



**STATE PROJECT IMPLEMENTATION UNIT
CHHATTISGARH**

*(A Unit of Ministry of Human Resource Development, Govt of India for
implementation of World Bank Assisted Projects in Technical Education)*

**Directorate of Technical Education, (C.G.)
Room No III/4/30, Block-3, 4th Floor, Indravati Bhavan,
Atal Nagar, Dist. Raipur - 492002**

**INVITATION FOR
EXPRESSION OF INTEREST
FOR
STATUTORY AUDIT**

F.Y. 2017-18 (01.08.2017 To 31.03.2018)

Issued by :

**State Project Administrator,
State Project Implementation Unit-Chhattisgarh
Indravati Bhawan, Atal Nagar, Dist. Raipur 492002**

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Invitation for Expression of Interest (EoI) for Appointment of Statutory Auditor for TEQIP- III for State Government, Vishwavidyalaya Engineering Participating Institutions and SPIU-CG

1. BACKGROUND

TEQIP III is a Central Sector Scheme of the Ministry of Human Resources Development (MHRD) and is expected to cover around 26 States and 200 institutions. The Central Government will finance 100% cost.

The Ministry of Human Resource Development, Government of India, NPIU and The Department of Technical Education, is implementing Technical Education Quality Improvement Programme, Phase III (TEQIP-III) under the State Project Implementation Unit, Chhattisgarh (SPIU-CG). The State Project Administrator SPIU-CG on behalf of National Project Implementation Unit (NPIU), Govt. of India, Project Implementation Unit, invites Expression of Interest (EoI) from the Chartered Accountants empanelled with C&AG (Comptroller and Auditor General of India) with an average minimum turnover of Rs. 25 Lakh per annum for the last three years to conduct **Statutory Audit** of the Project. The selected auditor shall conduct an assessment of the adequacy of the Project Management, Financial Management, and Procurement Procedures including internal controls thereof for **SPIU-CG, and the 5 Participating Institutes for F.Y. 2017-18 (01.08.2017 To 31.03.2018)** and to submit the reports as specified in ToR. The auditor shall provide the project institutes with timely information and recommendations on the financial aspects of the project to enable the institutes to take corrective measures, wherever necessary.

The interested consultants must provide the proof of information indicating that they are qualified to perform the services along with the following on or before **17.10.2018** before **03:00 P.M.** in a sealed envelope super scribed “**EOI for Statutory Audit**” to the address as mentioned below:

The State Project Administrator,
State Project Implementation Unit (SPIU-CG),
Directorate of Technical Education, (C.G.) Room No III/4/30, Block-3, 3rd – 4th Floor
Indravati Bhawan, Atal Nagar, Dist.Raipur - 492002 **Mob No 9926153573,**
Sealed cover will be opened in the presence of Consultant (Room no III/4/30 4th floor)
SPIU Office (DTE, Indravati Bhawan, Atal Nagar, Dist. Raipur at 4 pm on 17.10.2018.

- a. Name, address, phone number, e-mail id and website of the firm.
- b. Whether empanelled with the C&AG? If yes, give details.
- c. Number of partners and organizational structure of the firm.
- d. Number of branches/offices in the state with full addresses of the branches/offices.
- e. Number of professionally qualified staff working. Details of staff with their qualifications.
- f. Year-wise annual turnover of the Firm in INR for the last three years w.e.f. 2014-15 to 2016-17 (along with documentary evidence).
- g. Details of Audit and similar assignments undertaken during the last 5 (five) years.
- h. Details of relevant Audit assignments undertaken for large Public Sector/Government organizations.
- i. Details of experience in conducting audit of External funded projects e.g. World Bank, ADB etc.

A consultant will be selected in accordance with the World Bank's Guidelines and procedures given under Procurement Manual for TEQIP-III Project.

2. STATUTORY AUDIT AT STATE LEVEL:

The SPIU will appoint a firm of chartered accountants for audit of SPIU and project institutions within the State.

Audit at SPIU: The Audit at SPIU level will include audit of Financial Monitoring Report (FMRs), and project accounts. The SPIU will be required to maintain the records of FMRs and the project accounts separately to enable the auditor to carry out necessary checks and verification effectively.

Audit at Institutes: Further, the auditor will audit the project accounts of the institutions. For this purpose, the institutions are required to furnish all documents / records to the auditors to facilitate timely audit. Each institution will put up the audit report to Board of Governors within a reasonable period of completion of audit.

Consolidated Audit Report of State: The SPIU will be required to submit a consolidated audit report for the State to the NPIU by 31st July of every project year.

3. AUDIT OBSERVATIONS:

Each implementing agency will monitor and ensure timely settlement of Audit Observations.

All implementing agencies (Institutions/SPIUs) will maintain and retain records of such queries and their settlement.

4. DISCLOSURE OF INFORMATION :

Objective: To ensure accountability & transparency in all aspect of Financial Management during the project implementation and achievements, including fiduciary aspects.

Scope: SPIU and NPIU will be responsible to ensure adherence to disclosure management policies.

Strategy: SPIU and NPIU will implement the disclosure management framework under the project to ensure high level of transparency and accountability. The project progress in all areas, such as procurement, financial progress, will be made available to the public through website.

Information to be Disclosed for Financial Management by SPIU :

- Annual Audited Financial Statements.
- Financial Monitoring Reports (FMRs).
- Status of Release of Funds.

TERMS OF REFERENCE (ToR) FOR AUDIT OF FINANCIAL STATEMENTS (ANNUAL STATUTORY AUDIT)

Position	: Statutory Auditor
Organization	:
Duty Station	:
Duration	: Initially for 1 year (further extension for 2-years based on performance)

1. PROJECT COMPONENTS:

The Third Phase of the Technical Education Quality Improvement Programme is composed of the following components and sub-components:

Component 1: Improving quality and equity in low-income and special category state (LIS/SCS):

- **Sub-component 1.1** : : Institutional Development Grants to Government and Government-aided Institutes
- **Sub-component 1.2:** Widening Impact through ATUs in LIS and SCS :

Component 2: System-level initiatives to strengthen sector governance and performance

Component 3: Sustaining excellence in engineering education and widening impact through competitively-selected institutes in non-LIS/SCS

- **Sub-component 3.1:** Incubating, Sustaining and Spreading Excellence through Competitively-selected Government and Government-aided Institutes
- **Sub-component 3.2:** Widening Impact through ATUs in non-LIS

2. IMPLEMENTATION ARRANGEMENTS:

Institutional and implementation Arrangements

Central Level

Overall responsibility for the project is with the Department of Higher Education of the Ministry of Human Resource Development (MHRD). MHRD constitutes a National Steering Committee assisted by a small National Project Directorate headed by the National Project Director. MHRD delegates day-to-day implementation to National

Project Implementation Unit (NPIU). MHRD entered into a Memorandum of Understanding (MoU) with each State Government.

State Level

State Governments will oversee and facilitate implementation in the institutions in their State through the State Project Implementation Unit (SPIU) under the department responsible for technical education. The Secretary in-charge of technical education is overall responsible for project implementation in that State, assisted by the Director of Technical Education and the team in the SPIUs. Each State will enter into a MoU with each participating institution.

