to farmers thereby improving their quality of life. The investment program outcome will be the investment in and management of eight or more IVCs, including small-scale farmers, by the private sector.
6. The impact from the interventions of the JFPR Project is expected to increase income of small-scale farmers in Maharashtra through access to alternative higher-return markets. The outcome will be the enhanced integration of small-scale fresh fruit and vegetable (FF&V) farmers, including female and scheduled caste (SC) and scheduled tribe (ST) farmers, into the horticulture value chains in those states.
7. The outputs of the Project for Maharashtra include (i) the identification and selection of at least 1400 lead farmers (representing farmer groups) for training in value chains. Trainees will be selected from the estimated 20,000 small-scale farmers that will be targeted as beneficiaries for the farmer IVC awareness programs; (ii) support for strengthening the best-performing farmer groups into at least 3 producer companies and assist the process for forming other producer companies from remaining farmer groups as required; (iii) the farmer groups and at least 3 producer companies are trained in business, technical, and organizational management skills; and (iv) farmer groups and producer companies establish long-term mutually beneficial agreements with buyers.

Objective of the assignment :-

8. To audit the accounts of the Project to be maintained by the Grant Implementation Unit (GIU), in MSAMB, for financial year 2017-18. Expenses incurred for the financial year 2017-18 are **Rs.241.90** lakh. The audit should assess whether:
- (i) Financial management systems and internal and operational control procedures as applicable to the project are being adhered to by the GIU.
 - (ii) The financial reports being submitted by the GIU are in agreement with the books of account and can be relied upon to support the disbursements made by ADB.
 - (iii) The procurement followed by Implementing Agency is as per the ADB procurement procedure.
 - (iv) To submit a report of factual findings with regard to the agreed procedures performed.

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9. The audit should be carried out in accordance with Standards on Auditing practice issued by Institute of Chartered Accountants of India (ICAI) and will include such tests and controls as the Auditor considers necessary under the circumstances. Specific areas of coverage of the audit will include, but not be limited to, the following:
- a) Assess the adequacy of the project financial management system, including internal controls. Such as adequacy and effectiveness of accounting, financial and operational control.
 - b) Assess compliance with the provisions in the Project Administration Manual, especially those relating to accounting and financial matters.
 - c) That all funds received under the project have been used with due attention to economy and efficiency, and only for the purposes for which the financing was provided and approved; that civil works, goods and services, including consultancy services financed have been procured in accordance with the financing agreements and procurement guidelines of the bank.
 - d) That all necessary supporting documents, contracts, records, and accounts have been kept in respect of all project expenditures reported by the GIU, and that clear linkages exist between that accounting records, accounts books and the monthly/ quarterly financial reports.
 - e) Status of reconciliation of the accounts maintained by GIU with their respective bank.
 - f) In respect of expenditures claimed for reimbursement following the withdrawal applications/Statement of Expenditure (SOE) procedure, appropriate original supporting documents has been retained by the GIU, and that these can be relied upon to support expenditure reimbursed by ADB.

Coverage and Timing of the Audit

10. The auditor will submit the audit report to the Project Director, GIU, who in turn will present the same to the EA for its review and onward transmission to ADB. The assignment will be for the period of one month from commencement of work.

Deliverables

11. At the conclusion of the audit, the firm should submit an audit report, which should include an opinion on the accounts that have been audited. The opinion should also

state whether (a) the GIU has complied with ADB's guidelines for operation of the Imprest Account; (b) the financial covenants incorporated in the Grant Implementation Manual have been complied with; and (c) expenditures claimed following the withdrawal applications/ SOE procedure are adequately documented.

The Firm shall sign and provide:

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

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

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

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

The audit will include a review of SOEs used as the basis for submitting withdrawal applications. The auditor will carry out tests and reviews as necessary and relevant to the circumstances. SOE expenditures will be carefully compared for eligibility with relevant financial agreements and the disbursement letter, with reference to the project design report for guidance when necessary. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed, auditors will note these separately. A schedule listing individual SOEs, withdrawal applications by reference number and amount should be attached to the PFSs. The total withdrawals under the SOE procedure should be part of the overall reconciliation of ADB disbursements described above. The auditor's opinion should deal with the adequacy of the procedures used by the project for preparing withdrawal applications, SOEs and should include a statement that amounts withdrawn from the project account on the basis of such SOEs were used for the purposes intended under the agreement. The auditor is also required to check and verify the previous year's withdrawal applications/SOEs if they have a material effect on the SOEs pertaining to the audit period.

