**SELECTION FOR THE APPOINTMENT OF CONSULTANT (INTERNAL AUDITOR)**

REQUEST FOR PROPOSALS

RFP No.: CC-CS/1025-NER/CON-4131/1/G2

Loan No. IBRD-8631-IN

**Appointment of Consultant (Internal Auditor) for North Eastern Region Power System Improvement Project (NERPSIP)”**

Senior General Manager (Contracts Services) POWERGRID, Plot No. 2, Sector-29, Gurugram, Haryana – 122001

Country: India

Project: NERPSIP

Issued on date: -11/06/2020

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Power Grid Corporation of India Limited

(A Government of India Enterprise, A Maharatna Company)

RFP No. CC-CS/1025-NER/CON-4131/1/G2

Loan No. IBRD-8631-IN

Senior General Manager (CS-G2)

POWERGRID, Plot No. 2, Sector-29, Gurugram, Haryana Pin Code– 122001

Date: 11/06/2020

Part - I

Section - 1 Letter of Invitation

To,

Dear Mr. /Ms:

1. The Govt of India(GOI)(hereinafter called "Borrower”) has receivedfinancing from the International Bank for Reconstruction and Development (IBRD) (the “Bank”) in the form of a “loan” (hereinafter called “loan”] toward the cost of North Eastern Region Power System Improvement Project (NERPSIP). The Power Grid Corporation of India Ltd*,* an implementing agency of the Client, intends to apply a portion of the proceeds of this loan to eligible payments under the contract for which this Request for Proposals is issued. Payments by the Bank will be made only at the request of the GOI and upon approval by the Bank, and will be subject, in all respects, to the terms and conditions of the loan. The loan prohibits a withdrawal from the loanaccount for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Bank, is prohibited by a decision of the United Nations Security council taken under Chapter VII of the Charter of the United Nations. No party other than the GOI *[*Borrower/Client/Recipient*]* shall derive any rights from the loan agreement or have any claims to the proceeds of the loan*.*
2. The Client now invites proposals to appoint Internal Auditor for World Bank funded Projects for conducting Internal Audit *of North Eastern Region Power System Improvement Project (NERPSIP)* for the financial year 2020-21 onwards for a total period of three years, renewed every year for one year at a time subject to review of Auditors Performance and extendable for another 2(two) years More details on the Services are provided in the Terms of Reference (Section 7).
3. A firm will be selected under Quality and Cost Based Selection (QCBS) and in a Full Technical Proposal (FTP) format as described in this RFP, in accordance with the policies of the Bank detailed in the Bank’s “Regulations for IPF Borrowers” (“Procurement Regulations”) which can be found at the following website: [*www.worldbank.org*](http://www.worldbank.org).
4. The RFP includes the following documents:

Section 1 - Letter of Invitation

Section 2 - Instructions to Consultant and Data Sheet

Section 3 - Technical Proposal (FTP)- Standard Forms

Section 4 - Financial Proposal - Standard Forms

Section 5 – Eligible Countries

Section 6 – Bank’s Policy- Fraud and Corruption

Section 7 - Terms of Reference

Section 8 – Contract Forms

1. Request for Proposal (RFP) is being invited by adopting Single Stages Two Envelope. The Proposal shall comprise the 1st Inner Envelope with the Technical Proposal and 2nd Inner Envelope with the Financial Proposal.
2. Details on the proposal’s submission date, time and address are provided in Data Sheet of Section 2.

Yours Sincerely,

D. Ganesan

Senior General Manager (Contracts Services)

POWERGRID, Plot No. 2, Sector-29,

Gurugram, Haryana Pin Code– 122001

Tel.: + 91 9449599044

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# Section 2 Instructions to Consultants and Data Sheet

