

# GOVERNMENT OF ODISHA

RURAL DEVELOPMENT DEPARTMENT



## DOCUMENTS FOR COVER - I

TECHNICAL BID DOCUMENTS / DETAILED TENDER CALL NOTICE  
FOR THE WORK

***“Request for proposal (RFP) for Conducting Internal Audit of Pradhan Mantri Gram Sadak Yojana (PMGSY) in the State of Odisha.”***

**OFFICE OF THE CHIEF CONSTRUCTION ENGINEER,  
CENTRAL RURAL WORKS CIRCLE, BHUBANESWAR**

**GOVERNMENT OF ODISHA**  
**OFFICE OF THE CHIEF CONSTRUCTION ENGINEER.**  
**CENTRAL RURAL WORK CIRCLE, BHUBANESWAR**  
**T.C.N. No. Tender-Online-C.C.25 of 2023**

*No-3803 Date-11.08.2023*  
**Request for Proposal to conduct Internal Audit Under Pradhan Mantri Gram Sadak Yojana (PMGSY) Works.**

1. On behalf of The Chief Engineer, PMGSY & Orissa State Rural Road Agency (OSRRA) an autonomous body of Rural Development Department, Government of Odisha, invites item rate tender in online bids in Two Covers viz. Technical bid & Financial bid from reputed Chartered Accountant Firms enlisted in C & AG Panel who wish to undertake the work of internal audit of programme implementation units (PIU) located in the State of Odisha and Odisha State Rural Road Agency located at Bhubaneswar. The Chartered Accountant firms are required to submit proposal for the state.

2.

SI No.	Required Bid Security	Required bid submission fee including GST
1	Rs.0.96 lakhs or 2 % of the quoted amount whichever is high	Rs.10,000/-

3. The Bidding documents containing detailed terms & conditions will be available for free download on Govt. e-Procurement Portal <http://www.tendersodisha.gov.in> starting from **21.08.2023 at 11.00 A.M till 07.09.2023 upto 5.00 P.M.**

4. Bid submission, fee will be paid through Demand Draft payable to Odisha State Rural Road Agency, Bhubaneswar. Bidders shall quote online their prices and submit online Technical and Financial Bids in prescribed formats through the above mentioned portal only. Manual submission of bids is not allowed.

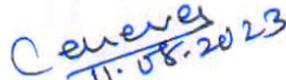
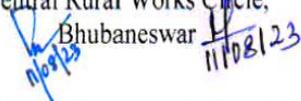
5. The bidders intending to participate in this bidding process are required to follow procedures for registering on the e-procurement Portal, setting up of Machine, obtaining a digital certificate and other procedures specific to the e-procurement.

6. Bidders may submit their queries online right after posting of Bidding Documents online. Closing date and time for online submission of queries is **28.08.2023 up to 11.00 A.M.** Offline queries are not permitted. No pre-Bid conference will be held.

7. Summary of key dates is, provided below

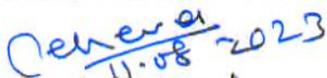
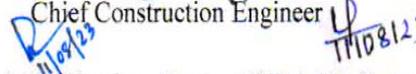
Step	Start Date and Time	Closing Date and Time
1. Posting of Bidding Documents Online	18.08.2023 at 11.00 A.M	21.08.2023 up to 11.00 A.M
2. Downloading of Bidding Document Online	21.08.2023 at 11.00 A.M	07.09.2023 upto 5.00 P.M
3. Submission of queries online	21.08.2023 at 11.00 A.M	28.08.2023 up to 11.00 A.M
4. Online submission of Bids (Technical & Financial)	21.08.2023 at 11.00 A.M	07.09.2023 upto 5.00 P.M
5. Submission of original Bid Security instrument and Bid submission fee	04.09.2023 at 11.00 A.M	07.09.2023 upto 5.00 P.M
6. Opening of Bid Security, Bid submission fee & Technical Bid	08.09.2023 at 11.00 A.M	N.A
7. Opening of Financial Bid	To be intimated lateron	N.A

8. Bidders shall deliver by hand or send by courier its original Bid Security instrument and Demand Draft for the Bid submission fee, in a sealed envelope, with a note "Original Bid Security and Bid Submission Fee". The envelope must reach the office of the authority before the date & time fixed. The sealed envelope containing the Bidder's Original Bid Security and Bid submission fee will be opened by the officer on the date and time set for the opening of Bids.
9. Technical Bids of such bidders, whose Bid security and Bid submission fee are as per requirement, will be opened in the presence of Bidders or their authorized representatives who choose to attend. The date and time of Bid opening is given in above table. Address of the place of Bid opening is provided in the Bidding Documents.
10. Bids of those Bidders who fail to provide original Bid Security and Demand Draft for Bid submission fee will be treated as non-responsive. The Technical Bids of responsive Bidders only will be opened. Financial bids of eligible technical bids will be opened. A list of Bidders whose Bids are opened will be published on the e-Procurement Portal (E-GPS).
11. As the online Bids are required to be digitally signed, Bidders may obtain information required to issuance of a class III-Digital Signature Certificate from the Controller of Certifying Authorities <http://www.nic.in> or the website of Service Provider of Purchaser's e-Procurement system.
12. The undersigned reserves the right to extend the deadline for submission of Bids or cancel the Bidding process without assigning any reason whatsoever.
13. The undersigned authority shall not accept any responsibility for failures or breakdowns of the electronic procurement system during the e-tendering process. In case of system failure, malfunction, or breakdown during the bidding process, an email will be sent to all registered Bidders or a notice will be published on the e-Procurement Portal notifying that the system is down/was down (specifying time and duration) and specifying what changes (if any) this may have on the deadline for submission of Bids and other key dates as appropriate.

  
 11.08.2023  
 Chief Construction Engineer  
 Central Rural Works Circle,  
 Bhubaneswar  


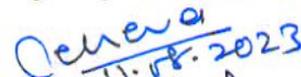
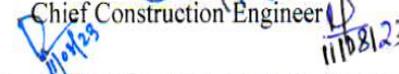
Memo No. 3804 Dtd. 11.08.2023

Copy in duplicate forwarded to the Manager, Publication, Information and Public Relation Department, Odisha, Bhubaneswar for information and necessary action. It is requested to please arrange for publication of above tender notice in two local Oriya Dailies & one English National Daily News Papers on or before **Dt.16.08.2023**. The complementary copies for the same may be sent to this office for record.

  
 11.08.2023  
 Chief Construction Engineer  


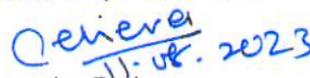
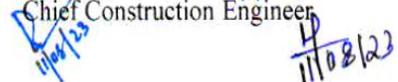
Memo No. 3805 Dtd. 11.08.2023

Copy forwarded to the Director, Printing, Stationary & Publication, Govt, of Odish Madhupatna, Cuttack-10 for information and necessary action. He is requested to arrange for publication in the next issue of Odisha Gazette.

  
 11.08.2023  
 Chief Construction Engineer  


Memo No. 3806 Dtd. 11.08.2023

Copy submitted to Commissioner-Cum-Secretary to Govt, of Odisha, R.D. Deptt. for favour of kind information.

  
 11.08.2023  
 Chief Construction Engineer  


Memo No. 3807 Dtd. 11.08.2023

Copy submitted to the Chief Engineer, PMGSY / Engineer-in-Chief, Rural Works / CEO, OSRRA, Bhubaneswar for kind information.

*Cheena*  
11.08.2023  
Chief Construction Engineer  
11/08/23

Memo No. 3808 Dtd. 11.08.2023

Copy forwarded to the Engineer-in-Chief (Civil). R&B, Odisha, Bhubaneswar/ Engineer-in-Chief, Water Resource/Chief Engineer, P.H.(Urban)/N.H., Odisha, Bhubaneswar for information & wide publication.

*Cheena*  
11.08.2023  
Chief Construction Engineer  
11/08/23

Memo No. 3809 Dtd. 11.08.2023

Copy forwarded all CCE /SE / EE under RW Organisation for information and wide publication.

*Cheena*  
11.08.2023  
Chief Construction Engineer  
11/08/23

Memo No. 3810 Dtd. 11.08.2023

Copy to Notice Board of this office for circulation.

*Cheena*  
11.08.2023  
Chief Construction Engineer  
11/08/23



GOVERNMENT OF ODISHA  
OFFICE OF THE CHIEF CONSTRUCTION ENGINEER,  
CENTRAL RURAL WORKS CIRCLE, BHUBANESWAR  
Phone-0674-2540742 Email- [se\\_ccrw@yahoo.co.in](mailto:se_ccrw@yahoo.co.in)

No. 3803 /Date: 11.08.2023

**NOTICE INVITING REQUEST FOR PROPOSAL**  
T.C.N. No. Tender-Online-C.C.25 of 2023

1.	On behalf of The Chief Engineer, PMGSY & Orissa State Rural Road Agency (OSRRA) an autonomous body of Rural Development Department, Government of Odisha, invites item rate tender in online bids in Two Covers viz. Technical bid & Financial bid from reputed Chartered Accountant Firms enlisted in C & AG Panel who wish to undertake the work of internal audit of programme implementation units (PIU) located in the State of Odisha and Odisha State Rural Road Agency located at Bhubaneswar. The Chartered Accountant firms are required to submit proposal for the state.			
2.	Nature of work	:	Request for Proposal to conduct Internal Audit Under Pradhan Mantri Gram Sadak Yojana (PMGSY) Works.	
3.	No. of work	:	01-No.	
4.	Bid Cost.	:	₹.10,000/-	
5.	Class of Contractor	:	Reputed Chartered Accountant Firms enlisted in C & AG Panel	
6.	Availability of Bid Documents in the website	:		
		<b>Step</b>	<b>Start Date and Time</b>	<b>Closing Date and Time</b>
		1. Posting of Bidding Documents Online	18.08.2023 at 11.00 A.M	21.08.2023 up to 11.00 A.M
		2. Downloading of Bidding Document Online	21.08.2023 at 11.00 A.M	07.09.2023 upto 5.00 P.M
		3. Submission of queries online	21.08.2023 at 11.00 A.M	28.08.2023 up to 11.00 A.M
		4. Online submission of Bids (Technical & Financial)	21.08.2023 at 11.00 A.M	07.09.2023 upto 5.00 P.M
		5. Submission of original Bid Security instrument and Bid submission fee	04.09.2023 at 11.00 A.M	07.09.2023 upto 5.00 P.M
		6. Opening of Bid Security, Bid submission fee & Technical Bid	08.09.2023 at 11.00 A.M	N.A
		7. Opening of Financial Bid	To be intimated lateron	N.A
7.	The Bidders have to participate in ONLINE bidding only and bidder must possess compatible Digital Signature Certificate (DSC) of Class-III. Further details can be seen from the website: <a href="https://tendersodisha.gov.in">https://tendersodisha.gov.in</a> . Any addendum / corrigendum / cancellation of tender can also be seen in the said website.			