14. **A separate management letter** addressing the adequacy of the accounting and internal control systems of the program, including compliance with the ADB Procurement Guidelines and such other matters as ADB may notify the GIU to include in the audit. The auditor is requested to comment on:
- Economy, efficiency and effectiveness in the use of project resources;
 - Achievement of planned project results;
 - Legal and financial obligations and commitments of the project and the extent of compliance or non-compliance thereof;
 - Systems and procedures such as improvements in accounting, information technology or computer systems, and operations that may be under development, on which the auditor's comments are necessary to ensure effective controls; and
 - Other activities on which the auditor may consider it appropriate to report.
15. **Auditor shall certify:**
- Whether the PFSs are drawn up in conformity with internationally accepted accounting standards;
 - Whether the PFSs are accurate and are drawn up from the books of accounts maintained by the project;
 - Whether the provisions of the financing agreement are adhered to;
 - Whether procurement has been undertaken by the project in accordance with applicable procurement procedures and the ADB Procurement Guidelines;
 - The existence of any significant assets purchased and confirms their existence and use for project purposes;
 - Whether the project has an effective system of financial supervision or internal audit at all levels; and
 - Whether the expenditures claimed through withdrawal applications, SOEs are properly approved, classified and supported by adequate documentation.
16. **Fees of Auditor:** The payment of the fees for the services of the CA firm will be made by the GIU.

17. Eligibility Criteria:

The Firm should fulfill following eligibility criteria:

- The firm should be a partnership in continuous existence for a period of at least 5 year.
- The Auditor should be empanelled with CAG & ICAI.
- Auditor must have experience of minimum 10 assignments either in the area of CAG Audits, Social Audit, Statutory Audit, Tax, Bank etc.
- The auditor Head office or Branch office must be in Pune, Maharashtra.
- Firm should have turnover of a minimum of **Rs. 20.00** Lakhs in the financial year 2017-18.
- Declaration as per annexure IV.
- The Project will not consider any subletting/outsourcing/joint venture proposal for Audit.
- In case Auditor Firm does not fulfill the eligibility criteria, its proposal will be rejected.
- Interested firms are requested to review the attached ToR to make themselves familiar with the scope of work before submitting their financial quote.
- The interested Auditor Firms are requested to submit the Technical and Financial proposal in sealed envelope with superscript on it "**Services of Chartered Accountant firm for auditing of JFPR Project** " not later than **8th August 17.00 hrs** on the address given below.

The Project Director (AIDIP-JFPR)
Grant Implementation Unit,
Agribusiness Infrastructure Development Investment Program (AIDIP)
Maharashtra State Agricultural Marketing Board (MSAMB),
Plot No. F/E/78, Ground Floor, LDB Training Centre,
Market yard, Gultekadi, Pune-411037, Maharashtra
Phone : 0-20-2426 0574 / 75
Fax : +91-20-2426 0477
Email : projectadb@msamb.com

18. Bid Procedure:

- i. The whole process of quotation can be cancelled without giving any prior notice or information by the GIU, JFPR, Pune.
- ii. A firm can submit only one quotation. If a firm submits more than one quotation all such quotations shall be rejected.
- iii. The professional fees shall be quoted excluding of Service Tax. All other expense such as local conveyance), lodging, boarding, Stationery Expenses, Communication Expenses are not under the purview of the said assignment.
- iv. Proposal shall contain details as per Annexures. Envelope superscripting "**Services of Chartered Accountant firm for auditing of JFPR Project** ".
- v. The technical and financial proposals must reach to GIU, JFPR Office, Market Yard Gultekadi on or before **8th August 17.00 hrs** Submission of quotation beyond the time limit will not be entertained.

- vi. The documents as per Annexure- II are to be attached with the Technical proposal for scrutiny of the proposal. Proposals without necessary documents will be rejected.
- vii. The technical proposal will be evaluated by a committee constituted in the office of GIU, JFPR,Pune. The Financial quote of technically eligible firms will be considered for comparison.

19. Rates & Payment Terms:-

- i. The CA Firm will be required to quote the professional fees as per the Annexure for Financial Bid given herewith. The rates quoted shall be inclusive of all the expenses like travelling, lodging,boarding,stationery, communication and all other expenditure relating to the said assignment. However, the Service Tax shall be quoted separately at the applicable rate.
- ii. Fees will be paid after submission of Audit Report. Of the fee, 80% of the amount will be paid on receipt of the audit report and the remaining 20% on final acceptance of the report. The Audit Report shall be prepared in 2 copies and to be submitted to Project Director,AIDIP, Pune along with softcopy.

20. Settlement of Disputes

- i. The decision of the Committee shall be final in selection of the C.A Firm.
- ii. Any dispute between the CA Firm and GIU, JFPR will be resolved by the committee consisting of GIU, JFPR officials and representative of the concerned firm. CA Firm, if dissatisfied with the decision of the committee may approach the **Managing Director, MSAMB** whose decision would be final.
- iii. For the purpose of the said assignment as well as for any matter arising there under or connected therewith, the courts at Pune will have jurisdiction.

21. Penalties

- i. In the event of gross negligence, irregularity, laxity or misconduct on the part of the CA firms personnel, the contract may be terminated and the CA firm shall liable to be black listed for any Government work.
- ii. The violation of any of the terms will invoke penalty. It will be the responsibility of the CA firm to complete the assignment with full knowledge and experience of the work with proper care and time. Failure to do so leading to either undue delay or laxity or failure or incorrect report will make the CA Firm liable for being removed from the contract by the GIU, JFPR,Pune after issuing a notice of 7 days. The decision of the Project Director, JFPR shall be final in this respect.
- iii. The audit report along with documents substantiating the findings is to be submitted within 30 days of assigning the work. If the report is delayed then penalty shall be charged. The amount of penalty will be 10 % of the professional fees of audit. However, if the delay is due to circumstances beyond the control of the CA Firm and the same is informed in writing to the office of the GIU,AIDIP,Pune then the penalty shall be reduced or condoned by duly considering each case.