## **General Provisions**

|  |  |  |
| --- | --- | --- |
| Definitions | 1. “Affiliate(s)” means an individual or an entity that directly or indirectly controls, is controlled by, or is under common control with the Consultant. 2. “Applicable Law” means the laws and any other instruments having the force of law in the Client’s country, or in such other country as may be specified in the **Data Sheet**, as they may be issued and in force from time to time. 3. “Bank” means the International Bank for Reconstruction and Development (IBRD) or the International Development Association (IDA). 4. “Borrower” means the Government, Government agency or other entity that signs the *[loan/financing/grant[[1]](#footnote-1)]* agreement with the Bank. 5. “Client” means the implementing agencythat signs the Contract for the Services with the selected Consultant. 6. “Consultant” means a legally-established professional consulting firm or an entity that may provide or provides the Services to the Client under the Contract. 7. “Contract” means a legally binding written agreement signed between the Client and the Consultant and includes all the attached documents listed in its Clause 1 (the General Conditions of Contract (GCC), the Special Conditions of Contract (SCC), and the Appendices). 8. “Data Sheet” means an integral part of the Instructions to Consultants (ITC) Section 2 that is used to reflect specific country and assignment conditions to supplement, but not to over-write, the provisions of the ITC. 9. “Day” means a calendar day, unless otherwise specified as “Business Day”. A Business Day is any day that is an official working day of the Borrower. It excludes the Borrower’s official public holidays. 10. “Experts” means, collectively, Key Experts, Non-Key Experts, or any other personnel of the Consultant, Sub-consultant or Joint Venture member(s). 11. “Government” means the government of the Client’s country. 12. “in writing” means communicated in written form (e.g. by mail, e-mail, fax, including, if specified in the Data Sheet, distributed or received through the electronic-procurement system used by the Client) with proof of receipt. 13. “Joint Venture (JV)” means an association with or without a legal personality distinct from that of its members, of more than one Consultant where one member has the authority to conduct all business for and on behalf of any and all the members of the JV, and where the members of the JV are jointly and severally liable to the Client for the performance of the Contract. 14. “Key Expert(s)” means an individual professional whose skills, qualifications, knowledge and experience are critical to the performance of the Services under the Contract and whose CV is taken into account in the technical evaluation of the Consultant’s proposal. 15. “ITC” (this Section 2 of the RFP) means the Instructions to Consultants that provide~~s~~ the Consultants with all information needed to prepare their Proposals. 16. “Non-Key Expert(s)” means an individual professional provided by the Consultant or its Sub-consultant and who is assigned to perform the Services or any part thereof under the Contract and whose CVs are not evaluated individually. 17. “Proposal” means the Technical Proposal and the Financial Proposal of the Consultant. 18. “RFP” means the Request for Proposals to be prepared by the Client for the selection of Consultants, based on the SPD-RFP. 19. “SPD-RFP” means the Standard Procurement Document - Request for Proposals, which must be used by the Client as the basis for the preparation of the RFP. 20. “Services” means the work to be performed by the Consultant pursuant to the Contract. 21. “Sub-consultant” means an entity to whom the Consultant intends to subcontract any part of the Services while the Consultant remains responsible to the Client during the whole performance of the Contract. 22. “Terms of Reference (TORs)” (this Section 7 of the RFP) means the Terms of Reference that explains the objectives, scope of work, activities, and tasks to be performed, respective responsibilities of the Client and the Consultant, and expected results and deliverables of the assignment. | |
| Introduction | * 1. The Client named in the **Data Sheet** intends to select a Consultant from those listed in the Request for Proposals (RFP), in accordance with the method of selection specified in the **Data Sheet**.   2. The Consultants are invited to submit a Technical Proposal and a Financial Proposal, or a Technical Proposal only, as specified in the **Data Sheet**, for consulting services required for the assignment named in the **Data Sheet**. The Proposal will be the basis for negotiating and ultimately signing the Contract with the selected Consultant.   3. The Consultants should familiarize themselves with the local conditions and take them into account in preparing their Proposals, including attending a pre-proposal conference if one is specified in the **Data Sheet**. Attending any such pre-proposal conference is optional and is at the Consultants’ expense.   4. The Client will timely provide, at no cost to the Consultants, the inputs, relevant project data, and reports required for the preparation of the Consultant’s Proposal as specified in the **Data Sheet**. | |
| Conflict of Interest | * 1. The Consultant is required to provide professional, objective, and impartial advice, at all times holding the Client’s interests paramount, strictly avoiding conflicts with other assignments or its own corporate interests, and acting without any consideration for future work.   2. The Consultant has an obligation to disclose to the Client any situation of actual or potential conflict that impacts its capacity to serve the best interest of its Client. Failure to disclose such situations may lead to the disqualification of the Consultant or the termination of its Contract and/or sanctions by the Bank.      1. Without limitation on the generality of the foregoing, and unless stated otherwise in the **Data Sheet**, the Consultant shall not be hired under the circumstances set forth below: | |
| **a. Conflicting activities** | (i) Conflict between consulting activities and procurement of goods, works or non-consulting services: a firm that has been engaged by the Client to provide goods, works, or non-consulting services for a project, or any of its Affiliates, shall be disqualified from providing consulting services resulting from or directly related to those goods, works, or non-consulting services. Conversely, a firm hired to provide consulting services for the preparation or implementation of a project, or any of its Affiliates, shall be disqualified from subsequently providing goods or works or non-consulting services resulting from or directly related to the consulting services for such preparation or implementation. | |
| **b. Conflicting assignments** | (ii) Conflict among consulting assignments: a Consultant (including its Experts and Sub-consultants) or any of its Affiliates shall not be hired for any assignment that, by its nature, may be in conflict with another assignment of the Consultant for the same or for another Client. | |
| **c. Conflicting relationships** | (iii) Relationship with the Client’s staff: a Consultant (including its Experts and Sub-consultants) that has a close business or family relationship with a professional staff of the Borrower (or of the Client, or of implementing agency, or of a recipient of a part of the Bank’s financing) who are directly or indirectly involved in any part of (i) the preparation of the Terms of Reference for the assignment, (ii) the selection process for the Contract, or (iii) the supervision of the Contract, may not be awarded a Contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the Bank throughout the selection process and the execution of the Contract. | |