Further details can be seen from the web site [www.tendersodisha.gov.in](http://www.tendersodisha.gov.in)

*Chandra*  
11.08.2023  
Chief Construction Engineer

*R*  
11/08/23  
Central Rural Works Circle, Bhubaneswar  
*11/08/23*

Memo No. 3804 Date. 11.08.2023

Copy in duplicate forwarded to the Manager, Publication, Information and Public Relation Department, Odisha, Bhubaneswar for information and necessary action. It is requested to please arrange for publication of above tender notice in two local Oriya Dailies & one English National Daily News Papers on or before Dt.16.08.2023. The complementary copies for the same may be sent to this office for record.

*Chandra*  
11.08.2023  
Chief Construction Engineer  
Central Rural Works Circle, Bhubaneswar  
*R*  
11/08/23  
*11/08/23*

***Request for proposal (RFP)***  
**FOR**

**Conducting Internal Audit of Pradhan Mantri Gram Sadak Yojana (PMGSY) in the State of Odisha.**

1. Proposals are invited by Odisha State Rural Roads Agency (OSRRA) consisting of Technical and Financial Proposals for Internal Audit of Pradhan Mantri Gram Sadak Yojana Project in the State of Odisha from the Chartered Accountant Firms enlisted in the C & AG panel which could form the basis for future negotiations and ultimately a contract between the successful firm and Odisha State Rural Road Agency, Rural Development Department Government of Odisha, Secretariat Building, Sachibalaya Marg, Unit-V, BBSR, 751001. Proposals may be submitted for Internal Audit of PIUs functioning under the administrative control of OSRRA. The list of PIUS and there location is specified in Annexure-I.

2. Details of the services are given in the Terms of References (TOR).
3. The following documents are enclosed to enable the Chartered Accountant Firms to submit their proposals.
  - (a) Form No. T-1, T-2, T-2A, T-3, F-1 & F-1A.
  - (b) List of PIUs / OSRRA and their location (Annexure-1)
  - (c) Terms of Reference (TOR) [Appendix 2]
  - (d) A Sample Form of Contract under which the Internal Audit will be carried out. (Appendix 4).
  - (e) Item-wise sample sizes for Internal Audit (Schedule 1)
  - (f) Check List for Internal Audit (Appendix 3)

#### **4. Clarification and Amendment to RFP Documents.**

4.1 The intending Firms (Bidder) may request for a clarification on any part of the RFP documents up to **28.08.2023** at **11.00 A.M.** Any request for clarification must be sent in writing to the address of Chief Engineer, PMGSY, in the Office of Engineer - In - Chief, Rural Works, At-Madhusudan Nagar, Unit-IV, Bhubaneswar or by E Mail to cerw\_bbsr@yahoo.com. These would be clarified through e mail without identifying its source.

#### **4.2 Pre-bid meeting**

No Pre-bid meeting will be held.

#### **4.3 Amendment to RFP**

At any time before the submission of proposals, the OSRRA may, whether at its own initiative, or in response to a clarification requested by an interested firm amend the RFP by issuing an addendum. The addendum shall be published in website [www.tendersodisha.gov.in](http://www.tendersodisha.gov.in) and will be binding on all the participating firms. To give the bidders a reasonable time in which to take an amendment into account in their proposals, the OSRRA may at its discretion, if the amendment is substantial, extend the deadline for the RFP submission.

#### **5. Submission of Proposals**

5.1 The proposals shall be submitted online in two parts, viz., Technical and Financial Proposals in the forms provided in formats T-1, T-2 A, T-3, F-1 and F-1 A as referred to in para 8 and 9. The proposals must be submitted online in the website: [www.tendersodisha.gov.in](http://www.tendersodisha.gov.in) not later than the time and date indicated in para 5.2 or any extension to this date in accordance with para 5.3.

5.2 The “Technical” and “Financial” Proposals must be submitted in two separate covers. The cover containing “**TECHNICAL PROPOSAL**” should include the description of the bidder’s general experience in the field of the assignment, the qualification and competency of the personnel proposed for the assignment in response to suggested Terms of Reference (Appendix 2) in Forms T-1, T-2, T-2A and T-3. It should also include the scanned copies of Bid Security & Bid submission fee for an amount as indicated in the notice for **Request For Proposal**. The Bid Security must be in shape of Bank Guarantee of any Nationalized Bank in favour of Odisha State Rural Roads Agency and the Bid Submission Fee must be in the shape of Demand Draft of any Nationalize Bank drawn in favour of Odisha State Rural Road Agency payable at Bhubaneswar. The first envelope should not contain any cost information whatsoever.

The second envelope marked '**FINANCIAL PROPOSAL**' should contain the detailed price offer in Form F-1 and F-1 A for the internal audit. Last date and time for bid submission is **5.00 P.M** on **07.09.2023**.

- 5.3 At any time before the submission of Proposal, the OSRRA may amend the RFP by issuing an addendum in the website [www.tendersodisha.gov.in](http://www.tendersodisha.gov.in). The addendum will be binding on all the bidders. To give bidders a reasonable time in which to take an amendment into account in their proposals, the OSRRA may, if the amendment is considered as materially substantial, extend the deadline for the submission of Proposal.
- 5.4 The OSRRA shall not be responsible for any electricity failure or internet failure etc in submission of bids online.
- 5.5 The EMD of unsuccessful bidders shall be refunded on proper application after 90(Ninety) days from the bid opening or finalization of bid which ever is earlier.

## **6. Instructions to Bidders.**

- 6.1 The bidder shall bear all costs whatsoever associated with the preparation and submission of their Proposals. The costs might include site visit, collection of information and attendance at bid opening and contract negotiations.
- 6.2 The OSRRA 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 bidder.
- 6.3 In preparing their proposals, the bidder is expected to examine in detail the documents comprising the RFP. Material deficiencies in providing the information requested may result in rejection of a Proposal.
- 6.4 The OSRRA & the list of the PIUs (which will be audited) are specified along with their locations is given in **Annexure-I**.
- 6.5 Turnover of PIUs for financial year 2022-23 (including OSRRA) is Rs.2032.64 Crores.
- 6.6 The successful firm is required to deploy the minimum required personnel as stated in Annexure-2 and for the period mentioned there in for the audit work.
- 6.7 All the incidental expenditure including computers, printers, fax, courier, phone and stationery required for the audit will be provided by the Internal Audit Firm at their cost.
- 6.8 Travelling expenses, conveyance and accommodation charges during the course of audit will be provided by the Internal Audit Firm at their own cost. No reimbursement of any expenditure incurred by the internal audit firm is admissible by OSRRA.
- 6.9 Space and sitting accommodation in office of the Chief Construction Engineer at R.W. Circle, Bhubaneswar and in the office of the Engineer-in-Chief Rural Works, BBSR for

State level Cell will be provided by the OSRRA to the selected internal audit firm for compilation and monitoring of audit reports.

6.10 Preference will be given to Odisha based firms.

6.11 Negotiation may be carried out with the qualified bidders.

## **7. Opening of Technical Proposal**

7.1 The CCE, RW Circle, Bhubaneswar will invite the bid & the Technical Bid will be submitted to the O/o the CE, PMGSY for evaluation. An Evaluation Committee (EC) will be constituted by the OSRRA. The team will comprise of the Empowered officer, Addl. CE (PMGSY), CCE, RW Circle, Bhubaneswar, 2 no. of Executive Engineers of PMGSY Cell, Senior Divisional Accounts officer of the office of SE RW Division, Bhubaneswar & Sr. Divisional Accounts officer of EIC, R.W,Odisha, Bhubaneswar. Proposals (first cover containing Technical Proposals only) will be opened by Chief Construction Engineer, Central Rural Works Circle, Bhubaneswar at **11.00 A.M** on **dtd.08.09.2023**. It may please be noted that the second envelope i.e. Financial Proposals containing the Price Bid will not be opened until technical evaluation has been completed and the result approved and notified to all the bidders. The bidders or their authorised representatives shall be encouraged to be present at the time of opening of the Technical Proposal. The bidders' representatives, who choose to attend the bid opening proceedings, will sign an Attendance Sheet.

7.2 The OSRRA shall notify those bidders whose proposals did not meet the minimum qualifying marks or were considered non-responsive to the Request For Proposal and Terms of Reference, indicating that their Financial Proposals will be returned unopened after completing the selection process. The OSRRA shall simultaneously notify the bidders that have secured the minimum qualifying marks, indicating the date and time set for opening of Financial Proposals. The notification may be sent by registered letter or electronic mail to the qualified bidders. The bidders or their authorised representatives shall be encouraged to be present at the time of opening of the Financial Proposal. The bidders' representatives, who choose to attend the bid opening proceedings, will sign an Attendance Sheet.

## **8. Evaluation of Technical Proposal**

The Technical Proposal will be evaluated using the following criteria:

The Internal Auditor firms should have empaneled under CAG with relevant experience in audit of Government or Autonomous Bodies of the Central / State government or Public

Sector Undertakings. The Internal auditor firms should furnish year-wise financial turnover of each organization audited by them during the last three years. The Internal Auditor firms should provide the aforesaid information in **Form No. T-1, T-2, T-2 A & T-3.**

**Explanatory Note:** *In case the Internal auditor firm has audited any unit(s) or division(s) of any organization, then the turnover of that particular unit(s) or division(s) should be shown in Form T-1 and not the turn over of the organization as a whole.*

### **8.1 Criteria for Evaluation of Technical Proposal.**

The following criteria and point system shall be followed: -

(A)	Financial Turn over	25 points.
(B)	Qualifications and experience of key personnel on the rolls of the Internal Auditor Firm	30 points.
(C)	Capacity of the Internal auditor Firm	30 points.
(D)	No. of State Govt. Organisation & Public Sector under takings Audited	10 points
(E)	Support Staff possessing experience of public works audit and accounts.	5 points.
Total		100 points

#### **(A) Financial Turn Over (25 points)**

The bidders, on the basis of adequate turnover prescribed in Para 8 above would be awarded points based on the maximum turn over during any one year. The information furnished in Form T-1 shall be evaluated as follows:-

- (a) The Internal Auditor firms which have audited organizations whose sum of audited annual financial turnover is 50 to 60% of Rs.1000.00 Crs or more in any of the preceding three financial years would be awarded 10 points out of 25 points.
- (b) The Internal auditor firms which have audited organizations whose sum of audited annual financial turnover is 61 to 75% of Rs. 1000.00 Crores or more in any of the preceding three financial years would be awarded 15 points out of 25 points.
- (c) The Internal auditor firms which have audited organizations whose sum of audited annual financial turnover is 76% to 100% of Rs.1000.00 Crores or more in any of the preceding three financial years would be awarded 20 points out of 25 points.

- (d) The Internal Auditor firms which have audited organizations whose sum of audited annual financial turnover is more than 100% of Rs. 1000.00 Crores or more in any of the preceding three financial years would be awarded 25 points out of 25

**(B) Qualifications and experience of key personnel on the rolls of Internal Auditor firm (30 Points)**

For qualifications and experience of the key personnel, on the rolls of Internal Auditor firm, the firm should submit details of five senior personnel in the **Form No. T-2** and their curriculum vitae (CVs) in **Form No. T-2A**.