Institutional Level

At the institutional level, the Board of Governors (BOG) is the body responsible for institutional project design, reform and project implementation. The day-to-day implementation is coordinated by a TEQIP unit headed by the institutional Director and assisted by a senior faculty member as the TEQIP coordinator.

There will be around 200 participating Project institutions, including new Centrally Funded Institutions (CFIs). The institutes will sign MoU with State Govt. and State Govt. will sign with MHRD. The Centrally Funded institutions/CFIs shall sign MoU with MHRD.

Financial Management Arrangements

Budgeting:

The project will follow the budgeting cycle of GoI i.e. April to March and the process will be completed when project's expenditure (IBRD financing and counterpart financing) estimates are included in the Union government's budget presented and approved by Parliament. The project will be budgeted on the expenditure side at the Union (centre) level, as externally aided project under an identifiable budget head item (demand no. XX) of the MHRD.

Budgeting Process: For project activities will be as follows:

- **National Level :** NPIU will be responsible for preparation of the budget for its own expenditure releases to states as well as expenditure to be incurred at the Central Institutions.
- **State Level :** Basis for project activities in each state will be the Institutional Proposals prepared by each institution which will include financing requirements. The quantum of expenditure at the SPIU level is relatively insignificant. The Institutional Proposal will be reviewed by the State government and recommended to the NPIU for evaluation by one of two National Evaluation Committees. Proposals that are selected for funding will form the basis for preparation of the budget.
- Books of accounts for the project are maintained using double-entry bookkeeping principles. Standard books of accounts are maintained at the State and institutions. Most States/institutions use off-the-shelf accounting software for recording/compilation of information.
- The Finance Function in NPIU will be headed by a Consultant Finance who will be assisted in his/her functions by an Associate Consultant and at least two Accounts Assistants. At the State level each SPIU is expected to have a full time person responsible for oversight of the FM function.
- Disbursements from the World Bank will be made against quarterly Financial Monitoring Reports (FMRs), to be submitted within 45 days of close of each quarter. Expenditure as reported in the IUFs will be subject to certification as per the Annual Audit Reports submitted for each State/ NPIU/CFIs.
- Audit of States will be conducted by firms of Chartered Accountants appointed by SPIU. The Audit will cover Project Financial Statements from all institutions and SPIUs. Audits will be carried out in accordance with TORs acceptable to the Bank. The MHRD will provide the Bank with a Consolidated Report on Audit of the Project, including a consolidation of project expenditure and key observations forming part of the State audit reports, audit report for CFIs and NPIU.

3. OBJECTIVE :

The essence of the World Bank audit policy is to ensure that the Bank receives adequate independent, professional audit assurance that the proceeds of World Bank credit were used for the purposes intended¹¹, that the annual project financial statements are free from material misstatement, and that the terms of the credit agreement were complied with in all material respects.

The objective of the audit of the Project Financial Statement (PFS) is to enable the auditor to express a professional opinion as to whether (1) the PFS present fairly, in all material respects, the sources and applications of project funds for the period under audit examination, (2) the funds were utilized for the purposes for which they were provided, and (3) expenditures shown in the PFS are eligible for financing under the credit agreement. In addition, the auditor will express a professional opinion as to whether the internal unaudited Financial Reports (IUFRR) submitted by project management may be relied upon to support any applications for withdrawal.

The books of account that provide the basis for preparation of the PFS are established to reflect the financial transactions of the project and are maintained by the project implementation agency namely the National Project Implementation Unit (NPIU) at the national level, State Project Implementation Unit at the State level and implementing institutions at national and State level.

All accounts maintained by implementing agencies (institutions/SPIU/NPIU) in respect of funds released under the project would be audited as per agreed audit procedure (s).

A firm of Chartered Accountants empanelled with the Comptroller & Auditor General of India will audit accounts of NPIU, SPIUs and CFIs.

4. STANDARDS:

The audit will be carried out in accordance with the Engagement and Quality Control Standards promulgated by the Institution of Chartered Accountants of India (ICAI). The auditor should accordingly consider materiality when planning and performing the audit to reduce audit risk to an acceptable level that is consistent with the objective of the audit. Although the responsibility for preventing irregularity, fraud, or the use of credit proceeds for purposes other than as defined in the legal agreement remains with the borrower, the audit should be planned to have a reasonable expectation of detecting material misstatements in the project financial statements.

5. SCOPE OF AUDIT:

In conducting the audit, special attention should be paid to the following:

- a) An assessment of the adequacy of the project financial management arrangements, including internal controls. This would include aspects such as (i) adequacy and effectiveness of accounting, financial and operational controls and needs for revision of the same, if any; (ii) level of compliance with established policies, plans and procedures; (iii) reliability of accounting systems, data and financial reports; (iv) methods of remedying weak controls or creating them where there are none, and; (v) verification of assets and liabilities. This assessment is required to be carried out for each every year of project implementation and specific comments on these aspects are required be provided by the auditor annually in the Management Letter;
- b) All project funds have been used in accordance with the conditions of the relevant legal agreements and only for the purposes for which the financing was provided. Relevant legal agreements include the Loan/Credit Agreement, the Project Appraisal Document, the Minutes of Negotiations and the Memorandum of Understanding
- c) All expenditure, including procurement of goods and services has been procured in accordance with relevant provisions of the Procurement Procedures prescribed for the program. Proper documents, namely, purchase orders, tender documents, invoices, vouchers, receipts, pay bills, TA bills etc. are duly maintained and linked to the transactions
- d) All necessary supporting documents, records, and accounts have been kept in respect of all project transactions including expenditures reported via Interim Unaudited Financial Reports (IUFR). Clear linkages should exist between the books of account and IUFR presented to the Bank
- e) The expenditures reported as per the quarterly IUFR/ PFMS are in agreement with the audited expenditure/ books of accounts and variances are documented.
- f) Expenditure incurred, with reference to the budget allocation approved by NPIU/MHRD. In case the budget allocation is exceeded, proper re-appropriation duly approved by the competent authority has been obtained.
- g) An assessment of closing advances including staff advances. Present an ageing report of the outstanding advances for more than one year
- h) The project accounts have been prepared in accordance with consistently applied Accounting Standards issued by the ICAI and present fairly, in all material respects, the

financial situation of the project at the year end and of resources and expenditures for the year ended on that date.

- (i) Physical verification of the assets created out of project funds, as required under the applicable assurance standards
- (ii) An assessment of the compliance of previous audit observations raised, if any. The audit report should include a separate Para in this regard.

6. GENERAL:

The auditor should be given access to all legal documents, correspondence, financial manual, procurement manual, NPIU/MHRD guidelines and any other information associated with the project and deemed necessary by the auditor.

7. PROJECT FINANCIAL STATEMENTS:

The Project Financial Statements should include:-

- a. Statement of Sources and Applications of Funds.
- b. Reconciliation of Claims to Total Applications of Funds. The PFS includes reconciliation between expenditure reported as per the Statement of Sources and Applications of Funds and expenditure claimed from the World Bank through Interim Unaudited Financial Reports (IUFR) based method of reimbursement (refer format x).
- c. Other Statements or Schedules such as:
 - A statement showing appropriate major heads of expenditure by Project Component/Sub-Components
 - A summary of cumulative expenditures
 - A summary of advances along with ageing
- d. Management Assertion: Management should sign the project financial statements and provide a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements and an assertion that project funds have been expended in accordance with the intended purposes as reflected in the financial statements.