| Unfair Competitive Advantage | * 1. Fairness and transparency in the selection process require that the Consultants or their Affiliates competing for a specific assignment do not derive a competitive advantage from having provided consulting services related to the assignment in question. To that end, the Client shall indicate in the **Data Sheet** and make available to all Consultants together with this RFP all information that would in that respect give such Consultant any unfair competitive advantage over competing Consultants. | |
| Fraud and Corruption | 5.1 The Bank requires compliance with the Bank’s Anti-Corruption Guidelines and its prevailing sanctions policies and procedures as set forth in the WBG’s Sanctions Framework, as set forth in Section 6.  5.2 In further pursuance of this policy, Consultants shall permit and shall cause their agents (where declared or not), subcontractors, sub consultants, service providers, suppliers, and their personnel, to permit the Bank to inspect all accounts, records and other documents relating to any shortlisting process, Proposal submission, and contract performance (in the case of award), and to have them audited by auditors appointed by the Bank. | |
| Eligibility | * 1. The Bank permits consultants (individuals and firms, including Joint Ventures and their individual members) from all countries to offer consulting services for Bank-financed projects.      * 1. Furthermore, it is the Consultant’s responsibility to ensure that its Experts, joint venture members, Sub-consultants, agents (declared or not), sub-contractors, service providers, suppliers and/or their employees meet the eligibility requirements as established by the Bank in the applicable Procurement Regulations.   2. As an exception to the foregoing ITC 6.1 and 6.2 above: | |
| **a. Sanctions** | * + 1. A Consultant that has been sanctioned by the Bank, pursuant to the Bank’s Anti-Corruption Guidelines and in accordance with its prevailing sanctions policies and procedures as set forth in the WBG’s Sanctions Framework as described in Section VI, Fraud and Corruption, paragraph 2.2 d., shall be ineligible to be shortlisted for, submit proposals for, or be awarded a Bank-financed contract or benefit from a Bank-financed contract, financially or otherwise, during such period of time as the Bank shall have determined. The list of debarred firms and individuals is available at the electronic address specified in the Data Sheet. | |
| **b. Prohibitions** | * + 1. Firms and individuals of a country or goods manufactured in a country may be ineligible if so indicated in Section 5 (Eligible Countries) and:   (a) as a matter of law or official regulations, the Borrower’s country prohibits commercial relations with that country, provided that the Bank is satisfied that such exclusion does not preclude effective competition for the provision of Services required; or  (b) by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, the Borrower’s Country prohibits any import of goods from that country or any payments to any country, person, or entity in that country. | |
| **c. Restrictions for State-owned Enterprises** | State-owned enterprises or institutions in the Borrower’s country may be eligible to compete and be awarded a contract only if they can establish, in a manner acceptable to the Bank, that they: (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not under supervision of the Client. | |
| **d. Restrictions for public employees** | Government officials and civil servants of the Borrower’s country are not eligible to be included as Experts, individuals, or members of a team of Experts in the Consultant’s Proposal unless:  (i) the services of the government official or civil servant are of a unique and exceptional nature, or their participation is critical to project implementation; and  (ii) their hiring would not create a conflict of interest, including any conflict with employment or other laws, regulations, or policies of the Borrower. | |
| **e. Borrower Debarment** | A firm that is under a sanction of debarment by the Borrower from being awarded a contract is eligible to participate in this procurement, unless the Bank, at the Borrower’s request, is satisfied that the debarment; (a) relates to fraud or corruption, and (b) followed a judicial or administrative proceeding that afforded the firm adequate due process. | |
| **B. Preparation of Proposals** | | |
| General Considerations | * 1. In preparing the Proposal, the Consultant is expected to examine the RFP in detail. Material deficiencies in providing the information requested in the RFP may result in rejection of the Proposal. | |
| Cost of Preparation of Proposal | * 1. The Consultant shall bear all costs associated with the preparation and submission of its Proposal, and the Client shall not be responsible or liable for those costs, regardless of the conduct or outcome of the selection process. The Client is not bound to accept any proposal, and reserves the right to annul the selection process at any time prior to Contract award, without thereby incurring any liability to the Consultant. | |
| Language | 9.1 The Proposal, as well as all correspondence and documents relating to the Proposal exchanged between the Consultant and the Client, shall be written in the language(s) specified in the **Data Sheet**. | |
| Documents Comprising the Proposal | * 1. The Proposal shall comprise the documents and forms listed in the **Data Sheet**.   10.2 If specified in the **Data Sheet**, the Consultant shall include a statement of an undertaking of the Consultant to observe, in competing for and executing a contract, the Client country’s laws against fraud and corruption (including bribery).  10.3 The Consultant shall furnish information on commissions, gratuities, and fees, if any, paid or to be paid to agents or any other party relating to this Proposal and, if awarded, Contract execution, as requested in the Financial Proposal submission form (Section 4). | |
| Only One Proposal | 11.1 The Consultant (including the individual members of any Joint Venture) shall submit only one Proposal, either in its own name or as part of a Joint Venture in another Proposal. If a Consultant, including any Joint Venture member, submits or participates in more than one proposal, all such proposals shall be disqualified and rejected. This does not, however, preclude a Sub-consultant, or the Consultant’s staff from participating as Key Experts and Non-Key Experts in more than one Proposal when circumstances justify and if stated in the **Data Sheet**. | |
| Proposal Validity | **12.1 The Data Sheet** indicates the period during which the Consultant’s Proposal must remain valid after the Proposal submission deadline.  12.2 During this period, the Consultant shall maintain its original Proposal without any change, including the availability of the Key Experts, the proposed rates and the total price.  12.3 If it is established that any Key Expert nominated in the Consultant’s Proposal was not available at the time of Proposal submission or was included in the Proposal without his/her confirmation, such Proposal shall be disqualified and rejected for further evaluation, and may be subject to sanctions in accordance with ITC 5. | |
| **a. Extension of Validity Period** | 12.4 The Client will make its best effort to complete the negotiations and award the contract within the proposal’s validity period. However, should the need arise, the Client may request, in writing, all Consultants who submitted Proposals prior to the submission deadline to extend the Proposals’ validity.  12.5 If the Consultant agrees to extend the validity of its Proposal, it shall be done without any change in the original Proposal and with the confirmation of the availability of the Key Experts, except as provided in ITC 12.7.  12.6 The Consultant has the right to refuse to extend the validity of its Proposal in which case such Proposal will not be further evaluated. | |