The Points for key personnel will be awarded as under:-

**Points for professional Qualifications**

<b>Sl. No.</b>	<b>Number of key personnel</b>	<b>Points to be awarded</b>
1. i)	One or two FCAs on the rolls of Internal Auditor firm	4
ii)	Over two FCAs on the rolls of Internal Auditor firm	8
iii)	**One to Three ACAs on the rolls of Internal Auditor firm	4
iv)	**Above three ACAs on the rolls of Internal Auditor firm	7
v)	One to four DISAs on the rolls of Internal Auditor firm	4
vi)	Above four DISAs on the rolls of Internal Auditor firm	5
2.	Experience* of key personnel in audit of public works accounts*	1 point to each key personnel (Maximum point 5)
3.	Experience* of key personnel in audit & accounts of autonomous body/ PSU of State Governments or Central Government.	1 Point to each key personnel (Maximum point 5)

**ACA/FCA with full time engagement will be considered in evaluation.**

\* Details of professional qualifications will be extracted from the CVs of the professionals.

\*\*ACAs can be replaced with FCAs

**(C) Capacity and Quality of the Audit Team (40 points)**

The Internal Auditor will make his own assessment about adequate number of audit teams required for conducting the audit as per the TOR. Each audit team must comprise of atleast one part time CA (FCA or ACA or DISA) and three support staff. Details of personnel in each team should be submitted in **Form No. T-3**.

The evaluation of team shall be done on the basis of CVs. For the State the bidder must engage at least five teams.

**(D) Support Staff possessing experience of Public Works Audit and Accounts (5 points)**

Based on the information furnished in Form T-3 one (1) point will be assigned to each support staff of the team who possesses audit of public works accounts experience subject to maximum of 5 points.

**8.2 Cut off points for qualifying Technical Proposal**

Based on the points and criteria as set out for Technical Proposals, all the bidders who have secured 70 percent or more points in each criterion as specified at para-8.1 shall be treated as qualified bidders. Their Financial Proposals shall be opened.

**8.3** The EC will record in detail the reasons for acceptance or rejection of the Technical Proposal analyzed and evaluated by it and would recommend the names of Internal Auditor Firm qualified in the Technical Bids to the Competent Authority of the OSRRA.

**9. Opening of Financial Proposals**

9.1 At the second stage, financial bids of only those bidders who have been declared qualified in the Technical proposal will be opened by the EC. The “Financial Proposal” should be submitted in the Schedule – “Price Bid” in **Form No. F-1**. The Internal Auditor Firm should provide detailed break down of costs Estimates of Services in the format given in **Form No F-1A**.

9.2 Each Financial Proposal will be inspected by the EC to confirm that it has been properly encrypted.

9.3 The CCE, RW Circle, Bhubaneswar, the PA to CCE, RW Circle, Bhubaneswar, Estimator, RW Circle, Bhubaneswar & Sr. Divisional Accountant of RW Division, Bhubaneswar will open each Financial Proposal, and initial all the pages except printed document and also circle / initial changes,

if any, over writing or any discrepancy noticed in the bid at the time of opening of bids. One of the representatives / members (in EC) will read out aloud the name of the Internal Auditor Firm and the total price quoted in the Schedule – “Price Bid” of each bidder. The CCE, R. W Circle, Bhubaneswar will record this information in writing.

9.4 The bidders or their authorised representatives shall be encouraged to be present at the time of opening of Financial Proposal. The bidders/their representatives, who choose to attend the bid proceeding will sign an Attendance Sheet.

## **10. Evaluation of Financial Proposals**

10.1 The EC will subsequently review the detailed contents of each Financial Proposal. During the examination of Financial Proposals, the EC or OSRRA's staff and any other person involved in the evaluation process will not be permitted to seek clarification or additional information from any Internal Auditor Firm who has submitted a Financial Proposal.

10.2 The Financial Proposals will be checked for computational errors or material omissions and prices will be corrected and adjusted as necessary. In the case of material omissions, the cost of the relevant Financial Proposal will be increased by application of the highest unit cost and quantity of the omitted item as provided in the other submitted Financial Proposals.

10.3 A comparative statement shall be prepared by the EC to analyze and select the successful bidder and award of work. This will be approved by the Competent Authority of the OSRRA. The eligible Internal Auditor Firm who has quoted lowest rates would be awarded the work of internal audit after price negotiations if any, required.

## **11. Confidentiality**

Information relating to evaluation of Proposals and recommendations concerning contract award shall not be disclosed to bidders who have submitted Proposals or to other persons not officially concerned with the selection process until the successful firm has been notified and contract awarded.

## **12. Award of Contract**

12.1 After completion of negotiations<sup>1</sup>, the OSRRA shall award the contract to the selected Internal Auditor Firm and promptly notify the other Internal Auditor Firm who had submitted Proposals that they were unsuccessful. The OSRRA will return the unopened Financial Proposals to the unsuccessful bidders who could not qualify for the opening of Financial Bid.

12.2 The validity of the proposal shall be for 90 days from the date of opening of the Technical Bid without change in the personnel proposed for the assignment and proposed price. The OSRRA will make its best efforts to select an Internal Auditor within this period. In exceptional circumstances, prior to expiry of the original time limit, the employer may request that the bidder may extend the period of validity for a specified additional period. The request and the bidders' responses shall be made in writing or by cable. A bidder may

refuse the request without forfeiting his Earnest Money. A bidder agreeing to the request will not be required or permitted to modify his bid, but will be required to extend the validity of his Earnest Money for a period of the extension.

- 12.3 Internal Auditor will be expected to take-up/commence with the assignment within a month of award of assignment order by the OSRRA and complete it by the stipulated time.
- 12.4 Under the overall guidance of the OSRRA, the Internal Auditor Firm will work directly with the respective PIUs. The Internal Auditor firm is expected to conduct audit of OSRRA & PIUs from **01.04.2023 to 31.03.2024**. Performance of the Agency would be reviewed at the end of each year and contract may be terminated anytime after giving one month notice if performance of the Agency is found unsatisfactory.
- 12.5 It may be noted that any manufacturing or construction firm, with which the Internal auditor might be associated with, will not be eligible to participate in bidding for any goods or works resulting from or associated with the project of which this internal audit assignment forms a part.

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*1. Negotiations are not an essential part of the selection process. Negotiations with the selected bidder shall include discussions on the TOR, the methodology, staffing, Government inputs and special conditions of the contract. These discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost and relevance of the initial evaluation be affected. The final TOR and the agreed methodology shall be incorporated in "Description of Services", which shall form part of the contract.*

*Financial negotiations shall only be carried out if due to aforesaid negotiations, there is any change in the scope of work which has any financial bearing on the final prices or of the costs/cost elements quoted are not found to be reasonable. In such negotiations, the selected firm may also be asked to justify and demonstrate that the prices proposed in the contract are not out of line with the rates being charged by the consultants for other similar assignments. However, in no case such financial negotiation should result into increase in the financial cost as originally quoted by the Internal Auditor Firm and on which basis the firm has been called for the negotiation.*

- 12.6 It may please be noted that if any firm does not have all the expertise for the assignment, there is no objection to the firm associating with another firm enlisted in C & AG panel to enable a full range of expertise to be presented. The joint venture should be accompanied with full details of the proposed association in the shape of MOU stating therein the Lead Firm who will be responsible to the OSRRA for the entire activities of Internal Audit of OSRRA including all financial and contractual performance arising out of the joint venture.

- 12.7 The remuneration which the Internal Auditor receives from the contract will be subject to normal tax liability as per the Tax Laws. The concerned tax authorities may be contacted for further information in this regard, if required.
- 12.8 The successful bidder is required to provide **5% security deposit** of awarded amount **in shape of fixed deposit of any Nationalized Bank duly pledged** in favour of the authorized representative at the time of signing the contract. The security will be refunded after successful completion of audit and submission of report there on in time.

Yours faithfully,

P.K.Sahoo  
Chief Engineer, PMGSY  
**State Rural Roads development Agency**

**Form No. T-1 (Refer to Para 8 of Appendix 1)**

**Financial turn-over of the firms audited by the Internal Auditor firm during the last three year**

<b>Sl No.</b>	<b>Name of the Organization audited (year-wise) during the last 3 years</b>	<b>Financial Turnover of the organization audited* (Rs. In lakhs)</b>
<b>1</b>	<b>2</b>	<b>3</b>
1	<b>2020-21</b>	
	(i)	
	(ii)	
	(iii)	
	<b>Total (2020-21)</b>	
2	<b>2021-22</b>	
	(i)	
	(ii)	
	(iii)	
	<b>Total (2021-22)</b>	
3	<b>2022-23</b>	
	(i)	
	(ii)	
	(iii)	
	<b>Total (2022-23)</b>	

**Signature of Authorized Representative of Internal Audited Firm**

**Seal of the Internal Auditor firm**

**\* Authentic supporting documents to be attached.**

**Form No. T-2 (Refer to Para 8 of Appendix 1)**

**Details of qualifications and experience of key personnel**

**SI No. of the Chartered Accountant Firm in C & AG panel \_\_\_\_\_**

SI No.	Name of senior personnel	Qualification of key personnel			Experience	
		Educational	Professional		Audit of public Works accounts experience (1 point to each key personnel)	Experience of autonomous body/PSU of State or central Govt. (1 point to each key personnel)
			FCA	ACA		
Points to be awarded		8 (Maximum)	7 (Maximum)	5 (Maximum)	5 (Maximum)	5 (Maximum)

**Signature of Authorized Representative of Internal Auditor firm**

**Seal of the Internal Auditor Firm**



From [Year]: to [Year]:

Employer:

Positions held:

Location:

Activities performed:

**Note : Write tasks performed under various employer year-wise.**

#### 10. Detailed Tasks Assigned

[List all tasks to be performed under this Assignment/job]

#### 11. Certification

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

Date :

[Signature of key personnel]

Place:

Verified

Signature of Authorized Representative of  
Internal Auditor Firm

**Form No. T-3 (Refer to Para 3 of Appendix 1)**

**Details of No. of team to be deployed with details of personnel in each team**

No. of team	Name of the team leader/support staff of the team	Position held in the Internal Auditor firm by the team leader		Audit experience in years	
		FCA or ACA or DISA	Support staff's designation	Audit of Public Works accounts experience	Autonomous bodies/PSU of State/Central Government
1	2	3	4	5	6
Team 1					
Team 2					
Team 3					
Team 4					
Team 5					

**Signature of Authorized Representative of Internal Auditor Firm**

**Seal of the Internal Auditor Firm**

Price Bid

1	Name of Work	
2	Name of Internal Audit Firm	
3	Audit fees per annum (Excluding GST):	Rs..... (In Figures). (Rupees.....) (in words)

Signature

(Authorized representative of Internal Auditor Firm)

Seal of the Internal Auditor Firm

**Note:-**

1. GST as applicable on the date of payment will be paid extra by the OSRRA.\*\*\*\*
2. The rates quoted are for one year which will be applicable for next year also, if the contract is extended to second year.
3. TDS or other statutory deductions as applicable in the State will be deducted by the OSRRA at the rates notified by Government of India from time to time from each bill.