8. FINANCIAL MONITORING REPORTS:

In addition to the audit of the PFS, the auditor is required to audit all FMRs for withdrawal applications made during the period under audit examination. The auditor should apply such tests as the auditor considers necessary under the circumstances to satisfy the audit objective. In particular, these expenditures should be carefully examined for project eligibility by reference to the credit agreements. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor. For the fourth quarter disbursement against FMR auditors should review the expenditure position before making the claim and provide reconciliation between the expenditure as per FMRs and as per the PFS for the period under audit examination.

9. TIMING AND COVERAGE:

Statutory audit will be carried out on a semi-annual basis and will include institutions and SPIU-CG. The Statutory Audit firm will submit an Audit Schedule in advance to SPIU-CG and agree the schedule with the SPIU-CG.

10. INTERIM UNAUDITED FINANCIAL REPORTS (IUF):

In addition to the audit of the PFS, the auditor is required to audit all IUF for withdrawal applications made during the period under audit examination. The auditor should apply such tests as the auditor considers necessary under the circumstances to satisfy the audit objective. In particular, the expenditures should be carefully examined for project eligibility by reference to the credit agreements. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor. For the fourth quarter disbursement against IUF, auditors should review the expenditure position before making the claim and provide reconciliation between the expenditure as per IUF and as per the PFS for the period under audit examination

11. AUDIT REPORT:

An audit report on the PFS should be prepared in accordance with the Engagement and Quality Control Standards promulgated by the Institute of Chartered Accountants of India (ICAI). Those standards require a clear written expression of opinion on the financial statements taken as a whole. An unqualified opinion indicates the auditor's satisfaction in all material respects with the matters laid down under the relevant agreement. When a qualified opinion, adverse opinion or disclaimer of opinion is to be given or reservation of

opinion on any matter is to be made, the audit report should State the reasons thereof. In addition, the audit opinion paragraph will specify whether, in the auditor's opinion, (a) with respect to Interim Unaudited Financial Reports (IUFR) adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to the audit report, expenditures are eligible for financing under the Credit Agreement.

The project financial statements and the audit report should be received by the Bank not later than 6 months after the end of the fiscal year. The auditor should also submit two copies of the audited accounts and audit report to the Implementing Agency.

12. MANAGEMENT LETTER :

In addition to the audit report on the project financial statements, the auditor will also prepare a management letter highlighting findings during the audit, which will inter alia include:

- i) Comments and observations on the financial management records, systems and controls that were examined during the course of the review;
- ii) Deficiencies and areas of weakness in systems and controls and recommendation for their improvement;
- iii) Matters that have come to attention during the audit that might have a significant impact on the implementation of the project; and
- iv) Any other matters that the auditor considers pertinent to report in relation to the financial management of the project.

The observations in the Management Letter must be accompanied by a suggested recommendation from the Auditor and Management Comments on the observations/recommendations from the Management.

13. GENERAL:

The auditor should be given access to any information relevant for the purpose of conducting the audit. This would normally include all legal documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. The information made available to the auditor should include, but not be limited to, copies of the Bank's project Appraisal Document, the relevant Legal Agreements and a copy of Aide Memories. It is highly desirable that the auditor become familiar with other Bank policy documents, such as OP/BP 10.02, the Bank's internal guidelines on Financial Management that include financial reporting and auditing requirements for projects financed by the World Bank. the auditor should also be familiar with the Bank's Disbursement Manual. Both documents will be provided by the Project staff to the auditor.

14. MANAGEMENT ASSERTION :

In addition, the auditor is expected to ensure that a management assertion in the format below is provided in the project financial statements and signed by the management.

“It is certified that the proceeds of the loan provided by the World Bank have been used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations”

15. UTILIZATION CERTIFICATE :

The Auditor is further required to provide a certificate giving details of unspent balance brought forward from the previous financial year, funds released during current financial year indicating sanction numbers and amount, funds utilized and unspent balance at the closing of financial year. The format is attached at Annex-XXI (e).

16. REPORTING:

In addition to detailed statutory audit report, the auditor should provide an Executive Summary highlighting critical issues which require the attention of the State Project Administrator of SPIU-CG and Board of Governor (BoG) of Institution and the status of action on the previous recommendations.

Sl. No.	Period	No. of Institutions	Audit to be Conducted in	Submission of Audit Report
1.	1 st August 2017– 31 st March 2018	5 Institutes + 1 SPIU-CG	Oct 2018	31 st October 2018
In addition Auditor will prepare one consolidated report for F.Y. 2017-2018 ((01.08.2017 To 31.03.2018) is also to be submitted				

17. LIST OF PARTICIPATING UNIVERSITIES/INSTITUTES

Universities in the state of Chhattisgarh under sub-component 1.2:

- 1- Chhattisgarh Swami Vivekanand Technical University, Bhilai

Government/ Engineering Colleges/Institutes under sub-component 1.1:

- 1- Government Engineering College, Raipur
- 2- Government Engineering College, Bilaspur
- 3- Government Engineering College, Jagdalpur
- 4- Vishwavidyala Engineering College, Lakhanpur

SPIU. Office

1. State Project Implementation Unit, Indravati Bhawan Atal Nagar Raipur, Chhattisgarh

18. PERIOD OF APPOINTMENT:

The auditor would be appointed for a period of 1 year and cover the Financial Year ending on **March 31st 2018**. The contract may be extended further to another two years on the basis of performance of the auditor.

19. SELECTION CRITERIA FOR AUDIT OF FINANCIAL STATEMENTS

1. SELECTION METHOD:

Selection is made following the 'Quality and Cost based Selection' [QCBS] as per paragraph 2.1 of the Guidelines: Selection and Employment of Consultants by World Bank Borrower, January 2011. This method uses a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. The final ranking will be done by applying a weightage of 75 percent and 25 percent respectively to the technical financial score of each evaluated qualifying Technical and Financial Proposal and then computing the relevant combined total score for each bidder.

The selection process shall include the following steps:

- (a) Preparation of the TOR;
- (b) Preparation of cost estimate and the budget, and short-listing criteria;
- (c) Advertising;
- (d) Preparation of the short list of consultants;
- (e) Preparation and issuance of the RFP (which should include: the Letter of Invitation (LOI), Instructions to Consultants (ITC), the TOR, and the proposed draft contract);
- (f) Receipt of proposals;
- (g) Evaluation of technical proposals: consideration of quality;
- (h) Public opening of financial proposals;
- (i) Evaluation of financial proposal;
- (j) Final evaluation of quality and cost; and
- (k) Award of the contract to the selected firm.

For this purpose of assessing the proposal, an Evaluation Committee needs to be formed by each SPIU. Evaluation and appointment of the project auditor is done following a two stage process i.e. the Expression of Interest (EoI) stage and the Request for Proposal (RFP) stage. At each stage, the applicant private audit firms are evaluated on pre-determined parameters. In response to the EoI, audit firms may indicate their interest in one or more SPIUs. Separate shortlists will be prepared and evaluation process shall be followed for selecting the auditor

therein for each SPIU.