| **b. Substitution of Key Experts at Validity Extension** | 12.7 If any of the Key Experts become unavailable for the extended validity period, the Consultant shall seek to substitute him with another Key Expert. The Consultant shall provide a written adequate justification and evidence satisfactory to the Client together with the substitution request. In such case, a substitute Key Expert shall have equal or better qualifications and experience than those of the originally proposed Key Expert. The technical evaluation score, however, will remain to be based on the evaluation of the CV of the original Key Expert.  12.8 If the Consultant fails to provide a substitute Key Expert with equal or better qualifications, or if the provided reasons for the replacement or justification are unacceptable to the Client, such Proposal will be rejected with the prior Bank’s no objection. | |
| **c. Sub-Contracting** | 12.9 The Consultant shall not subcontract the whole of the Services. | |
| Clarification and Amendment of RFP | 13.1 The Consultant may request a clarification of any part of the RFP during the period indicated in the **Data Sheet** before the Proposals’ submission deadline. Any request for clarification must be sent in writing, or by standard electronic means, to the Client’s address indicated in the **Data Sheet**. The Client will respond in writing, or by standard electronic means, and will send written copies of the response (including an explanation of the query but without identifying its source) to all Consultants. Should the Client deem it necessary to amend the RFP as a result of a clarification, it shall do so following the procedure described below:  13.1.1 At any time before the proposal submission deadline, the Client may amend the RFP by issuing an amendment in writing or by standard electronic means. The amendment shall be sent to all Consultants and will be binding on them. The Consultants shall acknowledge receipt of all amendments in writing.  13.1.2 If the amendment is substantial, the Client may extend the proposal submission deadline to give the Consultants reasonable time to take an amendment into account in their Proposals.  13.2 The Consultant may submit a modified Proposal or a modification to any part of it at any time prior to the proposal submission deadline. No modifications to the Technical or Financial Proposal shall be accepted after the deadline. | |
| Preparation of Proposals – Specific Considerations | 14.1 While preparing the Proposal, the Consultant must give particular attention to the following:  14.1.1 If a Consultant considers that it may enhance its expertise for the assignment by associating with other consultants in the form of a Joint Venture or as Sub-consultants, it may do so.  14.1.2 The Client may indicate in the **Data Sheet** the estimated Key Experts’ time input (expressed in person-month) or the Client’s estimated total cost of the assignment, but not both. This estimate is indicative and the Proposal shall be based on the Consultant’s own estimates for the same.  14.1.3 If stated in the **Data Sheet**, the Consultant shall include in its Proposal at least the same time input (in the same unit as indicated in the **Data Sheet**) of Key Experts, failing which the Financial Proposal will be adjusted for the purpose of comparison of proposals and decision for award in accordance with the procedure in the **Data Sheet**.  14.1.4 For assignments under the Fixed-Budget selection method, the estimated Key Experts’ time input is not disclosed. Total available budget, with an indication whether it is inclusive or exclusive of taxes,is given in the **Data Sheet**, and the Financial Proposal shall not exceed this budget. | |
| Technical Proposal Format and Content | 15.1 The Technical Proposal shall be prepared using the Standard Forms provided in Section 3 of the RFP and shall comprise the documents listed in the Data Sheet. The Technical Proposal shall not include any financial information. A Technical Proposal containing material financial information shall be declared non-responsive.  15.1.1 Consultant shall not propose alternative Key Experts. Only one CV shall be submitted for each Key Expert position. Failure to comply with this requirement will make the Proposal non-responsive.  15.2 Depending on the nature of the assignment, the Consultant is required to submit a Full Technical Proposal (FTP), or a Simplified Technical Proposal (STP) as indicated in the **Data Sheet** and using the Standard Forms provided in Section 3 of the RFP. | |
| Financial Proposal | 16.1 The Financial Proposal shall be prepared using the Standard Forms provided in Section 4 of the RFP. It shall list all costs associated with the assignment, including (a) remuneration for Key Experts and Non-Key Experts, (b) reimbursable expenses indicated in the **Data Sheet**. | |
| **a. Price Adjustment** | 16.2 For assignments with a duration exceeding 18 months, a price adjustment provision for foreign and/or local inflation for remuneration rates applies if so stated in the **Data Sheet**. | |
| **b. Taxes** | 16.3 The Consultant and its Sub-consultants and Experts are responsible for meeting all tax liabilities arising out of the Contract unless stated otherwise in the **Data Sheet**. Information on taxes in the Client’s country is provided in the **Data Sheet**. | |
| **c. Currency of Proposal** | 16.4 The Consultant may express the price for its Services in the currency or currencies as stated in the **Data Sheet**. If indicated in the **Data Sheet**, the portion of the price representing local cost shall be stated in the national currency. | |
| **d. Currency of Payment** | 16.5 Payment under the Contract shall be made in the currency or currencies in which the payment is requested in the Proposal. | |
| **C. Submission, Opening and Evaluation** | | |
| Submission, Sealing, and Marking of Proposals | | 17.1 The Consultant shall submit a signed and complete Proposal comprising the documents and forms in accordance with ITC 10 (Documents Comprising Proposal). Consultants shall mark as “CONFIDENTIAL” information in their Proposals which is confidential to their business. This may include proprietary information, trade secrets or commercial or financially sensitive information. The submission can be done by mail or by hand. If specified in the **Data Sheet**, the Consultant has the option of submitting its Proposals electronically.  17.2 An authorized representative of the Consultant shall sign the original submission letters in the required format for both the Technical Proposal and, if applicable, the Financial Proposal and shall initial all pages of both. The authorization shall be in the form of a written power of attorney attached to the Technical Proposal.  17.2.1 A Proposal submitted by a Joint Venture shall be signed by all members so as to be legally binding on all members, or by an authorized representative who has a written power of attorney signed by each member’s authorized representative.  17.3 Any modifications, revisions, interlineations, erasures, or overwriting shall be valid only if they are signed or initialed by the person signing the Proposal.  17.4 The signed Proposal shall be marked “Original”, and its copies marked “Copy” as appropriate. The number of copies is indicated in the **Data Sheet**. All copies shall be made from the signed original. If there are discrepancies between the original and the copies, the original shall prevail.  17.5 The original and all the copies of the Technical Proposal shall be placed inside a sealed envelope clearly marked “**Technical Proposal**”, [Name of the Assignment], [reference number], [name and address of the Consultant], and with a warning “**Do Not Open until [insert the date and the time of the Technical Proposal submission deadline]**.”  