**Break up of Cost estimate of Services**

<b>Sl No.</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
1.	Remuneration to staff	
2.	Out of pocket expenses	
3.	Contingency charges(including profit)	
4.	Total cost	

**Signature**

**(Authorized representative of Internal Auditor Firm)**

**Seal of the Internal Auditor Firm**

**Note:-** The amount of total of cost (F-1A) should agree with the total amount written in Price Bid (F-1). In case of discrepancies in the amounts, the amount quoted in Price bid form F-1 would prevail.

**Annexure 1 (Refer Para 6 of Appendix 1)**

**List of PIUs / OSRRA and their location**

<b>Sl.No.</b>	<b>OSRRA / PIUs Name</b>	<b>Locations</b>
<b>1</b>	<b>2</b>	<b>3</b>
1	Odisha State Rural Road Agency	Bhubaneswar
1	Angul	Angul
2	Balasore-I	Balasore-I
3	Balasore-II	Balasore-II
4	Jaleswar	Jaleswar
5	Bargarh	Bargarh
6	Padmapur	Padmapur
7	Bhadrak-I	Bhadrak-I
8	Bhadrak-II	Bhadrak-II
9	Bolangir/	Bolangir/
10	Patnagarh	Patnagarh
11	Titilagarh	Titilagarh
12	Cuttack-I	Cuttack-I
13	Cuttack-II	Cuttack-II
14	Deogarh	Deogarh
15	Dhenkanal	Dhenkanal
16	Kamakyanagar	Kamakyanagar
17	Gajapati	Gajapati
18	Mohana	Mohana
19	Ganjam-I	Ganjam-I
20	Ganjam-II	Ganjam-II
21	Bhanjanagar	Bhanjanagar
22	Jagatsinghpur	Jagatsinghpur
23	Jajpur-I	Jajpur-I
24	Jajpur-II	Jajpur-II
25	Jharsuguda	Jharsuguda
26	Bhawanipatna	Bhawanipatna
27	Kesinga	Kesinga
28	Dharmagarh	Dharmagarh
29	Kendrapara-I	Kendrapara-I
30	Kendrapara-II	Kendrapara-II
31	Keonjhar-I	Keonjhar-I
32	Keonjhar-II	Keonjhar-II
33	Anandapur	Anandapur
34	Khurda	Khurda
35	Koraput	Koraput
36	Sunabeda	Sunabeda
37	Jeypore	Jeypore
38	Malkangiri-I	Malkangiri-I
39	Malkangiri-II	Malkangiri-II
40	Baripada	Baripada

41	Karanja	Karanja
42	Rairangpur	Rairangpur
43	Nowarangapur-I	Nowarangapur-I
44	Nowarangapur-II	Nowarangapur-II
45	Nayagarh	Nayagarh
46	Nayagarh-II	Nayagarh-II
47	Nuapada	Nuapada
48	Khariar	Khariar
49	Phulbani	Phulbani
50	Baliguda	Baliguda
51	Boudh	Boudh
52	Puri	Puri
53	Nimapara	Nimapara
54	Rayagada	Rayagada
55	Gunupur	Gunupur
56	Sambalpur	Sambalpur
57	Kuchinda	Kuchinda
58	Sonepur	Sonepur
59	Sundargarh-I	Sundargarh-I
60	Sundargarh-II	Sundargarh-II

**ANNEXURE -2**

**DETAILS OF PERSONNEL TO BE DEPLOYED BY THE INTERNAL AUDITOR  
FOR THE PIUS & OSRRA**

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<b>Sl. No.</b>	<b>Category of Personnel</b>	<b>Period of Deployment</b>
<b>1</b>	<b>2</b>	<b>3</b>
1	4 ACA / FCA	Minimum of 4 days per PIU for each half year
2	12 support staff having computer proficiency	Minimum of 5 days per PIU for each half year
3	1 ACA / FCA	Minimum of 3 days for OSRRA for each half year
4	3 support staff having computer proficiency	Minimum of 7 days for OSRRA for each half year

**Term of reference for Internal Audit of Odisha State Rural Roads Agency (Name of State Rural Road Development Agency)**

**I. Introduction**

**Project Objective**

Ministry of Rural Development, Government of India, has launched a programme known as Pradhan Mantri Gram Sadak Yojana (PMGSY) in December, 2000 to provide connectivity to all unconnected habitations in rural areas by way of all weather roads. In addition to new connectivity to the target habitations, up-gradation of existing through route is also envisaged under the programme for providing farms market connectivity. The Ministry of Rural development and its associated technical arm, the National Rural Roads Development Agency (NRRDA) has been tasked with designing the programme strategy and overseeing actual implementation by States and District bodies. The NRRDA is an autonomous body of the Ministry of Rural Development registered under the Societies Registration Act, 1860.

The PMGSY is a 100% centrally sponsored scheme which is being implemented by the State Governments. Each state Government has nominated a department (Rural Development or Public Works Department or Panchayati Raj Department) as Nodal Department which is responsible for the implementation of the programme in the State. The Nodal department has set up a State level autonomous agency; called the State Rural Road Development Agency (OSRRA) with a distinct legal status. These agencies are registered under Societies Registration Act, 1860. The OSRRA get the works executed through Project Implementation Unit (s) [PIU] at the district or tehsil level. The PIU is headed by an officer of the rank of Executive Engineer. He has technical and clerical staff to support him on the pattern of public works system.

**II. Funds Flow for the Project**

The major source of funds for development of roads is the Central Road Fund accretion through cess on diesel oil. Besides this, World Bank and Asian Development Bank (ADB) also give funds to Union Government in the shape of soft loan which are provided to the OSRRAs in form of Grant-in-aid. Funds are also taken from NABARD in the shape of

loan and the same are released by the Central Government (MoRD) through National Rural Roads Development Agency to the OSRRA in the form of Grant-in-aid.

### **III. Accounting System**

A common accounting system has been developed for the projects which are based on central Public Works Accounting System and double entry accounting system (Mercantile Accounting). The accounting and financial management system of PMGSY has been codified in the following manuals developed by the NRRDA :-

- a) PMGSY Accounts Manual Programme Fund;\*
- b) PMGSY Accounts Manual Administrative Expense Fund\*;
- c) PMGSY Account Manual Maintenance Fund \*;
- d) User Manual for the Online Management Monitoring and Accounting System (OMMAS)\*; and
- e) User Manual for eMARG-electronic Maintenance of Rural Roads under PMGSY\*

*\* amended upto date*

The Ministry of Rural Development has also laid down guidelines for PMGSY programme which are codified in a book called PMGSY Programme Guidelines. All these publications are available on the NRRDA's website [www.pmgysy.nic.in](http://www.pmgysy.nic.in) and OMMAS on website [www.pmgysyonline.nic.in](http://www.pmgysyonline.nic.in).

### **IV. Internal Audit**

1. Internal audit aims at helping the management achieve the stated objectives. It involves analyzing business processes, procedures and activities with the goal of highlighting organizational problems and recommending solutions.
2. The coverage of internal audit within an agency is broad and may involve topics such as the efficacy of operations, reliability of financial reporting, deterring and investigating fraud, safeguarding assets, and compliance with laws and regulations. Thus, the internal audit should ascertain the compliance with established policies, plans, procedures and reliability of management data developed within the agency and recommend operating improvements.
3. Internal Audit has been dealt with in chapter 16 of PMGSY ACCOUNTS MANUAL PROGRAMME FUND, in the Chapter of 14 PMGSY

ADMINISTRATIVE EXPENSES FUND ACCOUNTS MANUAL & in the Chapter of 16 of PMGSY MAINTENANCE FUND MANUAL.

4. The Odisha State Rural Roads Agency (OSRRA) (write full address) now wishes to commission an Internal Auditor Firm (name of the Internal Auditor Firm) to undertake the work of internal audit of OSRRA and its PIUs from **01.04.2023 to 31.03.2024**. Performance of the Internal Audit Firm would be reviewed at the end of **each quarter** and the contract may be terminated after giving one month notice if performance of the Internal Auditor Firm is found unsatisfactory.

#### **V. Objectives of Internal Audit**

The objectives of the internal audit are to:

1. Review the adequacy of the project financial management arrangements, including adherence to the PMGSY Operational and Accounting manuals; and
2. Provide the project management with timely information on financial management aspects of the project to enable appropriate corrective / follow-up action;

#### **VI. Scope of Internal Audit**

The internal audit will be carried out for full financial year in accordance with the relevant national standards of auditing, and will include such tests and controls as the auditor considers necessary under the circumstances. When conducting internal audit, special attention should be paid to the following :-

1. Ensure that the accounting and financial management systems remain reliable and effective in design and to assess the extent to which they are being followed;
2. Review the efficacy, adequacy and application of accounting, financial and operating controls and thereby ensure the accuracy of the books of accounts;
3. Verify that the system of internal check is effective in design and operation in order to ensure the prevention of and early detection of defalcations, frauds, misappropriations and misapplications;
4. Identify areas of significant inefficiencies in the existing systems and suggest necessary remedial measures;
5. Confirm the existence of financial propriety in all decision and verify compliance to government and statutory requirements.
6. Confirm that the agreed procurement procedures and arrangements have been followed for works, goods and services.
7. Check that all expenditure incurred from Programme Fund Account, Administrative Expenses Fund Account & Maintenance Fund Account has the

necessary supporting document and have been incurred in accordance with the PMGSY / Government of Odisha rules and relevant financing agreement with any **(Appendix-1 refers).**

8. Confirm that Bank Authorization given to PIUs for incurring expenditure under the project is used for purpose intended to. To establish this, the auditor should

visit PIUs and conduct such audit/ tests as may be deemed appropriate and necessary for the purpose of the audit.

9. That adequate records are maintained regarding the assets created such as Laboratory Equipments. IT equipments etc. and assets acquired by the project, including details of cost, identification and location of assets.

10. That physical verification of assets is being carried out with due diligence.

The above are illustrative only and not exhaustive. The Internal Auditor may look in to the areas which he / she considers necessary based on the examinations of the records / accounts of the PIUs / OSRRA.

#### **VII. Extent and coverage of internal audit:**

The extent and coverage of examination of accounts / records will be as follows:

1. The internal auditor shall exercise such checks of accounts and records as are necessary for providing assurance on the compliance with the Programme guidelines, relevant provisions/ Rules and procedures in respect of awarded and on-going contracts. He will exercise 100% check in respect of the vouchers relating to the month having maximum number of transactions and all documents/registers/books etc. in respect of one completed contract including liquidated Damages. All contracts awarded since last audit will be examined by him. In respect of maintenance of roads, all records relating to one contract completed at least a year back will be examined by the auditor. Item-wise sizes of internal audit are given in **Schedule 1**. This is the minimum percentage of check required to be exercised by internal audit, however, the internal auditor may increase the coverage of audit, if scrutiny of the accounts and records suggest so.
2. The auditor will vouch 50% of the cheque payment/E Payment transactions and 100% of cash payment vouchers, bank statements and transfer entry vouchers in respect of the months selected.
3. A list showing the months / year for which vouching has been carried out shall be mentioned in the report.