1. Appointment of Auditors:

The auditors will be appointed in accordance with the guidelines for procurement of consultants as contained in the Procurement Manual of the Project. The process of appointment should be completed before the commencement of the FY for which the audit is to be done. The auditors may be appointed initially for a period of two year and then for another year, subject to annual performance review. This will ensure continuity and the auditors will be able to assess the progress over time. However, in case of re-appointment of the same auditor –

- ☑ ensure compliance with the Procurement Guidelines of the Manual; and
- ☑ re-confirm that the audit firm continues to satisfy the eligibility criteria as prescribed in the ToR.

2. Eligibility Criteria:

1. The firm must be **empanelled with C&AG**, without which the application of the firm would not be considered.
2. The applicant firm is **Independent of the entity** to be audited.
 - The audit firm is not the incumbent Statutory Auditor of the project or the PIU.
 - No partner of the audit firm or any qualified employee of the firm is related to any member of the Governing Body/Executive Committee/Board of Directors or the Project Director/Managing Director/any Director or any of the senior management (as applicable) of the PIA. Relative would mean husband, wife, brother, or sister or any lineal ascendant or descendant.
 - Neither the firm nor its Partners or Associates have any interest in the business of the PIU.
 - From the time of appointment and for one year after (to be counted from the date of issue of final audit report) the Firm ceases to be Auditor, no other assignment of any kind to the PIA/project (including consultancy) will be accepted, either by the firm or by its partners or relatives of partners of the firm or by its associates.
3. The audit firm is not one against which disciplinary orders have been issued by the Public Companies Accounting Oversight Board and these orders are in force. Also, any partner/senior manager of the audit firm is not associated with the audit in any manner if

he/she The audit firm is not one against which disciplinary orders have been issued by the Public Companies Accounting Oversight Board and these orders are in force. Also, any partner/senior manager of the audit firm is not associated with the audit in any manner if he/she

- has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949; or
- is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board

4. Firms must qualify following minimum criteria:

Sl. No	Particulars*	Minimum Criteria
1.	Number of Full Time Partners associated with the firm for not less than 3 years with at least one being a Fellow CA (As per Certificate of ICAI as on 1.1.2009)	4 (four)
2.	Turnover of the firm <i>(Average annual in last three financial years)</i>	Minimum Rs. 25 (twenty five) lakh
3.	No. of Years of Firm Existence	5 (five) years
4.	No. of assignments of Statutory Audit of Corporate/PSUs entities except Bank Branch Audit having a turnover of not less than Rs 25 crores in the last 3 years.	4 (four)
5.	No. of assignments: Experience of audit of Externally Aided Projects/ Social Sector Projects (other than Audit of Charitable Institutions & NGOs) in the last 3 years	4 (four)

20. SUPPORTING DOCUMENTS FOR ELIGIBILITY CRITERIONS:

Following supporting documents must be submitted by the firm along with the technical proposal:

- (i) A self-attested copy of the latest empanelment intimation letter issued by the C&AG.
- (ii) A certificate from the firm to the effect that no partner of the firm has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949 or is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board. In case the firm has such partners, the firm provides details of such partners and certifies that they will not be associated with the audit in any manner.
- (iii) A Declaration signed by an authorized partner of the audit firm verifying that the applicant is independent of the entity to be audited that they have no relationship with the entity to be audited (in particular, the auditor should not be employed by, serve as director for, or have any financial or close business relationship with the entity during the period(s) covered by the audit or immediately thereafter for a period of two years).
- (iv) A self-attested copy of the latest firm constitution certificate issued by the ICAI (this certificate shall also act as evidence for verifying the Date of Constitution of the firm). This certificate should not be older than 30 days as on the date of the EoI.
- (v) A copy of the balance sheet for the last three years.
- (vi) A copy of the appointment letters from the auditee organizations. Branch Audit of any Bank shall not be considered while taking into account the total number of assignments.

21. EVALUATION CRITERIA FOR SELECTION OF AUDITOR

Evaluation Criteria: Expression of Interest (EoI)

Sl. No.	Evaluation Criteria	Max Marks
1.	Number of Partners (2 marks up to 3 partners, 1 for each additional partner)	10
2.	Presence of the Firm in the operational area of SPIU-CG	10
3.	Number of Professionally Qualified Staff Between 10-25 staff-(5 marks) More than 25 Staff-(10 marks)	10
4.	Turnover for the last five years More than 50 lacs and up to 75 Lacs-2 marks for each year More than 75 Lacs-4 marks for each year	20
5.	Number of Audit and similar assignments undertaken during last 5 years (5 marks for each assignment, maximum three)	15
6.	Number of World Bank Project Audits** undertaken during the last 5 years (5 marks for each assignment, maximum seven assignments)	35
	Total Marks	100

* The audit firms must be empanelled with the C&AG and eligible for major audits

** World Bank audits mean any audit conducted by the firm for World Bank clients, and includes both external audit and Statutory audit.

22. APPLICATION FORMAT

1.	Name, address, phone number, e-mail ID and website address of the Firm	
2.	Whether empanelled with the C&AG? If yes, give details	
3.	Number of partners and organizational structure of the Firm	
4.	Number of branches/ offices in the state with full addresses of the branches/offices	
5.	Number of professionally qualified staff working. Details of staff with their qualifications	
6.	Year-wise annual turnover of the Firm in INR for the last three years w.e.f. 2014-15 to 2016-17 (along with documentary evidence).	
7.	Details of Audit and similar assignments undertaken during the last 5 years	
8.	Details of relevant audit assignments undertaken for large Public Sector/ Government organizations	
9.	Details of experience in conducting audit of external funded projects e.g. World Bank, ADB etc.	

NOTE: Enclose proof of evidence wherever necessary.

*TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – III*

CONSOLIDATED REPORT ON ANNUAL STATUTORY AUDIT

Expenditure Incurred by Implementing Entities (SPIU/CFIs/1.3 institutions/NPIU) *

Audit Report for Financial Year ended on _____

(Rs. Lakhs)

S. No.	Name of SPIU/CFIs/1.3 institutions/NPIU (in alphabetical order)	Expenditure		
		Reported ¹ (A)	Disallowed ² (B)	Net (C = A – B)
	Grand Total			

* *Note* : Consolidated Audit Report for the Project will be prepared on the basis of the individual audit reports: audit report for each SPIU, audit report for NPIU and consolidated audit report for CFIs and 1.3 institutions.

¹ As reported in the Interim Un-audited Financial Reports of the SPIU/CFI/NPIU.

² Amount either (a) disallowed by the Auditor or (b) considered ineligible by NPIU for any reason.

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – III

CONSOLIDATED REPORT ON AUDIT

Date of Audit Report

Audit Report for Financial Year ended on _____

S.No.	Name of SPIU/CFIs/1.3 institutions/NPIU (in alphabetical order)	Date³

³ Date as per the Audit Report and Certificate issued by the Auditor.