17.6 Similarly, the original Financial Proposal (if required for the applicable selection method) and its copies shall be placed inside of a separate sealed envelope clearly marked “**Financial Proposal**” , [name of the assignment], [reference number], [name and address of the Consultant], and with a warning “**Do Not Open With The Technical Proposal**.”  17.7 The sealed envelopes containing the Technical and Financial Proposals shall be placed into one outer envelope and sealed. This outer envelope shall be addressed to the Client and bear the submission address, RFP reference number, the name of the assignment, Consultant’s name and the address, and shall be clearly marked “**Do Not Open Before** [insert the time and date of the submission deadline indicated in the Data Sheet]”.  17.8 If the envelopes and packages with the Proposal are not sealed and marked as required, the Client will assume no responsibility for the misplacement, loss, or premature opening of the Proposal.  17.9 The Proposal or its modifications must be sent to the address indicated in the **Data Sheet** and received by the Client no later than the deadline indicated in the **Data Sheet**, or any extension to this deadline. Any Proposal or its modification received by the Client after the deadline shall be declared late and rejected, and promptly returned unopened. |
| Confidentiality | | 18.1 From the time the Proposals are opened to the time the Contract is awarded, the Consultant should not contact the Client on any matter related to its Technical and/or Financial Proposal. Information relating to the evaluation of Proposals and award recommendations shall not be disclosed to the Consultants who submitted the Proposals or to any other party not officially concerned with the process, until the Notification of Intention to Award the Contract. Exceptions to this ITC are where the Client notifies Consultants of the results of the evaluation of the Technical Proposals.  18.2 Any attempt by Consultants or anyone on behalf of the Consultant to influence improperly the Client in the evaluation of the Proposals or Contract award decisions may result in the rejection of its Proposal, and may be subject to the application of prevailing Bank’s sanctions procedures.  18.3 Notwithstanding the above provisions, from the time of the Proposals’ opening to the time of Contract award publication, if a Consultant wishes to contact the Client or the Bank on any matter related to the selection process, it shall do so only in writing. |
| Opening of Technical Proposals | | 19.1 The Client’s evaluation committee shall conduct the opening of the Technical Proposals in the presence of the Consultants’ authorized representatives who choose to attend (in person, or online if this option is offered in the **Data Sheet**). The opening date, time and the address are stated in the **Data Sheet**. The envelopes with the Financial Proposal shall remain sealed and shall be securely stored with a reputable public auditor or independent authority until they are opened in accordance with ITC 23.  19.2 At the opening of the Technical Proposals the following shall be read out: (i) the name and the country of the Consultant or, in case of a Joint Venture, the name of the Joint Venture, the name of the lead member and the names and the countries of all members; (ii) the presence or absence of a duly sealed envelope with the Financial Proposal; (iii) any modifications to the Proposal submitted prior to proposal submission deadline; and (iv) any other information deemed appropriate or as indicated in the **Data Sheet**. |
| Proposals Evaluation | | 20.1 Subject to provision of ITC 15.1, the evaluators of the Technical Proposals shall have no access to the Financial Proposals until the technical evaluation is concluded and the Bank issues its “no objection”, if applicable.  20.2 The Consultant is not permitted to alter or modify its Proposal in any way after the proposal submission deadline except as permitted under ITC 12.7. While evaluating the Proposals, the Client will conduct the evaluation solely on the basis of the submitted Technical and Financial Proposals. |
| Evaluation of Technical Proposals | | * 1. The Client’s evaluation committee shall evaluate the Technical Proposals on the basis of their responsiveness to the Terms of Reference and the RFP, applying the evaluation criteria, sub-criteria, and point system specified in the **Data Sheet**. Each responsive Proposal will be given a technical score. A Proposal shall be rejected at this stage if it does not respond to important aspects of the RFP or if it fails to achieve the minimum technical score indicated in the **Data Sheet**. |
| Financial Proposals for QBS | | 22.1 Following the ranking of the Technical Proposals, when the selection is based on quality only (QBS), the top-ranked Consultant is invited to negotiate the Contract.  22.2 If Financial Proposals were invited together with the Technical Proposals, only the Financial Proposal of the technically top-ranked Consultant is opened by the Client’s evaluation committee. All other Financial Proposals are returned unopened after the Contract negotiations are successfully concluded and the Contract is signed. |
| Public Opening of Financial Proposals (for QCBS, FBS, and LCS methods) | | 23.1 After the technical evaluation is completed and the Bank has issued its no objection (if applicable), the Client shall notify those Consultants whose Proposals were considered non-responsive to the RFP and TOR or did not meet the minimum qualifying technical score, advising them the following:  (i) their Proposal was not responsive to the RFP and TOR or did not meet the minimum qualifying technical score;  (ii) provide information relating to the Consultant’s overall technical score, as well as scores obtained for each criterion and sub-criterion;  (iii) their Financial Proposals will be returned unopened after completing the selection process and Contract signing; and  (iv) notify them of the date, time and location of the public opening of the Financial Proposals and invite them to attend.  23.2 The Client shall simultaneously notify in writing those Consultants whose Proposals were considered responsive to the RFP and TOR, and that have achieved the minimum qualifying technical score, advising them the following:   1. their Proposal was responsive to the RFP and TOR and met the minimum qualifying technical score; 2. provide information relating to the Consultant’s overall technical score, as well as scores obtained for each criterion and sub-criterion; 3. their Financial Proposal will be opened at the public opening of Financial Proposals; and 4. notify them of the date, time and location of the public opening and invite them for the opening of the Financial Proposals.   23.3 The opening date should allow the Consultants sufficient time to make arrangements for attending the opening and shall be no less than seven (7) Business Days from the date of notification of the results of the technical evaluation, described in ITC 23.1 and 23.2.  23.4 The Consultant’s attendance at the opening of the Financial Proposals (in person, or online if such option is indicated in the **Data Sheet**) is optional and is at the Consultant’s choice.  23.5 The Financial Proposals shall be opened publicly by the Client’s evaluation committee in the presence of the representatives of the Consultants and anyone else who chooses to attend. Any interested party who wishes to attend this public opening should contact the client as indicated in the **Data Sheet**. Alternatively, a notice of the public opening of Financial Proposals may be published on the Client’s website, if available. At the opening, the names of the Consultants, and the overall technical scores, including the break-down by criterion, shall be read aloud. The Financial Proposals will then be inspected to confirm that they have remained sealed and unopened. These Financial Proposals shall be then opened, and the total prices read aloud and recorded. Copies of the record shall be sent to all Consultants who submitted Proposals and to the Bank. |