4. Routine errors of omissions or commissions noted during the course of internal audit may be rectified on the spot.
5. The Internal Auditor Firm shall check the records of PIUs /OSRRA for the period from 01.04.2023 to 31.03.2024. However, records of earlier period can be checked, if required, wherever necessary.
6. The internal audit should pay special attention to see that:-
  - (i) Bank Reconciliation Statement till the month prior to audit is duly be carried out by the PIUs/ OSRRA;
  - (ii) The amount of Statutory / tax deductions at source have timely been remitted to the accounts of the concerned authorities;
  - (iii) All the Bank guarantees tendered by the contractor have been posted in Register of Bank guarantees (Form PMGSY / SR/F-27);
  - (iv) the Register has been reviewed each month by the Officer-in-charge of PIU for timely renewal and release;
  - (v) the Bank Guarantees are effective throughout till the amount of advance has been fully recovered from the contractor against which the Bank Guarantee was tendered by him; and
  - (vi) The monthly account of March should have a note showing the details of Bank Guarantees or Interest Bearing securities held by the PIUs and their effectiveness.

(Para 13.4 of PMGSY Accounts Manual Programme fund refers)
7. The Internal Auditor shall comment on the effectiveness of the mechanism available in the PIUs/ OSRRA for ensuring compliance with observations of the earlier audit reports. He shall report on the corrective action taken on the observations of the earlier audit reports and also list out the serious observations made by statutory auditor/AG/C&AG which have not yet been complied with.
8. The audit report will be compiled and monitored by the Internal Audit Wing of OSRRA.

#### **VIII. Check list of Records to be examined by Internal Auditors**

A check list showing the records to be examined is enclosed for guidance of internal auditors (**Appendix-III**).

#### **IX. Period of Internal Audit**

The internal audit will be undertaken on half yearly basis viz April to September and October to March. The internal audit report for the period from April to September will be submitted to the management of OSRRA latest by 31<sup>st</sup> January (of the following year) and that of October to March latest by 31<sup>st</sup> July (for example: Internal Audit Report for the period April, 2023 to September, 2023 will be submitted latest by 31<sup>st</sup> January, 2024 and that of October, 2023 to March 2024 latest by 31<sup>st</sup> July, 2024). The period to be covered under internal audit would be from 01.04.2023 to 31.03.2024 (Filled in by OSRRA). (The award letter of Internal Auditor (Internal Auditor firm) shall contain details of date of commencement and completion of internal audit work in each stage, the date by which the reports are to be submitted and phase-wise fees payable. It shall specify the level of inspecting officer, minimum period he / she will visit each PIU in each phase and the minimum qualifications of the members of the audit team). The appointment of the C.A firm shall initially be for one year which may be extended for another year depending upon the performance of the auditor in the first year. The performance will be evaluated by the Audit Committee as prescribed in different PMGSY Accounts Manuals. The decision of the Audit committee will be ratified by the Executive Committee of the OSRRA.

#### **X. Duration of Internal Audit**

The duration of internal audit will be based on the work load of each PIU/OSRRA. The duration may be in the range of 3 to 5 days per PIU and 7 days for OSRRA for transactions in each half year. The above norms are tentative, however, the Internal Auditor firm may make its own assessment for qualifying their rates on the time required for internal audit of each PIU (based on the number of PIUs and their locations) and the OSRRA. Duration of assignment of each PIU may be assessed taking due allowance for travel time to the locations.

#### **XI. Internal Audit Reports**

1. The internal audit report should be structured in a manner to provide the following:
  - (a) audit observations;
  - (b) implications of the observations;
  - (c) suggested recommendations;
  - (d) management's comment/agreed actions and
  - (e) status of action taken on the previous recommendations.In addition, the internal auditor should prepare and submit a consolidated report on a six monthly basis, summarizing the individual unit wise reports and highlighting the critical issues

- which require the immediate attention of the OSRRA. The reports should be submitted to the management of the OSRRA within the time schedule mentioned in para IX *ibid*.
2. The auditor should discuss results of audit with the officer in-charge of PIU / OSRRA in each phase and all important observations will be brought to his notice for taking timely corrective and preventive action.
  3. The report in respect of PIU shall be submitted in triplicate for each phase of audit to the Chief Executive Officer, OSRRA, with two CDs of the report.
  4. Internal auditor will send two copies to the Officer-in-charge of PIU.
  5. As regards OSRRA, the internal audit report will be submitted to the head of the OSRRA Odisha State Rural Roads Agency.

## **XII. Action Taken Report**

The Internal auditor will bring out in his report aspects relating to the compliance with audit observations made in the reports relating to earlier audits duly elaborating the corrective action taken by the concerned PIUs and OSRRA.

## **XIII. General**

The auditor will be given access to all legal documents (agreements), correspondence, financial manuals, notices from the Project Management/ State Implementing Units and any other information associated with the project as deemed necessary by the auditor.

The Internal Auditor Firm should familiarize themselves with the procedures laid down in the following publications:

- a) The tripartite agreement on Banking Arrangements, guidelines for banking arrangement codified in the PMGSY programme guidelines.
- b) Accounting system of PMGSY codified in the PMGSY Accounts Manual Programme Fund, PMGSY Administrative Expenses Fund Accounts Manual & PMGSY Maintenance Account Fund manual,
- c) PMGSY Supplemental Operation Manual,
- d) PMGSY Online Management, Monitoring and Accounting System & e-MARG.
- e) Standard Bidding Document.

The Internal Auditor firm entrusted with the job of internal audit should deploy some personnel who are conversant with Public Works Account System of Central PWD/State PWD at Divisional level.

## Schedule 1 (Refer to Para VII of Appendix 2)

### Item – wise sample sizes for internal audit

1. **Cash Book** : Besides the routine checks exercised in respect of Cash Book, 100% payment vouchers for the month having maximum number of transactions shall be examined.
2. **Ledger** : Entries with respect to one completed contract in every ledger.
3. **Registers** : Test checking of all Registers for proper entries.
4. **Measurement Book** : One contract finalized during audit period. All prescribed checks to be conducted.
5. **Mobilization and Machinery Advance** : Proper recovery and related bank guarantee and their upkeep.
6. **Final Bills** : Complete scrutiny of one final bill.
7. **Liquidated Damages** : One completed contract full analysis.
8. **Maintenance of Roads** : All roads of one contract completed at least one year back.
9. **Contracts** : All contract awarded since lase audit.
10. **Bank Reconciliation** : Upto the month prior to month of audit.

**CHECKLIST FOR INTERNAL AUDIT**

The checklist is illustrative only and not exhaustive. The Internal Auditor may look into the areas which he/she considers necessary based on his/her examination of the accounts/ records of the PIUs/OSRRA.

**1. Grant-in-aid and Financial Issues**

**(a) Grant-in aid**

1.1 Inter Audit should see that:-

1.1.1 Grant received has been utilized for the purpose for which it was sanctioned;

1.1.2 Grant-in-aid earmarked for Administrative Expenses has been utilized for the purposes as detailed in paragraph 12 of PMGSY Programme Guidelines only;

1.1.3 PMGSY funds have not been appropriated for meeting State Government expenditure;

1.1.4 funds sanctioned for the Programme Fund Account have not been diverted for meeting Administrative Expenses and vice versa;

1.1.5 money lying under the head interest income has not been utilized for incurring PMGSY expenditure unless specifically authorized to do so by the MoRD;

1.1.6 funds received for Programme Fund from MoRD/ NRRDA have been accounted for in the Programme Fund Account only;

1.1.7 funds received for Administrative Expenses Fund from MoRD have been accounted for in the Administrative Expenses Fund Account only;

funds received for Maintenance Fund & its utilization.

1.1.8 Utilization Certificate has been prepared in the format prescribed in the MoRD's letter No. P-17017/6/2007-RC dated 07.08.2007;

- 1.1.9 Utilization Certificate and Annual Audited Statement of Accounts of Programme fund Account & Administrative Expenses Fund Account have been submitted to MoRD within six months of the close of the financial year;
- 1.1.10 unutilized funds shown in the Utilization Certificate and those of Balance Sheet (State) agree;
- 1.1.11 funds received from MoRD and RIDF funds released by NRRDA have been classified separately under the authorized heads of account as laid down in Charts of Accounts of PMGSY Accounts Manual Programme Fund Account;
- 1.1.12 unspent balance of Grant-in aid, if any, lying in the books of DRDA or other State Agency has been taken in the “Opening Balance Sheet” (para 2.1 of Chapter 2 of PMGSY Accounts Manual Programme Fund and Administrative Expenses Fund Accounts Manual refers) and action taken to realize the same from State government; and
- 1.1.13 a provision has been made for maintenance of PMGSY roads, in the period of defect liability and routine maintenance by the State Government out of its resources.

**(b) Financial Issues**

1.2 Internal Audit should see that:-

- 1.2.1 as per para 8.5 of PMGSY Guidelines, cost of bridges upto 25m. length for projects sanction prior to 17<sup>th</sup> December, 2008 are to be borne by the Government of India. For projects sanctioned on or after December 17<sup>th</sup> 2008, this limit is 50m. for bridges and no limit in length of individual causeways. For bridges and causeways, the remaining cost, including agency charges, is to be borne by the respective State Governments on pro rata basis. State Governments are required to deposit the balance pro rata cost in the Programme Fund Account of the OSRRA. The audit is required to verify that

the pro rata cost along with tender premium, if any, has been made available in the Programme Fund by the State Government;

1.2.2 expenditure on land acquisition, shifting of poles, waterline and other such utilities has not been charged to PMGSY works;

1.2.3 the cost of preparation of DPR including investigation, survey and trace cutting (in case of hill areas). Met from the PMGSY fund booked as 'Advance for Preparation of DPR' has been adjusted, soon after the DPR has been approved by the NRRDA/MoRD, and classified to the concerned head of work mentioned in the Charts of Accounts. Normally the expenditure on preparation of DPR is initially met from PMGSY fund. In case a DPR has not been approved by NRRDA/MoRD the entire amount has been realized from the State Government and credited to the PMGSY and shown in the Utilization Certificate as receipt;

1.2.4 State Government has to deposit requisite funds for all inadmissible costs due to time over-run, cost over-run, arbitration/judicial awards, etc. in the Programme Fund Account of the OSRRA;

1.2.5 expenditure on the following items has not been met form PMGSY funds:-

- a) purchase of vehicle;
- b) payment of pay and allowance of the staff;
- c) wages to Work Charged Staff;
- d) purchase or construction of office or site office building, etc. purchase of furniture and furnishing of the office;
- e) purchases /renovation of office area;
- f) equipments and machinery such as fax machine, photocopier over head projector etc.

- g) administrative expenses of State Government [codified against Charts of Account (head of account)] 55.11 to 55.24 of PMGSY Administrative Expenses Fund Accounts Manual;
  - h) expenditure on plantation of trees on both sides of PMGSY roads; and
- 1.2.6 the OSRRA has obtained exemption for payment of Income Tax under Section 12 A of the Income Tax Act, 1961 from the Income Tax department.