Annex-XVI

*TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - III*

RECEIPT AND PAYMENT ACCOUNT

FOR THE MONTH OF/ QUARTER OF _____

(From _____ to _____)

RECEIPT S				PAYMENT S			
Sl. No	Particulars	For the month Amount Rs.	Cumulative Amount Rs.	Sl. No	Particulars	For the month Amount Rs.	Cumulative Amount Rs.
1	Opening Balance a) Cash b) Bank			1	Release to		
2	Received from			2	Payment to Consultants, Seminars & Workshops		
3	Other Receipts, if any			3	Procurement of Assets		
				4	Administration Expenditure		
				5	Closing balance a) Cash b) Bank		
TOTAL				TOTAL			

*TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - III*

BALANCESHEET

AS AT _____

S. No.	PARTICULARS	SCHEDULE NO.	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A	SOURCE OF FUNDS 1) Amount received from: 2) Contribution from: 3) Excess of income over Expenditure			
	TOTAL			
B	APPLICATION OF FUNDS 1) Fixed Assets 2) Work in progress –Scheme work under implementation 3) A. Current Assets, Loans and advances a. Cash Balance b. Bank balance c. Advance for Capital goods d. Loans and Advances B. Less: Current Liabilities Net Current Assets (A-B)			
	TOTAL			

EXAMPLE OF A STATEMENT OF SOURCES AND APPLICATION OF FUNDS

Name of the Project			
Credit/ No.			
Statement of Sources and Applications of Funds			
Report for the year ended _____			
Particulars	Current Year	Previous Year	In Rs. Lakhs
			Project to date
Opening Balance (A)			
Receipts			
Funds equivalent to expenditure shown in PFMS (Funds made available by MHRD)			
Less : Debit failures			
Total Receipts (B)			
Total Sources (C = A + B)			
Expenditures by Component			
A.			
B.			
C.			
Total Expenditures (D)			
Closing Balance, (C-D)			

Notes:

1. The above figures will be based on accounts prepared by the accounts compiling officers, duly reconciled, with details of un-reconciled amounts to be furnished.
2. Names of accounting units whose financial statements are aggregated to prepare the consolidated accounts.
3. Any other specific Note.

Annex- XVIII (b)

SAMPLE RECONCILIATION OF CLAIMS TO TOTAL APPLICATIONS OFFUNDS

Name of the Project

Credit No.

**Reconciliation of Claims to Total Applications of Funds
Report for the yearended _____**

Schedules	Amt. (Rs. Lakhs)		
	Current Year	Previous Year	Project to date
Bank Funds claimed during the year (A)	I		
Total Expenditure made during the year (B)			
Less: Outstanding bills (C)	II		
 Ineligible expenditures (D)	III		
 Expenditures not claimed (E)	IV		
Total Eligible Expenditures Claimed (F)=(B)-(C)-(D)-(E)			
World Bank Share @ x% of (F) above (G)			

CFAO

ProjectDirector

Date

Date

Notes:

1. Total expenditure made during the year (B above) must be the same as the Total Expenditures shown on the Statement of Sources and Applications of Funds (D on the Statement of Sources and Applications of Funds)
2. Expenditures not claimed (E above) may reflect timing differences for eligible expenditures incurred during the year but claimed after the yearend.
3. Amounts A and G above must be equal.

Annex- XVIII (c)

MANAGEMENT ASSERTION LETTER

(Project Letterhead)

(To Auditor)

(Date)

This assertion letter is provided in connection with your audit of the financial statements of the _____ Project for the year ended _____. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the cash basis of accounting followed by the Project, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

- The project financial statements are free of material misstatements, including omissions.
- Project funds have been used for the purposes for which they were provided.
- Project expenditures are eligible for financing under the Credit agreement.
- There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the project financial statements.
- We have made available to you all books of account and supporting documentation relating to the project.
- The project has complied with the conditions of all relevant legal agreements, including the Credit Agreement, the Project Appraisal Document, the Minutes of Negotiations, the Borrower's Project Implementation Plan, and Memorandum of Understanding

(Senior Executive Officer)

(Senior Financial Officer)

Annex- XVIII (d)

SAMPLE AUDIT REPORT—UNQUALIFIED OPINION

Auditor's Report:

Addressee⁴

Report on the Project Financial Statements:

We have audited the accompanying financial statements of the _____ Project financed under World Bank Credit No., which comprise the Statement of Sources and Applications of Funds and the Reconciliation of Claims to Total Applications of Funds⁵ for the year ended. These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the Engagement and Quality Control Standards promulgated by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of _____ Project for the year ended _____ in accordance with accounting principles generally accepted in India.

In addition, in our opinion, (a) with respect to expenditure adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the Credit Agreement. During the course of the audit the expenditure statements and the connected documents were examined and these can be relied upon to support reimbursement under the Loan/Credit Agreement.

[Auditor's Signature]

[Auditor's

Address][Date⁶]

⁴ The auditor's report should be addressed to the person stipulated in the underlying loan agreement as responsible for

providing audited project financial statements.

- ⁵ Insert titles of other required statements and schedules included in or annexed to the project financial statements, if any.
- ⁶ The report should be dated as of the date to which the auditor has become aware of and considered the effects of events and transactions. This is generally the final date of fieldwork, as opposed to the date of signing the audit report.

Annex- XVIII (e)

UTILIZATION CERTIFICATE

a) Opening Balance as on 1 st April	Rs	_____
c) Funds received (as per expenditure in PFMS)	Rs	_____
c) Other Income	Rs	_____
e) Less : Expenditure	Rs	_____
Unspent Balance	Rs.	_____

It is also certified that an amount of Rs _____ (Rupee _____) has been utilized by the Institution for the purpose for which it was sanctioned. It is further certified that an unspent balance of Rs. _____ (Rupee _____) only is being carried forward for utilization in the next year.

We further certify that the conditions on which the grant was sanctioned have been fulfilled and where there has been any deviation from the sanctioned amount it is with prior approval of the concerned authority. We have exercised reasonable checks to see that money has been actually utilized for the purpose for which it was sanctioned.

(Name and Address of Chartered Accountants Firm)

Seal of Chartered Accountants Firm

Signature

Date: _____

Place: _____

**TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME
[TEQIP] PHASE – III**

**PROFORMA OF MANAGEMENT LETTER
(TO BE SUBMITTED BY AUDITOR ALONG WITH AUDIT REPORT)**

To
The Director/Principal
Institute Name
Address

Sub.: Management Letter

Dear Sir,

We have audited the financial statements of ----- (Institute Name) for the year ending ----- 31st March, ----- and have issued our report dated -----.

The auditor should provide specific **comments on** the following areas :

- Comments and observations on the financial management records, systems and controls that were examined during the course of the review;
- Deficiencies and areas of weakness in systems and controls and recommendations for their improvements;
- Matters that have come to attention during the audit that might have a significant impact on the implementation of the project; and
- Any other matters that the auditor considers pertinent to report in relation to the financial management of the project.

The observations in the Management Letter must be accompanied by a suggested recommendation from the Auditor and Management Comments on the observations/ recommendations from the management.

Date :

Place :

For -----

Chartered

Accountants Firm
Reg. No.

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - III

**A SAMPLE OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON
ACCOUNTS (TO BE SUBMITTED ALONG WITH THE AUDIT**

A. Significant Accounting Policies:

1. General :
 - (a) The accounts are prepared under the historical cost convention following the cash system of accounting
 - (b) Accounting policies not specially referred to are consistent and in consonance with generally accepted accounting principles.
 - (c) Expenses and income to the extent paid and received respectively are accounted for on cash basis.
2. **Investments:** - Investments are valued at cost. However, there are no investments outstanding at the end of the year.
3. **Fixed Assets:** - Fixed assets are stated at Cost. No accounting is being done for Depreciation on any of Fixed Assets.
4. **Grand Accounting:** - Since the Direct Transfer of Fund to the beneficiary is done through the PFMS, the institutes are not getting any fund directly, therefore, the expenditure incurred as per the PFMS shall be considered as grant received and accounted for accordingly after reconciling the figures.