| Correction of Errors | | 24.1 Activities and items described in the Technical Proposal but not priced in the Financial Proposal, shall be assumed to be included in the prices of other activities or items, and no corrections are made to the Financial Proposal. |
| **a. Time-Based Contracts** | | 24.1.1 If a Time-Based contract form is included in the RFP, the Client’s evaluation committee will (a) correct any computational or arithmetical errors, and (b) adjust the prices if they fail to reflect all inputs included for the respective activities or items included in the Technical Proposal. In case of discrepancy between (i) a partial amount (sub-total) and the total amount, or (ii) between the amount derived by multiplication of unit price with quantity and the total price, or (iii) between words and figures, the former will prevail. In case of discrepancy between the Technical and Financial Proposals in indicating quantities of input, the Technical Proposal prevails and the Client’s evaluation committee shall correct the quantification indicated in the Financial Proposal so as to make it consistent with that indicated in the Technical Proposal, apply the relevant unit price included in the Financial Proposal to the corrected quantity, and correct the total Proposal cost. |
| **b. Lump-Sum Contracts** | | 24.2 If a Lump-Sum contract form is included in the RFP, the Consultant is deemed to have included all prices in the Financial Proposal, so neither arithmetical corrections nor price adjustments shall be made. The total price, net of taxes understood as per ITC 25, specified in the Financial Proposal (Form FIN-1) shall be considered as the offered price. Where there is a discrepancy between the amount in words and the amount figures, the amount in words shall prevail. |
| Taxes | | 25.1 The Client’s evaluation of the Consultant’s Financial Proposal shall exclude taxes and duties in the Client’s country in accordance with the instructions in the **Data Sheet**. |
| Conversion to Single Currency | | 26.1 For the evaluation purposes, prices shall be converted to a single currency using the selling rates of exchange, source and date indicated in the **Data Sheet**. |
| Combined Quality and Cost Evaluation | |  |
| * 1. **Quality- and Cost-Based Selection (QCBS)** | | 27.1 In the case of QCBS, the total score is calculated by weighting the technical and financial scores and adding them as per the formula and instructions in the **Data Sheet**. The Consultant with the Most Advantageous Proposal, which is the Proposal that achieves the highest combined technical and financial scores will be invited for negotiations. |
| **b. Fixed-Budget Selection (FBS)** | | 27.2 In the case of FBS, those Proposals that exceed the budget indicated in Clause 14.1.4 of the **Data Sheet** shall be rejected.  27.3 The Client will select the Consultant with the Most Advantageous Proposal, which is the highest-ranked Technical Proposal that does not exceed the budget indicated in the RFP, and invite such Consultant to negotiate the Contract. |
| **c. Least-Cost Selection** | | 27.4 In the case of Least-Cost Selection (LCS), the Client will select the Consultant with the Most Advantageous Proposal, which is the Proposal with the lowest evaluated total price among those Proposals that achieved the minimum qualifying technical score, and invite such a Consultant to negotiate the Contract. |
| **D. Negotiations and Award** | | |
| Negotiations | | 28.1 The negotiations will be held at the date and address indicated in the **Data Sheet** with the Consultant’s representative(s) who must have written power of attorney to negotiate and sign a Contract on behalf of the Consultant.  28.2 The Client shall prepare minutes of negotiations that are signed by the Client and the Consultant’s authorized representative. |
| **a. Availability of Key Experts** | | 28.3 The invited Consultant shall confirm the availability of all Key Experts included in the Proposal as a pre-requisite to the negotiations, or, if applicable, a replacement in accordance with ITC 12. Failure to confirm the Key Experts’ availability may result in the rejection of the Consultant’s Proposal and the Client proceeding to negotiate the Contract with the next-ranked Consultant.  28.4 Notwithstanding the above, the substitution of Key Experts at the negotiations may be considered if due solely to circumstances outside the reasonable control of and not foreseeable by the Consultant, including but not limited to death or medical incapacity. In such case, the Consultant shall offer a substitute Key Expert within the period of time specified in the letter of invitation to negotiate the Contract, who shall have equivalent or better qualifications and experience than the original candidate. |
| **b. Technical negotiations** | | 28.5 The negotiations include discussions of the Terms of Reference (TORs), the proposed methodology, the Client’s inputs, the special conditions of the Contract, and finalizing the “Description of Services” part of the Contract. These discussions shall not substantially alter the original scope of services under the TOR or the terms of the contract, lest the quality of the final product, its price, or the relevance of the initial evaluation be affected. |
| **c. Financial negotiations** | | 28.6 The negotiations include the clarification of the Consultant’s tax liability in the Client’s country and how it should be reflected in the Contract.  28.7 If the selection method included cost as a factor in the evaluation, the total price stated in the Financial Proposal for a Lump-Sum contract shall not be negotiated.  28.8 In the case of a Time-Based contract, unit rates negotiations shall not take place, except when the offered Key Experts and Non-Key Experts’ remuneration rates are much higher than the typically charged rates by consultants in similar contracts. In such case, the Client may ask for clarifications and, if the fees are very high, ask to change the rates after consultation with the Bank.  The format for (i) providing information on remuneration rates in the case of Quality Based Selection; and (ii) clarifying remuneration rates’ structure under ITC 28.8 above, is provided in Appendix A to the Financial Form FIN-3: Financial Negotiations – Breakdown of Remuneration Rates. |
| Conclusion of Negotiations | | 29.1 The negotiations are concluded with a review of the finalized draft Contract, which then shall be initialed by the Client and the Consultant’s authorized representative.  29.2 If the negotiations fail, the Client shall inform the Consultant in writing of all pending issues and disagreements and provide a final opportunity to the Consultant to respond. If disagreement persists, the Client shall terminate the negotiations informing the Consultant of the reasons for doing so. After having obtained the Bank’s no objection, the Client will invite the next-ranked Consultant to negotiate a Contract. Once the Client commences negotiations with the next-ranked Consultant, the Client shall not reopen the earlier negotiations. |
| Award of Contract | | 30.1 After completing the negotiations, the Client shall obtain the Bank’s no objection to the negotiated draft Contract, if applicable; sign the Contract; publish the award information as per the instructions in the **Data Sheet**; and promptly notify the other Consultants.  30.2 The Consultant is expected to commence the assignment on the date and at the location specified in the **Data Sheet**. |
| Procurement Related Complaint | | 31.1 The procedures for making a Procurement-related Complaint are as specified in the Data Sheet |