## **2. Bank Account and Bank Reconciliation**

- 2.1 The Internal Audit should see that:-
- 2.1.1 Bank accounts have not been opened in favour of PIUs.
  - 2.1.2 A list of Authorized signatories' along with the attested signatures of Empowered Officer has been maintained in the OSRRA. The list has been verified quarterly and updated list sent to Bank in each quarter. In case of any change in the name of authorized signatory the Bank has been informed not to honor the cheque (s) issued by him / her after the date of his/her relief.
  - 2.1.3 Bank has not levied Bank charges for the services rendered to OSRRA.
  - 2.1.4 Bank has automatically and timely invested surplus funds in the account of OSRRA as agreed to in the MoU on banking arrangement.
  - 2.1.5 Bank has credited amount of interest on deposits on deposits in accordance with the rate of interest formula stipulated in the MoU.
  - 2.1.6 The bank provides a Monthly Statement of Receipts and Payments of PMGSY transactions to all the PIUs and OSRRA every month.
  - 2.1.7 That bank reconciliation has been carried out by the Officer-in-charge of Cash Book in respect of Programme Fund Account and Administrative Expenses Fund Account every month.

- 2.1.8 The details shown in the monthly bank statement tallies with the entries made in the Cash Nook of PIUs. Discrepancy, if any, between the two records has been settled promptly.
- 2.1.9 The OSRRA should verify the figures (Cheques / Remittances) shown in the consolidated bank statement (PIUs wise) and those detailed in the monthly account of each PIU. Discrepancy, if any between the two records has been settled promptly.
- 2.1.10 Banker certificate showing the balance in the Saving Account, investments and interest allowed on the deposits in respect of Programme Fund Account and Administrative Expenses Fund has been obtained by the OSRRA from accredited bank at the close of financial year.
- 2.1.11 Interest allowed by the bank on the investment and deposits etc. has been correctly worked out and accounted for in the Cash Books of OSRRA promptly.
- 2.1.12 Schedules of Bank Authorization Utilization and Reconciliation in form PMGSY/SCH/F-52 (REM have been prepared by the PIUs and enclosed with the Monthly Account. Entries of total amount of cheques issued and remittances made by each PIU have been made in the Cash Book of the OSRRA every month on the basis of the aforesaid schedules.
- 2.1.13 Cheque, if any, remaining unpaid for over six months after the month of its issue and not surrendered for issue of fresh cheque should be cancelled and reversal entry made in the Cash Nook of OSRRA. The OSRRA should advise the concerned PIU to make similar reversal entry in its Cash Book as well in the accounts.
- 2.1.14 The internal audit should exercise 100% check of bank adjustments.

### **3. Cash Book**

3.1 The following points should be borne in mind while conducting audit of Cash Book:-

1.1.1 that Cash Book has been maintained in form PMGSY/1A/F-3 by OSRRA and in form PMGSY/1A/F-3A by PIUs. All the entries made in the Cash Book are in ink and authenticated by the Officer in-charge of Cash Book;

1.1.2 that all the monetary transitions have been entered in the Cash Nook as soon as they have occurred and all entries made there in have been attested by the Officer in-charge of Cash Nook;

1.1.3 that the Cash Nook is closed and checked regularly and that at the end of each month the Officer in-charge of Cash Nook has personally verified the cash balance or bank authorization or bank balance and recorded a signed and dated certificate to this effecting in the Cash Book;

1.1.4 that the totals have been checked by a person other than the writer of the Cash Book;

1.1.5 that the Divisional Accountant/Financial Controller has affixed his dated initial after the last entry of the day's transactions, in Cash Book, in taken of check in the manual system of account;

1.1.6 that for every entry there is a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in accounts. The column LF of cash book should indicate the page number of the Ledger where the transaction has been posted and in the ledger page number of Cash Book has been written;

1.1.7 that amounts received by PIUs have been paid in full into the bank without undue delay for credit to OSRRA's Account;

- 1.1.8 to verify that the entries made in the Cash Book tally with the voucher or receipt;
- 1.1.9 that opening and closing shown at column Cash, Bank Authorization or Bank in Cash Book tallies with monthly account;
- 1.1.10 that bank closing balance (Cash or in Bank or Bank Authorization) shown in the Bank Reconciliation Statement tallies with those of Balance Sheet;
- 1.1.11 that when money is received, a receipt in form PMGSY/1A/F-5 has been issued to the payee. The receipt should be signed by the DO/EO himself who should satisfy himself at the time of signing the receipt that the amount has been entered in the Cash Book;
- 1.1.12 erasure or overwriting of an entry once made is prohibited. The mistake should be corrected by drawing a line through the incorrect entry and recording the correct entry in red ink;
- 1.1.13 that cash and valuables have been kept in strong cash box secured by double lock.
- 1.1.14 the officer-in-charge of Internal Audit party may get the cash balance in cash box verified by the DO/EO in their presence and a certificate of verification recorded in the Cash Book;
- 1.1.15 that in case of transfer of charge, the cash, Cash Nook has been handed over by the relieved officer to the relieving officer and note to this effect recorded in the Cash Nook;
- 1.1.16 that surprise physical verification of cash has been conducted at a periodical intervals by the officer-in-charge of Cash Book; and

1.1.17 where the Cash Book has been kept on computer, monthly print out should be kept in separate file and authenticated by the Divisional Officer / Empowered Officer.

#### **4. Ledgers**

4.1 The Internal Audit should see that:-

4.1.1 The General Ledger (Debit Balances) has been maintained in form PMGSY/IA/F-8 and General Ledger (Credit Balances) in form PMGSY/IA/F-9 in respect Programme Fund Accounts and Administrative Expenses Fund Accounts by all PIUs and OSRRA separately.

4.1.2 Contractor's Ledger has been maintained in form PMGSY/IA/F-18 by all PIUs.

4.1.3 The pages of ledger are machined numbered and certificate of count of pages has been recorded on the first page before a ledger is brought into use.

4.1.4 All monetary transactions have been ledgerised as soon as they occurred and attested by Divisional Accountant or Financial Controller as the case may be.

4.1.5 All columns of ledgers have been completely filled in.

4.1.6 The progressive totals have been struck every month.

4.1.7 The monthly and progressive figures posted under each head of account tally with those of Monthly Account.

4.1.8 At the close of the each financial year all incidental receipts in Major Head 21 of Programme fund Accounts have been adjusted by credit to head 1.06. All revenue expenditure booked under Major Head 54 and revenue receipts booked under Major Head 60 in Administrative Expenses fund Accounts have been adjusted in accordance with the procedure laid down in para 12.5.2 of PMGSY Administrative Expenses Fund Accounts Manual.

4.1.9 Where the ledgers have been kept on computer, a monthly print out should be kept in a separate file and authenticated by the Divisional Officer/ Empowered Officer.

## **5. Registers**

5.1 The internal audit party should see that :-

### **(a) Stock Register of Cheque Book**

5.1.1 Stock Register of Cheque Book in form (PMGSY/SR/F-32) has been maintained for Programme Fund Accounts and Administrative Expenses Fund Accounts by PIU separately.

5.1.2 All the cheque books on receipt have been carefully examined by the Divisional Officer and a certificate of count of number of forms/leaves contained in each book has been recorded.

5.1.3 Cheque books have been kept in safe custody of Divisional Officer under lock and key.

5.1.4 The register of daily account of cheque forms used during the day is maintained and all columns have been completely filled in and attested by the Divisional Officer.

5.1.5 The cheque books of Programme Fund Account have not been used for payment of Administrative Expenses Fund and vice versa.

5.1.6 The time barred cheques are cancelled and procedure as envisaged in para 7.11.10 of PMGSY Accounts Manual has been followed.

5.1.7 In case of loss of any cheque, the bank has been informed in time so as to avoid any over payment.

**(b) Register of Durable Assets**

- 5.2.1 Register of Durable Assets in form PMGSY/SS/F-46 has been maintained by PIUs in respect of computers and peripherals and laboratory equipment purchased from PMGSY funds.
- 5.2.2 The assets should be physically verified at the end of each financial year by an officer other than the in-charge of the stores. Discrepancies, if any, have been promptly investigated and brought to account.
- 5.2.3 A list of surplus or obsolete or unserviceable assets i.e. laboratory equipments, computer and peripherals etc. purchased from the Central Government Funds is sent of half yearly basis. However, write off of assets would be accorded by the Competent Authority of the State Government.

**(c) Bill Register**

- 5.3.1 Bill Register has been maintained in form PMGSY/SR/F-33.
- 5.3.2 The bills of contractor / suppliers have been entered in the register strictly in order of receipt i.e the bill received first has been entered before the bills received afterwards.
- 5.3.3 The register has been reviewed by the Divisional Officer at regular intervals.
- 5.3.4 Remarks of serious nature should be brought out in the audit report.

**(d) Register of Works**

- 5.4.1 That Register of Works in form PMGSY/1A/F-19 has been maintained by the PIU.
- 5.4.2 The Register has been posted monthly.
- 5.4.3 The approved (sanctioned) amount of the estimate has been entered in respect of each work and each road.
- 5.4.4 If revised estimates are approved (sanctioned), the same have been entered below the corresponding amount of the original estimates.
- 5.4.5 Bank authorization sanctioned for each package has been noted in the register Any addition or cancellation made towards bank authorization during the year has been noted below the original entry same in the register.

5.4.6 The progressive value of work done against each package agrees with the Schedule of Assets A-1 or A-2 or A-3 attached with the balance Sheet.

5.4.7 The Register should be signed by the Divisional Officer and Divisional Accountant every month.

**(e) Register of Interest Bearing Securities and Bank Guarantees (BG)**

5.5.1 The Register of Interest Bearing Securities and Bank Guarantees have been maintained in form PMGSY/SR/F-27

5.5.2 Original documents have been kept in the safe custody of the Divisional Officer.

5.5.3 In case of transfer of charge the documents have been handed over by Relived Officer to the Relieving Officer and this fact has been recorded in the handing over and taking over charge report.

5.5.4 The register has been reviewed each month. The Bank Guarantees / Interest bearing securities have been timely renewed or encased (in case of default on the part of contractor).

5.5.5 At the end of the financial year, a list showing the details of Interest Bearing Securities and bank Guarantees held by PIUs have been enclosed with the Balance Sheet of March.

5.5.6 The BG has been sent to the Divisional Officer directly by the issuing bank under register post (AD). In case the BG has been submitted by contractor personally, the issuing bank should be requested to send by registered post (AD) and unstamped duplicate copy of BG directly to the Divisional Officer with a covering letter to compare with the original BG and confirm that it is in order.

5.5.7 The Interest Bearing Security / Bank Guarantee should be effective till the purpose for which it was given has been submitted has been accomplished.

5.5.8 Where the contractor has submitted the Performance Security in the form of BG, the period of validity of BG should be at least one year initially, however, the contractor price is always available with division until 45 days after the lapse of defect liability period.

5.5.9 The BG or Interest Bearing Securities (IBS) should be mapped in such a way that the process of renewal of BG or IBS is started timely by two months in advance of date of their expiry. In case the contractor has failed to renew the BG, the Divisional Officer has recovered the equivalent amount from any dues payable to the contractor or encashed the BG/ IBS.