B. Notes on Accounts:

1. There is no contingent liability in respect of claims against the project not acknowledged as debt.
2. Balances of Loans and Advances, Deposits and other Liabilities are subject to confirmation and as certified by the management. The Current assets are stated at an amount, which is in opinion of the management, not in excess of their recoverable value.
3. Previous year figures have been regrouped and rearranged to make them comparable with current year figures wherever considered necessary.

Annex-XXI

*TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - III*

Report -1 : PFMS RECONCILIATION STATEMENT

QUARTERLY

Sl. No.	Statement of Expenditure	Amount Rs.	Amount Rs.
A	Expenditure as per PFMS Statement (According to M-32 Report)		
B	Less: Debit failures (payments not made by PFMS but shown in the expenditure) — [Report EP-04]		
C	Expenditure as per books of accounts (A - B)		

Report -2 : STATUS OF ADVANCES

QUARTERLY

Sl. No.	Date	Amount Rs.	Amount Rs.
A	Opening Balance as on 1 st day of the quarter		
B	Plus : Advances paid in the quarter		
C	Less : Adjustment/Settlement of Advances		
D	Balance as on Last date of Quarter		

Report -2 (a) : AGEING OF ADVANCES

Sl. No.	Particulars	Period	Amount (Rs.)	Remarks (Reasons)
1.	Ageing of Advances in Closing Balance	upto 15 days		
		upto 30 days		
		more than 30 days		

Report -3 : PHYSICAL AND FINANCIAL PROGRESS (PROCUREMENT)**QUARTERLY****Name of the Institute:****Period of the Quarter:**

Sl. No.	Particulars	Amount Rs.
A	Procurement made during the quarter as per PFMS report	
B	Procurement made during the quarter as per PMSS report	
C	Variation if any	
D	Reasons for the variations	

Note :

1. All the above three reports shall be submitted by the 1.1 and 1.2 institutions to SPIU for monitoring and SPIU will send the consolidated report to NPIU
2. All 1.3 institutions shall submit the above reports directly to NPIU.

Annex-XXII

Permissible⁷ and Non-permissible Expenditures (Indicative) Institution Participating in Sub-component 1.1 and 1.3

Suggested Activity*	Centrally Funded, Government Funded and Aided Institutions	
	Permitted	Not Permitted
1. Procurement of goods (equipment, furniture, books & learning resources, software and minor items) and civil works for improvement in teaching, training and learning facilities	<ul style="list-style-type: none"> • Equipment and furniture⁸for: <ul style="list-style-type: none"> ○ modernizing and strengthening of existing UG and PG laboratories, workshops, computer centre, library and academic supportfacilities ○ modernization of laboratories in supportingdepartments ○ modernizing classrooms and smart classrooms ○ establishing new UG and PG laboratories, if any, required for the existing/newprogrammes ○ faculty research and institutional consultancywork ○ campus-wide networking of academic and administrative buildings, hostels and faculty residences, and enhancing internet facilities, IP Phones (VoIP) ○ Video ConferenceFacility ○ Course specificsoftware ○ Procurement of equipment/furniture for Institutional TEQIPUnit ○ ICT enable learning and related software andhardware ○ Language laboratory ○ Procurement of computers, peripherals and furniture for establishing start-upcentre 	<ul style="list-style-type: none"> • Equipment and furniturefor: <ul style="list-style-type: none"> ○ improving hostel facilities other than electronicnetworking ○ Sportactivities ○ Non Academic activities ○ Medicalfacilities • Purchase ofvehicles • Equipment/furniture for non engineeringprogrammes(MCA, MBA, Architecture, and Pharmacy) offered byinstitute
	<ul style="list-style-type: none"> • Modernization and strengthening oflibraries: <ul style="list-style-type: none"> ○ Procurement of learning resources (print / digital books andjournals) ○ Books & learningresources ○ Digitization of library,e-books ○ Membership of INDEST-AICTEetc. ○ Setting up of Swayam Prabha channels 	<ul style="list-style-type: none"> • Non academicmagazines
	<ul style="list-style-type: none"> • Civil works⁹ upto 5% of project allocation for the institutionfor: <ul style="list-style-type: none"> ○ Refurbishment, repair works, extension of existing academic buildings such as classrooms, laboratories, workshops, computer centre, TEQIP Cell andlibrary ○ Reducing environment degradation and complying with EMF (see Civil WorksManual) 	<ul style="list-style-type: none"> • Civil works undertaken for betterment of hostels, staff quarters, sportfacilities and non-academicstructures

⁷ Expenditure is permissible only for the AICTE/UGC approved UG and PG teaching programmes, provided that Goods, Civil Works and Consultancy Services are procured in accordance with the procurement methods and procedures given in the Procurement Manual and are not declared ineligible expenditure by the statutory FinancialAuditors.

⁸ Expenditure for procurement of any equipment and furniture will not be admissible if procured with co-financing from any other source.

⁹ Expenditure for any Civil Work activity will not be admissible if undertaken with co-financing from any other source.

2. Improvement in teaching, learning and research competence		
2.1 Improve student learning		
<p>a. Faculty and staff training</p> <p>a.i Faculty training (applicable for faculty of engineering disciplines and supporting departments)</p>	<p>(i) Qualification upgradation:</p> <ul style="list-style-type: none"> • If faculty is enrolled for qualification upgradation either through full-time or part-time or by sandwich joint arrangement within/outside the parent Institution: <ul style="list-style-type: none"> ○ Fees charged for course work, registration fee etc. ○ Use of research facilities ○ Consumables ○ Expenses towards thesis printing and publication of thesis-based research papers 	<ul style="list-style-type: none"> • Salary, living expenses and travel expenses of faculty registered for qualification upgradation (on full or part time or by sandwich joint arrangement) either within the parent Institution or through deputation to another Institution

***Note:** The approving authority for these activities is BoG / Competent Authority of the institutions except few cases of procurement (including services) where World Bank's No objection is required.
In addition, institution may also conduct other activities (not listed here) under the scope of the project and those fulfil the objectives of the project with the approval of BoG/Competent Authority of the institution.

	<p>(ii) Enhancing Knowledge and Research Competence:</p> <ul style="list-style-type: none"> • Subject upgradation and research competence : Undertaking trainings in subject knowledge and research competence upgradation by faculty <ul style="list-style-type: none"> ○ Course fee; travel expenses, boarding and lodging, and sundry expenses/allowances as per applicable norms and rules when faculty is deputed out-station to another Institution [within India or abroad (as per Guidelines on International Travel)] for the duration of the Course, travel time and the time permitted by the BoG for visits to Institutions/Organizations of interest and relevance to the faculty in the vicinity of the location of training ○ Course fee and local travel expenses as per applicable norms and rules when faculty attends a Course in-station but at an Institution other than the parent Institution 	<ul style="list-style-type: none"> • Any other payment to the faculty for attending the Course
	<ul style="list-style-type: none"> • Participation by faculty in seminars, conferences, workshops and in Continuing Education Programmes (CEPs)¹⁰ etc.: <ul style="list-style-type: none"> ○ Registration fee; travel expenses; boarding, lodging, and sundry expenses/allowances as per applicable norms and rules when faculty is deputed outstation to another Institution within India or abroad (as per Guidelines on International Travel) for the duration of the seminar, conference or workshop, travel time and the time permitted by the BoG for visits to Institutions/Organizations of interest and relevance to the faculty in the vicinity of the location of seminar, workshop or conference ○ Registration fee; and local travel expenses as per applicable norms and rules when participation is within-station but at an Institution other than the employer Institution 	<ul style="list-style-type: none"> • Any other payment to the faculty for attending seminars, workshops, conferences, etc as participant.