22. Signing of Contract:

The C.A. firm has to submit acceptance letter and has to sign a contract on Rs.100/- non-judicial stamp paper mentioning all the above terms and conditions within 7 days of the issue of offer letter.

23. Time Schedule:

Last date of submission of quotation will be **8th August 17.00 hrs** The Technical proposals will be opened in the presence of the committee on **8th August 17.30 hrs** Representative from interested CA Firms may remain present for the same.

24. Contact Details:

For any further clarifications/information the following officer may be contacted.

The Project Director (AIDIP-JFPR)
Grant Implementation Unit,
Japan Fund for Poverty Relief (JFPR)
Maharashtra State Agricultural Marketing Board (MSAMB),
Plot No. F/E/78, Ground Floor, LDB Training Centre,
Market yard, Gultekadi, Pune - 411037, Maharashtra
Phone : 0-20-2426 0574 / 75
Fax : +91-20-2426 0477
Email : projectadb@msamb.com

Annexure I: Format for Technical Proposal

1. Name of the Firm:

2. Address of the Head Office:

3. Year of Establishment:

4. Nature of Constitution:

5. Firm Registration No with ICAI:

6. CAG empanelment No. :

7. PAN No. :

8. GST Registration No. :

9. Partners Details as on 1-4-2017 in the record of ICAI:

SR. No	Partner's Name, Age & Location	Membership No.	Qualification	Experience/ Details of Work	Period of Partnership	Whether partner sleeping or active
1.						
2.						
3.						
4.						
5.						

10. Details of Head Office and Branch Offices including offices in Maharashtra

SR. No	Location/ Address	Since	Name of Brach Head	Phone No/Fax No.	Email Address	Total No. of Staff		
						Qualified	Semi	Others
1.								
2.								
3.								
4.								
5.								

11. Audit Experience: Attach full details of all types of audit assignments undertaken in the last five years by the CA Firm (Such as CAG Audits, Social Audit, Statutory Audit, Bank, etc.)

12. Details of full time Staff– indicate separately for Head office and Branches:

SR. No	Head Office/Branch Office	No	Name	Designation	Qualification	Associated Since	Assignment details
1.	Qualified Staff						
2.	Other Chief Executives						
3.	Semi Qualified Staff						
4.	Article Clerk						
5.	Other Audit Staff						
6.	Supporting Staff						

13. Total Turnover (as per B/S attached along with IT Return)

Year	Turnover	Profit
2015-16		
2016-17		
2017-18		

14. List of major audit clients (Last two years): _____

Annexure II: List of Documents to be attached with the Technical Proposal

- 1. Brief Profile of Firm**
- 2. CVs of all Partners**
- 3. Photocopy of Partnership Deed**
- 4. Photocopies of Audited Financial Statements of last Three years**
- 5. Photocopies of Status of Firm, Branch & Partners as on 01.04.2017 in the records of ICAI**
- 6. Photocopies of CAG empanelment, PAN, GST Registration Number**
- 7. List of major assignments undertaken in last five years along with supporting documents.**
- 8. Declaration as per Annexure IV.**

Date:

Place:

Authorized Signatory

Name:

Membership No.:

Status:

Seal of Firm / Organization

Annexure III - Format for Financial Proposal

(The financial bid to be submitted on the C.A. firm's letter head in separate sealed envelope).

With reference to letter no. ----- Dated----- 2017 of AIDIP, GIU, Pune for hiring the services of Chartered Accountant firm for auditing of Asian Development Bank Assisted AIDIP Project, the professional fees would be Rs._____ (in words Rs._____). The fee quoted is exclusive of service taxes BUT includes all other expenditure such as travelling expenses (including local conveyance), lodging & boarding expenses, stationery expenses, communication expenses and all other expenditure relating to the said assignment.

Date:

Signature:

(Name and position held by the Authorized signatory)

Place:

Seal of Firm / Organization

Annexure IV - DECLARATION

(To be submitted on letter head of the firm duly signed by the partner of the firm)

I undersigned.....on behalf of M/s.
.....hereby certify that all the
information mentioned above is true and correct.

Further declare that the CA Firm and Partner/s shall neither be under a declaration of ineligibility for corrupt and fraudulent practices nor should they have been blacklisted by the ICAI, State Government/Central Government of India or any legal Institution of its agencies. They shall neither be debarred nor issued notice for failure to submit deliverables and cancellation of work order by any government and / or semi government entities. Neither the firm nor the staffs have any conflict of interest in accepting the assignment.

Date:

Authorized Signatory:

Name:

Designation:

Membership No. :

Seal of Firm / Organization