Instructions to Consultants

1. **DATA SHEET**

|  |  |
| --- | --- |
| 1. **General** | |
| **ITC**  **Reference** |  |
| **2.1** | **Name of the Client:** Power Grid Corporation of India Limited,  `Saudamini’, Plot No.-2, Sector-29,  Gurgaon (Haryana) - 122001.  Kind Attn.: Sr. General Manager/ Ch. Manager (CS-G2)  Telephone Nos.: +91-124-282-2397/2377/2366  Mobile: +91- 9449599044/9560890347/9501102051  Fax Nos.:- 0091-(0)124-2571831  Email: [dganesan@powergridindia.com](mailto:dganesan@powergridindia.com)  sushant.verma@powergridindia.com  [kapilmandil@powergridindia.com](mailto:kapilmandil@powergridindia.com)  **Method of selection**: Quality and Cost Based Selection (QCBS) as per the Applicable Procurement Regulations (available on www.worldbank.org) |
| **2.2** | **Financial Proposal to be submitted together with Technical Proposal**:  Yes  **The name of the assignment is**: “Internal Audit of North Eastern Region Power System Improvement Project (NERPSIP)” |
| **2.4** | **The Client will provide the following inputs, project data, reports, etc. to facilitate the preparation of the Proposals**: “Internal Audit of North Eastern Region Power System Improvement Project (NERPSIP)” |
| **6.3.1** | **A list of debarred firms and individuals is available at the Bank’s external website***:* [www.worldbank.org/debarr](http://www.worldbank.org/debarr) |
| **B. Preparation of Proposals** | |
| **9.1** | This RFP has been issued in the English language.  Proposals shall be submitted in English language.  All correspondence exchange shall be in English language. |
| **10.1** | **The Proposal shall comprise the following**:  **For FULL TECHNICAL PROPOSAL (FTP):**  **1st Inner Envelope with the Technical Proposal:**   * + - * 1. Power of Attorney to sign the Proposal         2. TECH-1         3. TECH-2         4. TECH-3         5. TECH-4         6. TECH-5         7. TECH-6   AND  **2d Inner Envelope with the Financial Proposal:**  (1) FIN-1  (2) FIN-2  (3) FIN-3  (4) FIN-4 |
| **10.2** | Statement of Undertaking is required: No |
| **11.1** | Participation of Sub-consultants, Key Experts and Non-Key Experts in more than one Proposal is permissible: No |
| **12.1** | Proposals must remain valid for 120 calendar days after the proposal submission deadline (i.e., until: 10/11/2020). |
| **13.1** | Clarifications may be requested no later than 7 days prior to the submission deadline via e-mail:  [dganesan@powergridindia.com](mailto:dganesan@powergridindia.com)  [sushant.verma@powergridindia.com](mailto:sushant.verma@powergridindia.com)  [kapilmandil@powergridindia.com](mailto:kapilmandil@powergridindia.com) |
| **13.1.1** | The Client will host the amendment to RFP, if any on the company website www.powergridindia.com at any time prior to the submission deadline. |
| **13.1.2** | The Client will host extension of submission deadline on the www.powergridindia.com. |
| **13.2** | A Consultant may modify its Proposal in the following manner, by using the appropriate option for proposal modification on e-procurement portal, before the deadline for submission of proposals. – **Modification not allowed** |
| **14.1.2** | **Estimated input of Key Experts’ time-input: \_\_\_\_\_\_\_\_\_\_person-months.**   |  |  |  | | --- | --- | --- | | **Designation** | **person** | **Total man-days proposed** | | | Expert – Finance Management | 1 | 12 | | Expert- Contracts & Procurement Management | 1 | 12 | | Audit Manager (the partner or CA qualified staff who manages and conduct the audit) | 1 | 48 | | Qualified Auditors | 3 | 144 | | Other audit staff – for conducting field visit | 3 | 144 | |
| **14.1.3**  for time-based contracts only | **Not applicable** |
| **14.1.4 and 27.2**  use for Fixed Budget method | **Not applicable** |
| **15.2** | The format of the Technical Proposal to be submitted is: FTP  Submission of the Technical Proposal in a wrong format may lead to the Proposal being deemed non-responsive to the RFP requirements. |
| **16.1** | *(1) a per diem allowance, including hotel, for experts for every day of absence from the home office for the purposes of the Services;*  *(2) cost of travel by the most appropriate means of transport and the most direct practicable route;*  *(3) cost of office accommodation, including overheads and back-stop support;*  *(4) communications costs;*  *(5) cost of purchase or rent or freight of any equipment required to be provided by the Consultants;*  *(6) cost of reports production (including printing) and delivering to the Client;*  *(7) other allowances where applicable and provisional or fixed sums (if any)]*  *For details of the out of pockets expenses, please refer Fin-4 of Section 4.* |
| **16.2** | A price adjustment provision applies to remuneration rates**:** No |
| **16.3** | Information on the Consultant’s tax obligations in the Client’s country should be checked with tax experts. |
| **16.4** | The Financial Proposal shall be stated in the following currencies**:** Indian Rupees |
| **C. Submission, Opening and Evaluation** | |
| **17.1** | The Consultant shall **not** have the option of submitting their Proposals electronically. |
| **17.7 and 17.9** | **The Proposals must be submitted no later than:**  **Date:** 13/07/2020  **Time:** 11:00 hours (Indian Standard Time) *[If appropriate, add translation of the warning marking [“Do not open....”] in the national language to the outer sealed envelope]*  **The Proposal submission address is:**  **Sr. General Manager/ Ch. Manager (CS-G2),**  Power Grid Corporation of India Limited,  `Saudamini’, Plot No. 2, Sector - 29, 3rd Floor,  Gurgaon (Haryana) – 122001 INDIA |