¹⁰ CEPs are to be targeted for working professionals only. The duration of the programme must be atleast 1 week (5 working days). The participants preferably should have representations from industries, faculty from other AICTE recognized Engineering institutions and few faculty of host institution. The CEPs be conducted preferably in cutting edge technologies.

	<p>(iii) Management development training of Institution's senior officials and senior faculty:</p> <ul style="list-style-type: none"> ○ Course fee; travel expenses, boarding and lodging, and sundry expenses /allowances as per applicable norms and rules when deputed out-station to another Institution (within India or abroad) for the duration of the Course, travel time and the time permitted by the BoG for visits to Institutions/Organizations of interest and relevance to the faculty in the vicinity of the location of training ○ Trainer's fee and overheads; and sundry expenditure if training programmes organized within the parent Institution 	<ul style="list-style-type: none"> ● Any other payment to the officials and senior faculty for attending the Course
	<p>(iv) Organizing subject area training programmes, pedagogical trainings, workshops, seminars, conferences and Continuing Education Programme (CEP):</p> <ul style="list-style-type: none"> ○ Hospitality to participants ○ Venue and logistic arrangements ○ Replication of printed training materials. ○ Publication of proceedings ○ Travel, boarding and lodging for invited experts and honorarium for delivering/organizing expert lectures (internal and external), CEPs etc. 	<ul style="list-style-type: none"> ● Registration fees of internal faculty
<p>a.ii Staff training</p>	<ul style="list-style-type: none"> ● Training of non-teaching staff, administrative and finance officers, etc.: <ul style="list-style-type: none"> ○ Course fee; travel expenses; boarding, lodging, and sundry expenses/allowances as per applicable norms and rules when the staff is deputed outstation to another Institution within India. ○ Course fee and local travel expenses as per applicable norms and rules when training is attended in-station but at an institution / organization other than the parent institution 	<ul style="list-style-type: none"> ● Any other payment to the staff for attending the training programme.
	<ul style="list-style-type: none"> ● Qualification upgradation of technical support staff: (applicable for staff of engineering disciplines and supporting departments) If staff is enrolled for qualification upgradation either through full-time or part-time or by sandwich joint arrangement within/outside the parent Institution : <ul style="list-style-type: none"> ○ Fees charged for course work, registration fee etc. ○ Use of research facilities ○ Consumables ○ Expenses towards thesis printing and publication of thesis-based research papers 	<ul style="list-style-type: none"> ● Salary, living expenses and travel expenses of faculty registered for qualification upgradation (on full or part time or by sandwich joint arrangement) either within the parent Institution or through deputation to another Institution
	<ul style="list-style-type: none"> ● Training of technical support staff: (applicable for staff of engineering disciplines and supporting departments) <ul style="list-style-type: none"> ○ Course fee; travel expenses; boarding, lodging, and sundry expenses/allowances as per applicable norms and rules when the technical support staff is deputed outstation to another Institution/ Organization within India. 	<ul style="list-style-type: none"> ● Any other payment to the staff for attending the training programme.

	<ul style="list-style-type: none"> ○ Course fee and local travel expenses as per applicable norms and rules when training is attended in-station but at an Institution other than the parent Institution 	
	<ul style="list-style-type: none"> • Training of administrative and general support staff in functional areas: <ul style="list-style-type: none"> ○ Course fee; travel expenses; boarding, lodging, and sundry expenses/allowances as per applicable norms and rules when the technical support staff is deputed outstation to another Institution/ Organization within India. ○ Course fee and local travel expenses as per applicable norms and rules when training is attended in-station but at an Institution other than the parent Institution 	<ul style="list-style-type: none"> • Any other payment to the staff for attending the training programme

<p>b. Enhancement of Research & Development & Innovation Providing Research Assistantships to increase enrolment in PhD programmes in Engineering & applied sciences disciplines</p>	<ul style="list-style-type: none"> • Research Assistantships to full time Doctoral students registered in the institution's engineering & applied sciences disciplines as per AICTE/ UGC norms including contingency charges* that do not get scholarship through any other scheme of Govt of India • Attending workshops, Technology exhibitions, publications in National / International conferences held in India of students UG and PG – Registration Fees, Travelling, boarding & lodging and incidental charges • Institutional memberships for professional societies viz. IEEE, ACM, IETE, CSI, Automotive Engineering, ISTE, IE(I), ASCE, ASME, for student chapters • Expenditure on travel, visa and stipend for 12 weeks under MITACS programme as per guidelines • Expense on testing/ characterization of samples of R&D projects undertaken by students/faculty • Seed money for start-up • Continuation of the activities of Centres of Excellence (CoE) established under TEQIP-II 	<ul style="list-style-type: none"> • Assistantship for M.Tech Students • Assistantship to Doctoral candidates under QIP scheme of AICTE/IITsetc. • Individual membership of professional society
<p>c. Improving transition rates of all categories of students and improving non-cognitive skills of students</p>	<ul style="list-style-type: none"> • Honorarium to faculty and staff for taking induction training, bridge Courses, remedial teaching classes and skill development training • Transportation charges of students visits, if any • Honorarium, TA and DA to outside experts for specialized training in soft components including communication - presentations skills • GATE Registration fee (only for final year students) • Honorarium, TA and DA to outside experts for GATE orientation programmes and specialized GATE training classes • Honorarium, TA and DA to outside experts for specialized training in Finishing School • Consultancy services procured for technical assistance related to knowledge/skill enhancement for weak students and establishing a Finishing School 	<ul style="list-style-type: none"> • Cost towards the boarding and lodging of students for attending the Finishing School
<p>d. Instituting academic and non-academic reforms</p>	<ul style="list-style-type: none"> • Curricular Reforms: <ul style="list-style-type: none"> ○ Travel cost, hospitality and honorarium paid to industry personnel / academic expert for participation in curriculum development/ revision/restructuring and curricular reforms ○ Sundry expenditure on holding meetings 	

	<ul style="list-style-type: none"> of the concerned Committees o Organizing workshops on reforms 	
	<ul style="list-style-type: none"> • Digital learning including MOOCs: <ul style="list-style-type: none"> o Certification fees for online courses (MOOCs/ Swayam) for students and faculty o Development of MOOCs/ Online courses 	
	<ul style="list-style-type: none"> • Accreditation: <ul style="list-style-type: none"> o Accreditation fees to NBA • Autonomy: <ul style="list-style-type: none"> o Assessment fees to UGC or University for obtaining Autonomous Institution Status from the UGC 	<ul style="list-style-type: none"> • Any payment in cash of kind or expenses related to the hosting of Accreditation Committee or any other assessment committee.