## **6. Mobilization Advance and Machinery Advance**

6.1 Where a contract provides for grant of Mobilization Advance and Advance against Machinery, the internal audit should see that:-

6.1.1 Mobilization Advance, if any, paid to the contractor does not exceed **5%** of the contract price excluding the contract price for routine maintenances work.

6.1.2 Equipment Advance does not exceed 90% of the cost of new equipment brought to the site, subject to a maximum of 5% of the contract price excluding the contract price for routine maintenance.

6.1.3 Invoices and other documents related to advance have been verified by the Engineer-in-charge and a copy of the same has been retained.

6.1.4 An unconditional Bank Guarantee given by the Scheduled Bank in India has been furnished by the Contractor in the form acceptable to the project authorities before the release of advance.

6.1.5 Whether guidelines regarding acceptance of Bank guarantee issued by the Central Vigilance Commission (CVC) vide OM No. 02-07-01-CTE-30 dated 31 December, 2007 [Copy hoisted on the web site [www.pmsgsy.nic.in](http://www.pmsgsy.nic.in)] (circular

No. P-17011/3/3005/PIII/SBD dated 26.02.2008)] have been observed by the Officer-in-charge of the PIU.

- 6.1.6 The Bank Guarantee equivalent to the amount outstanding has remained effective/ valid in full from the date of advance still the entire amount of advance has been recovered from contractor.
- 6.1.7 The advance has been recovered in proportion to the amount of work done since previous bill and work has proceeded as per the work plan.
- 6.1.8 Account of Advance for Machinery of Advance and Mobilization Advance has been kept in form PMGSY/1A/F-13.
- 6.19 Advance recovered has been recorded in the MB.

## **7. Insurance Cover**

7.1 Audit should see that:-

- 7.1.1 The contractor at his cost has provided in the joint names of the Employer and the Contractor, insurance cover from the start date to the date of completion which covers the risks mentioned in clause 13 of Part I General Condition of Contract.
- 7.1.2 The Insurance Policies and certificate have been obtained by the Engineer-in-charge of work at the time of drawl of agreement.
- 7.1.3 The insurance cover has been submitted by the contractor to the Engineer-in-charge to cover the risk from date of completion of work to the end of defect liability period for routine maintenance.

## **8. Security Deposit and Performance Security Deposit**

### **(a) Security Deposit**

8.1 Audit should see that:-

- 8.1.1 The Security deposit has been deducted from each running bills of the contractor at the rate stipulated in the agreement of the value of work done since previous bill.
- 8.1.2 The Earnest Money which accompanied the tender has been adjusted against the Security Deposit.
- 8.1.3 A Register of Deposits Repayable in form PMGSY/ SR/F-22 has been maintained and posted regularly.
- 8.1.4 On satisfactory completion of the whole construction work the security deposit is refunded as stipulated in the agreement.

**(b) Performance Security Deposit**

- 8.2 Audit should see that:-
  - 8.2.1 Performance Security Deposit has been recovered from the contractor as stipulated in the agreement.
  - 8.2.2 In case the contractor has submitted a Bank Guarantee in lieu of Performance Security Deposit, the validity of the same should be at least one year initially and has to be extended in such a way that the Performance Security Deposit is always available with the Engineer-in-charge as stipulated in the agreement till the routine maintenance period is over.
  - 8.2.3 The amount of Performance Security has been increased adequately in accordance with Clause 27.3 of Section 2 of the Standard Bidding Document.
  - 8.2.4 Performance Security received in the form of Bank Guarantee has been noted in the Register of Interest Bearing Securities/ Bank Guarantee (form PMGSY/SR/F-27).
  - 8.2.5 Performance security deposit has been repaid to the contractor when the period of five years fixed for routine maintenance is successfully over and that the

Engineer-in-charge of work has certified that the contractor has satisfactorily carried out the routine maintenance of work.

**9. Measurement Book (MB)**

9.1 The Measurement Book is the basis of all accounts of quantities whether of works done by contractor or departmentally or material received. The following points should be seen in audit:-

9.1.1 The Measurement Book has been maintained in form PMGSY/1A/F-15.

9.1.2 All MBs have been numbered serially.

9.1.3 A register of Measurement Books in form PMGSY/SR/F-31 showing the serial number of each book, date of receipt in the PIU, Sub-Division to which it is issued. The date of issue, date of return of completed MB to PIU by Sub-Division and date of record of MB has been completed.

9.1.4 MBs have been reviewed by Divisional Accountant as directed by the Engineer-in-charge of the PIU.

9.1.5 Test check of measurements as prescribed by the PWD/Department, by the respective officers has been carried out prior to passing of the running/ final bills of the contractor(s). Also measurement recorded in the MB which cannot be subsequently checked or measured or which have very high unit rates or which in the opinion of the Engineer-in-charge of work are important have been checked as per the prevailing guidelines.

9.1.6 Entries in MBs have been recorded continuously and no blank page left or page torn out. Any page left blank inadvertently has been cancelled by diagonal lines and cancellation has been attested and dated by the responsible officer.

9.1.7 The entries have been made in ink only. Pencil entries are not inked over.

9.1.8 No entry is erased. Mistake, if any, has been corrected by crossing out the incorrect words or figures and inserting the corrections. The correctness thus made have been initialed and dated by the responsible officer.

9.1.9 Any measurement cancelled, the same has been supported by dated initials of the officer ordering the cancellation or by a reference to his order initialed by the officer who made the measurements. The reasons for cancellation have been duly recorded.

9.1.10 Arithmetical calculation of measurements and total have been correctly worked out and abstracted. At least one final bill may be checked with respect to MB.

## **10. Payment to Contractors**

### **(a) Bill of Quantities**

10.1 The internal audit should see that:-

10.1.1 the contractor has been paid for the quantity of work done at the rate given in the Bill of

Quantities for each item of work;

(2) the variations, if any, within the scope of work, have been resorted to under the written orders of the Engineer-in-Charge of work;

(3) the variation has been approved by the competent authority in the Department in accordance with the Departmental procedure in vogue;

(4) the rates of variation items have been worked out in accordance with the procedure laid down in clause 36.1 and 36.2 of General Conditions of Contract; and

(5) the rates of variation items which could not be determined in the manner specified in clause 36.1 or 36.2 of General Conditions of Contract have been

determined in accordance with the provisions stipulated in clause 36.3 of the agreement.

**(b) Payment to Contractors**

- 10.2.1 The bill has been prepared in the form PMGSY/1A/F-11.
- 10.2.2 Payment of Machinery Advance and Mobilization Advance has been made on form PMGSY/ 1A/F-6.
- 10.2.3 Refund of Lapsed Deposit, if any, has been made in form PMGSY/SS/F-51 and with the approval of the Competent Authority.
- 10.2.4 The bill of quantities shown in the contractor bill tallies with those in the MB.
- 10.2.5 The rate paid in the bill of quantities and nomenclature of item of work done agrees with the agreement.
- 10.2.6 Where part rate has been allowed, the same has been approved by the competent authority.
- 10.2.7 Mobilization Advance and Machinery Advance have been recovered in proportionate to value of work done since previous bill.
- 10.2.8 Statutory deductions have been made at the rate notified by the respective Tax Authorities for the year in which payment is actually made to the contractor(s).
- 10.2.9 Security Deposit and Performance Security Deposit have been recovered at the percentage mentioned in the agreement.
- 10.2.10 Certificate that work has been done as per specifications forming part of agreement has been recorded in the bill.
- 10.2.11 Material issued to the contractor has been recovered promptly.

(c) **Defect Liability Certificate**

10.3 Audit should see that before a final bill of the contractor is passed, whether the Engineer-in-charge has issued a defect liability certificate and certified the final payment that is due to the contractor within 42 days of the receipt of final account of the work done by the contractor.

(d) **Liquidated Damages**

10.4 Time is deemed to be an essence of the contract on the part of the contractor. It is, therefore, necessary for a contractor to achieve the milestones prescribed in the contract. The audit should examine the following:-

10.4.1 That milestone prescribed in para 21 of Contract Data subject to valid hindrances certified by the Engineer-in-charge to General conditions of Contract (SBD) detailed below have been achieved:-

Value of entire contract	Period allowed
1/8	1/4
3/8	1/2
3/4	3/4

10.4.2 If the contractor has failed to achieve the above milestones whether the Engineer-in-charge of work has levied the liquidated damages at the rate as specified in the agreement per week subject to a maximum as specified in the agreement. That amount of liquidated damages has been deducted from the payments due to the contractor.

10.4.3 If the contractor has achieved the next milestone, the amount of liquidated damages already withheld has been returned to the contractor by adjustment in the next payment certificate.

10.4.4 If the intended date of completion is extended after liquidated damages have been paid, whether the Engineer-in charge has corrected the recovery of liquidated damages.

**(e) Final account of work done by contractor**

10.5 Audit should see that:-

10.5.1 When the work is completed, a Completion Certificate has been recorded by competent authority of the project.

10.5.2 That contractor has submitted the final account of work done to the Engineer-in-Charge of the whole work.

10.5.3 The final bill has been paid to the contractor within 63 days as stipulated in clause 50 of Section 4-art 1 General Conditions of Contract. If the contractor bill has not been finalized as mentioned above, reasons for withholding the bill should be furnished.

10.5.4 Other points to be seen:-

- (i) That all advances, outstanding against the contractor have been recovered in full.
- (ii) That extension of time for delay in completion of work has been decided by the competent authority.
- (iii) That Security deposit and Performance Security have been recovered in full as stipulated in the agreement
- (iv) Whether variations in the items of work beyond the permissible limit and rates therefore have been approved by the Competent Authority of the project.
- (v) That recovery towards cost of material issued to contractor and other recoveries have been made.
- (vi) That TDS has been recovered in full.
- (vii) That a certificate completion of work recorded,
- (viii) That recoveries pointed out by audit or NQM, etc. have been made from the bill of the contractor.

- (ix) That certificate has been recorded in the Site Order Book that all defects in work pointed out to contractor have been rectified.
- (x) That the site has been cleared by the contractor.
- (xi) The contractor has accepted the measurements and payment of bill in full and final settlement.

## **11. Accounts**

11.1 Internal audit should see that:-

11.1.1 the Monthly Accounts, Balance Sheet in respect of Programme Fund Account and Receipts & Payments Account, Income and Expenditure Account and Balance Sheet in respect of Administrative Expenses Fund are being submitted by the PIU to the OSRRA by the prescribed date (5<sup>th</sup> of the month following that to which it relates);

11.1.2 the above mentioned accounts are duly supported by the monthly Bank Reconciliation Statement;

11.1.3 the Balance Sheet of March in respect of Programme Fund Account accompany the lists of Bank Guarantees and Interest Bearing Securities along with the certificate of Divisional Officer certifying that all the Bank Guarantees and Interest Bearing Securities held by him are effective;

11.1.4 the OSRRA has consolidated the accounts received from the PIUs in respect of each of the Programme Fund Account and Administrative Expenses Fund Account every month;

11.1.5 the Balance Sheets (State) of Programme Fund Account and Administrative Expenses Fund Account have been audited by the Statutory Auditor and the same have been sent to MoRD/NRRDA on or before 30<sup>th</sup> September of the year following that the which it relates;

11.1.6 action taken report on the points raised by the Statutory Auditor has been prepared by OSRRA and submitted to the MoRD/NRRDA along with the State Balance Sheet; and

11.1.7 PIUs are making entries into OMMAS concurrently. The accounts generated by the system are duly authenticated by the Divisional Officer and Divisional Accountant and those of OSRRA by the Empowered Officer and Financial Controller.