* Does not include dead stock (assets) items

2.2 Student employability		
a. Increasing interaction with industry	<ul style="list-style-type: none"> • Travel cost, hospitality and honorarium to industry personnel for participation in curriculum development/revision/restructuring, student assessment and Institutional bodies, and for delivering expert lectures • Organizing short term training programme for students in collaboration with Industry to increase Managerial skills, Entrepreneurial skills, Leadership skills, Communication skills, Technical skills and Team working skills for making them industryready • Transportation charges for Industrial visits • Student attending internship in industry <ul style="list-style-type: none"> ○ Travel expenses, boarding, lodging and sundry expenses / allowances as per norms approved by BoG 	
b. Student career counselling and placement	<ul style="list-style-type: none"> • Expenditure towards inviting industry (excluding travel cost and lodging boarding) for campus interviews and hospitality during campusinterviews • Tutoring by industry experts to prepare students for on- and off- campus jobinterviews 	<ul style="list-style-type: none"> • Consultancy/ registration fees to any agency (third party) for getting industry for campusplacement
2.3 Increasing faculty productivity and motivation		
a. Sponsored research, consultancy and other revenue generating activities	<ul style="list-style-type: none"> • Securing sponsored projects and consultancy assignments • Publication of research papers in refereed journals available on Web of Science for faculty/students • Commercialization of research products • Patenting of researchproducts • Travel cost, hospitality and honorarium paid to experts for participation in Research & Development activities and for delivering expert lectures in the projectinstitutions • Organizing conferences on R&D topics/themes 	<ul style="list-style-type: none"> • Fiscal incentives for increased participation in research, sponsored projects and consultancy work (<i>the incentives can, however, be given from Institutional resources includingIRG</i>)
	<ul style="list-style-type: none"> • Developing research interestamong UG and Mastersstudents: <ul style="list-style-type: none"> ○ Fiscal incentive (as per norms approved by the BoG) to students that voluntarily associate with Industry oriented R&Dprojects ○ Expenses on travel, boarding and lodging of students that associate with an Industry for about 3-4 weeks during vacations tocontinue 	

	<p>work on R&D projects</p> <ul style="list-style-type: none"> ○ Consumables • Financial aid to the extent of 20% of total budget in Tech Fest/ project competitions • Registration Fees and TA for students participating in Tech Fest of IITs/NITs 	
	<ul style="list-style-type: none"> • Seed grant for research to faculty members and / or students to venture into innovative research and to strengthen research culture 	
	<ul style="list-style-type: none"> • Appointment of retired teachers from IITs/NITs/other reputed institutions as Senior Research Advisor for enhancement of Research & Development activities 	

2.4 Establishing Twinning System

<p>a. Activities proposed in IDP, twinning agreement, implementing AICTE measures or any activity deemed appropriate and mutually agreed</p>	<ul style="list-style-type: none"> • Sharing of expenditure as agreed mutually by mentor and mentee institution 	<ul style="list-style-type: none"> • Any incentive/ remuneration for conduct of twinning activities
<p>3. Incremental Operating Cost</p>	<ul style="list-style-type: none"> • Organizing BoG and other Committee Meetings (Travel expenses; boarding, lodging, and sundry expenses/allowances for out-station non-official members as per applicable norms and rules , Local travel expenses for in-station non-official members as per applicable norms and rules, Sitting fee to non-official members) • TA & DA for faculty and staff attending workshops and meetings organized by the NPIU and the SPIUs • TA & DA for faculty and staff attending training in the World Bank procedures as arranged by the NPIU and the SPIUs • Student training materials and other consumables • Occasional hiring of vehicles for project related works 	
	<ul style="list-style-type: none"> • Maintenance of equipment including computers and other assets: <ul style="list-style-type: none"> ○ Maintenance of equipment including computers and related devices through Annual Maintenance Contracts 	<ul style="list-style-type: none"> • Maintenance of buildings (<i>this should be carried out through Institution's own budget</i>)
	<ul style="list-style-type: none"> • Hiring technical services for: <ul style="list-style-type: none"> ○ Academic development/ processes ○ external financial audit for TEQIP funds 	
	<ul style="list-style-type: none"> • Salaries: <ul style="list-style-type: none"> ○ Salaries of full-time contract staff only appointed in TEQIP cell for implementation of the project subject to due approval from the competent authority of the institution 	

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – III

**SPECIFIC INSTRUCTIONS FOR STATUTORY
AUDIT OF FINANCIAL STATEMENTS**

1. Coverage by Auditors

To ensure timely completion of audit, auditors should visit each project implementing agency (Institution/SPIU/NPIU) twice a year and, in total, review at least 50% of transactions by value.

2. Audit Observations

- a. **Classification of audit observations:** For each of the audit observations, the auditor should classify it either as a Major or a Minor observation. To arrive at the classification, both the amount (quantity) and nature (quality) of misstatements need to be considered.
- b. **Quantification of audit observations:** To the best extent possible, the auditor should quantify the impact of the misstatement, so that implication of the findings can be assessed.
- c. Observations should be as **specific** as possible.
- d. **Management Response:** Management must submit a response to the audit observations listed in the audit report.

3. Presentation of Financial Statements

- a. Expenditure in Project Financial Statements may be grouped as per reporting heads in the internal unaudited financial reports (IUFR). This will facilitate reconciliation with the internal unaudited financial reports (IUFR).
- b. Accounting Policies should clearly indicate, inter alia, the basis of recognition of expenditure for various activities i.e. basis and timing of expenditure recognition and nature of documents received to liquidate the advance and record expenditure e.g., Utilization Certificate, Statement of Expenditures or actual vouchers/bills etc.
- c. The audit report shall contain an audited internal unaudited financial reports (IUFR) for the last quarter (quarter ending March 200...., showing cumulative and head wise expenditure for the complete financial year) along with the Audited Statement of Accounts. Further, it should include a reconciliation between these two statements.

4. Areas needed to be checked by Statutory Auditor.

The Statutory auditor will look into following points in addition to the others points connected with the Audit (Statutory audit-yearly)

- a) Whether the provisions and rules as per the Financial Management Manual (FMM), Project Appraisal Document (PAD), Project Implementation Plan (PIP) have been implementing properly.
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- b) Whether the proper books of accounts are maintained.
- c) Whether the transactions have been made through PFMS.
- d) Whether the management of the advances have been done scrupulously.
- e) Reconciliation of IUFRR amount with the books of accounts.
- f) Whether the payments vouchers are supported by proper documentation.
- g) Checking of proper accounting system.
- h) Checking of tax deduction etc. and its timely deposit with the Govt. authorities.
- i) Whether corrective measure have been taken by entity on the observations made in the internal audit report.
- j) To verify preparation of financial statements as per the Financial Management Manual (FMM).
- k) Whether the expenditure are as per permissible or non-permissible list provided in the PIP.
- l) Whether all the procurement done as per World Bank guidelines.
- m) Whether the Audit Committee have been formed by the institute for reviewing the audit observation of the previous year.
- n) The advise to institute for controlling audit disallowances.
- o) Whether the Accounting Standards as per the Institute of Chartered Accountants of India (ICAI) have been followed.

Any other point needed to be checked in the fairness of Audit.