## **12. Provision for Maintenance of Roads**

12.1 Internal audit should see that :-

12.1.1 adequate provision for contractual liabilities has been assessed road-wise & PIU-wise and consolidated at OSRRA level for seeking budget for the same from the State Government;

12.1.2 funds made available by the State Government for maintenance have been provided to the PIUs in proportion to the annual assessed requirement during each quarter;

12.1.3 at the PIU level, record of bi-monthly joint inspection with the contractors of maintenance activities has been kept and payment released to the contractor on six monthly basis as per the provisions contained in clause 38.2 (Section 4, General conditions of Contract of Standard Bidding Document for PMGSY) made based on such monthly reports;

12.1.4 notices issued to the contractor in case maintenance activities are not carried out and follow up action which may be reduction in the payments due to the contractor and or forfeiture of the Performance Guarantee have been taken or not; and

12.1.5 in case the contractor despite notices has failed to start the maintenance or road then the amount recovered for the work from the performance security or from any amount of the contract with additional penalty & whether another agency has been fixed to carry out the maintenance work or not.

12.1.6 Routine Inspection (mandatory) and Performance Evaluation taken up as per scheduled or not.

12.1.7 Scroll generation & Creation of voucher to be verified.

### **13. Compliance with the Earlier Audit Report(s)**

13.1 Internal audit should :-

13.1.1 comment on the effectiveness of the mechanism available in the Auditee (PIUs / OSRRA) for ensuring compliance with observations of the audit report;

13.1.2 comment on the progress made by the PIUs / OSRRA to settle the outstanding audit observations of statutory audit/AG/C&AG audit; and

13.1.3 list out the serious observations made by statutory auditor/AG/C&AG Audit which have not been complied with and incorporate the same in its report for information of the Audit Committee formed by the OSRRA.

Appendix 4

#### **Sample Form of Contract Agreement for Internal Audit**

Subject:- **Agreement between Odisha State Rural Roads Agency and (Name of Internal Auditor Firm) in respect on Internal Audit of PMGSY Account of PIUs and OSRRA.**

1. This CONTRACT is made the [day] of the [month], [year], between the ---- (Name of Odisha State Rural Roads Agency and office address) [hereinafter called the “Employer”], of the first part and, [name of the Internal Auditor Firm] (hereinafter called the “Internal Auditor Firm”).

#### **WHEREAS**

- a) The Internal Auditor Firm having represented to the “Employer” that he has the required professional skills, personnel and technical resources, has offered to provide in response to the Tender Notice No. ....dt. ....issued by the Employer;
  - b) The “Employer” has accepted the offer of the Internal Auditor Firm to provide the services on the terms and conditions set forth in this Contract.
2. Set out below are the terms and conditions under which Internal Auditor Firm has agreed to carry out for OSRRA the above-mentioned assignment specified in the attached Terms of Reference (TOR).

3. The successful bidder after award of work is required to draw agreement with authorized representative of OSRRA.

<b>Sl. No.</b>	<b>Designation of Authorized Representative</b>	<b>Payment Authority</b>
1	Chief Engineer , PMGSY, Bhubaneswar	Superintending Engineer / Executive Engineer R.W. Division, Bhubaneswar

4. For administrative purposes, the Empowered officer OSRRA has been assigned to administer the assignment. The services will be required for about 1 year commencing from 01.04.2023 to 31.03.2024. Performance of the agency would be reviewed at the end of each quarter based on definite measurable indicators and the contract may be terminated after giving one month notice if performance of the agency is found unsatisfactory.
5. The Employer may find it necessary to postpone or cancel the assignment and / or shorten or extend its duration. In such case, every effort will be made to give you as early as possible, notice of any changes. In the event of termination, the Internal Auditor Firm shall be paid for the services rendered for carrying out the assignment to the date of termination, and the Internal Auditor Firm will provide the OSRRA with any reports or parts thereof, or any other information and documentation gathered under this Agreement prior to the date of termination.
6. The employer can terminate the contract in case of there is fundamental breach of contract between the Employer & the Internal Auditor firm. The fundamental breach of contracts are defined below:-
- (a) Not taking up audit within the stipulated period.
  - (b) Not conducting the audit with due diligence i.e. as per the check list at Appendix-3.
  - (c) Not submitting the report within the stipulated period.

In the event of termination of contract the authorized representative of OSRRA will terminate the contract and forfeit the security deposit submitted by the Internal Audit firm and in addition to moving the C & AG for deleting his name from C & AG panel.

7. The services to be performed, the estimated time to be spent, and the reports to be submitted will be in accordance with the attached Description of Services.

8. This Agreement, its meaning and interpretation and the relation between the parties shall be governed by the laws of State Government.
9. This Agreement will become effective upon confirmation of this letter by Internal Auditor Firm and will terminate on 01.08.2024 or such other date as mutually agreed between the OSRRA and the Internal Auditor Firm.
10. Payments for the services for every year will not exceed the total amount accepted by OSRRA.

The OSRRA will pay audit fees in following percentage of the agreed amount within 30 days of receipt of pre receipted bills duly verified by the designated officer of the OSRRA in duplicate for respective stages as follows:

<b>PAYMENT SCHEDULE (EACH YEAR)</b>		
<b>Stage</b>	<b>Rate percentage of agreed amount</b>	<b>Event</b>
<b>1<sup>st</sup></b>	5%	After unequivocal acceptance of letter of award and submission and approval of inception report by the OSRRA
<b>2<sup>nd</sup></b>	15%	Upon receipt and acceptance of 1 <sup>st</sup> quarter Internal Audit Report of 1 <sup>st</sup> year
<b>3<sup>rd</sup></b>	25%	Upon receipt and acceptance of 2 <sup>nd</sup> quarter Internal Audit Report of 1 <sup>st</sup> year
<b>4<sup>th</sup></b>	25%	Upon receipt and acceptance of 3 <sup>rd</sup> quarter Internal Audit Report of 1 <sup>st</sup> year
<b>5<sup>th</sup></b>	25%	Upon receipt and acceptance of 4 <sup>th</sup> quarter Internal audit Report of 1 <sup>st</sup> year
<b>6<sup>th</sup></b>	5%	Upon receipt and acceptance of the final yearly audit report.

Note- I In case the number of PIUs is increased, the amount of audit fees shall be determined pro rata.

Note- II Payment will be made by the authorized representative with whom the agreement has been made.

11. The Internal Auditor Firm will be' responsible for appropriate insurance coverage. In this regard, the Internal. Auditor Firm shall maintain workers

compensation, employment liability insurance for their staff on the assignment. The Internal Auditor Firm shall also maintain comprehensive general liability insurance, including contractual liability coverage adequate to cover the indemnity of obligation against all damages, costs and charges and expenses for injury to any person or damage to any property arising out of, or in connection with, the services which result from the fault of the Internal Auditor Firm or its staff. The Internal Auditor Firm shall provide OSRRA with certification thereof upon request.

12. The Internal Auditor Firm shall indemnify and hold harmless the PIU / Chief Engineer / Empowered Officer / OSRRA against any and all claims, demands, and/or judgments of any nature brought against the PIU/ Chief Engineer / Empowered Officer / OSRRA arising out of the services by the internal Auditor Firm under this Agreement. The obligation under this paragraph shall survive the termination of this Agreement.
13. All final plans, reports and other documents or software submitted by the Internal Auditor Firm in the performance of the Services shall become and remain the property of OSRRA. The Internal Auditor Firm may retain a copy of such documents but shall not use them for purposes unrelated to this Contract without the prior written approval of the OSRRA.
14. The Internal Auditor Firm undertake to carry out the assignment in accordance with the highest standard of professional and ethical competence and integrity, having due regard to the nature and purpose of the assignment, will conduct themselves in a manner consistent herewith.
15. The Internal Auditor firm will not assign this Contract or sub-contract or outsource any portion of it without the prior written consent of OSRRA.
16. The Internal Auditor Firm shall pay the taxes, duties, fee, levies and other impositions levied under the applicable law and the OSRRA shall perform such duties, in regard to the deduction of such tax, as may be lawfully imposed.
17. The Internal auditor Firm also agree that all knowledge and information not within the public domain which may be acquired during the carrying out of this

Agreement, shall be, for all time and for all purpose, regarded as strictly confidential and held in confidence, and shall not be directly or indirectly disclosed to any person whatsoever or shared with anybody without the written permission of OSRRA.

18. Settlement of disputes:

- (i) The parties use their best efforts to settle amicably all disputes arising out of or in connection with this agreement or the interpretation thereof.
- (ii) Any dispute between the parties as to matters arising pursuant to this agreement, which cannot be settled amicably within thirty (30) days after receipt, by one party of the other party's request for such amicable settlement may be submitted by either party for settlement in accordance with the provisions specified in clause 18 (iii) hereof.
- (iii) If any dispute or difference of any kind whatsoever shall arise in connection with or out of this contract and which is not amicably settled between the Internal Auditor Firm and OSRRA as per provisions of clause 18 (i) & (ii) of the agreement the same shall be referred for settlement to the Adjudicator which will be a State level Committee under the Chairmanship of the Chief Executive Officer, OSRRA with the Financial Controller as the Convener and the Empowered Officer, OSRRA as the member within 14 days of arising of such disputes. The Adjudicator shall give a decision within 28<sup>th</sup> days of receipt of notification of dispute. Performance under the Contract shall continue notwithstanding the reference to the Adjudicator.

**NOW, THEREFORE, IT IS HEREBY AGREED** between the parties as follows :

1. The following documents attached here to shall be deemed to form an integral part of this Contact:
  - (i) List or PIUs/OSRRA and their location (Annexure 1)
  - (ii) Terms of Reference (TOR) (Appendix 2)
  - (iii) Price Bid (Form F-1)
  - (iv) Break up of Cost Estimates of Services (Form F-1A)
  - (v) Form T-3
  - (vi) Item wise sample sizes of Internal Audit (Schedule 1)
  - (vii) Check List for Internal Audit (Appendix 3)
  - (viii) Minutes of Contract Negotiation
2. The mutual rights and obligations of the “Employer” and the Internal Auditor Firm shall be as set forth in the Contract, in particular;
  - (a) The Internal Auditor Firm shall carry out and complete the Services in accordance with the provisions of the Contract; and
  - (b) The “OSRRA” shall make payments to the Internal Auditor Firm through the SE / EE RW Division, Bhubaneswar in accordance with the provisions of the Contract.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Contract to be signed in their respective names as of the day and year first above written.

In presence of

1. (Signature & Designation of the authorized representative of OSRRA)

(Witnesses)

(i)

(ii)

In presence of

2. (Name/Signature of the authorized representative of Internal Auditor Firm)

(Witnesses)

(i)

(ii)