| **19.1** | **An online option of the opening of the Technical Proposals is offered:** No  The opening shall take place at:  **Sr. General Manager/ Ch. Manager (CS-G2),**  Power Grid Corporation of India Limited,  `Saudamini’, Plot No. 2, Sector - 29, 3rd Floor,  Gurgaon (Haryana) – 122001 INDIA  **Date:** 13/07/2020  **Time:** 11:30 hours (Indian Standard Time) |
| **21.1** | Consultant’s technical proposal shall be evaluated in two parts. Part A (as mentioned below) shall be the mandatory criteria that the Internal Auditor must meet. Technical Proposals of Internal Auditor who do not meet the criteria in Part A, shall not be further evaluated, and the proposal shall be rejected.  Technical Proposal of Consultants, who meet the criteria in Part A, shall be evaluated further using the scoring scheme contained in Part B below.  **Part A: Mandatory Criteria:**   |  |  |  | | --- | --- | --- | | **S. No.** | **Criteria** | **Documents Required** | | 1. | The Consultant should be a firm of chartered accountants practicing in India having at least 10 full-time partners. | Copy of the registration Certificate along with firm constitution certificate issued by the ICAI | | 2. | The firm should be empanelled with the C&AG, eligible for major audits. | Self-attested copy of the latest empanelment acknowledgement letter issued by C&AG containing the unique identification number. | | 3. | The firm should have an annual turnover of at least Rs. 2.00 (two) crore each year during the last three financial years (FY 2017-18, 2018-19 and 2019-20). | Certified copy of audited financial statements.( For the F.Y. 2019-20 Provision Financial Statements will be accepted) | | 4. | The Firm should have prior demonstrated experience of at least 7 years in conducting statutory audits and internal audits of PSUs, project audits of multi-lateral agency funded Projects implemented by the Central/State Governments/PSUs. | Please provide a letter listing the year-wise audits undertaken along with copies of appointment letter. |   **Part B: Evaluation Criteria:**  Criteria, sub-criteria, and point system for the evaluation of the Full Technical Proposals:  Points  (i) **Specific experience of the Internal Auditor (as a firm) relevant to the Assignment:** *[20]*   |  |  |  |  | | --- | --- | --- | --- | | **Sl. NO** | **Experience/** | **Marks** | **Documents Required** | | 1 | Experience in internal audit of Projects funded by the multilateral agencies.***(at least 1 Project)*** | 10 | Work order/ LoA/ Completion certificate | | 2 | Experience of conducting internal audit of a Public Sector Undertaking in Power sector i.e. generation/ transmission/ distribution of electricity***(at least 2 projects during last 5 years)*** | 5 | Work order/ LoA/ Completion certificate | | 3 | Experience of internal audit (exclusive work) in area of procurement/contract management, inventory and asset management | 5 | Work order/ LoA/ Completion certificate |   (ii) **Adequacy and quality of the proposed methodology, and work plan in responding to the Terms of Reference (TORs):***[25]*  *{Notes to Consultant: the Client will assess whether the proposed methodology is clear, responds to the TORs, work plan is realistic and implementable; overall team composition is balanced and has an appropriate skills mix; and the work plan has right input of Experts}*   |  |  |  | | --- | --- | --- | | **Sub Criteria** | **Max**  **Score** | **Documentation** | | Overall approach to the audit assignment for providing opinion on the project financial statements, procurement management, the adequacy of internal controls and funds have been utilized for the intended purposes in accordance with the project legal agreement/s and have been correctly reported in the IFR | 14 | TECH 3 | | Detailed Work Plan meeting the requirement of the assignment.  Adequacy and practicality of the Audit Work Plan suggested for the assignment in achieving the timelines provided in the RfP | 5 | TECH 4 & 5 | | Organization and Staffing proposed for the assignment  2 point for each qualified staff having PQE of at least 1 year with the firm (other than Team Leader and Audit Manager) proposed for the assignment | 6 | Composition of the team proposed for the assignment briefing their qualifications and PQE in TECH 6 |   iii) **Key Experts’ qualifications and competence for the Assignment -Financial Management:** *[20]*   |  |  |  |  | | --- | --- | --- | --- | | **Sub Criteria** | **Scoring** | **Max**  **Score** | **Documentation** | | General experience | 1 point for each additional year of PQE beyond 10 years | 4 | (TECH 6) | | Adequacy for the assignment | 2 points for each audit (Internal/Statutory) of project supported by the Multilateral Development Bank (MDB), World bank or other bilateral or multi-lateral agencies (e. g. DfID, ADB, UNDP etc) conducted either as Expert/Audit Partner or as Audit Manager | 6 | Details of such audits completed with copies of relevant appointment letters and position of the staff in the audit. (TECH 6) | | 2 point for each audit (Internal/Statutory) of entities working in the relevant sector (Power sector i.e. generation/ transmission/ distribution of electricity) conducted either as Expert/Audit Partner or as Audit Manager | 10 | Details of such audits completed with copies of relevant appointment letters and position of the staff in the audit. (TECH 6) |   iv) **Key Experts’ qualifications and competence for the Assignment - Procurement & Contract Management :** *[20]*   |  |  |  |  | | --- | --- | --- | --- | | **Sub Criteria** | **Scoring** | **Max**  **Score** | **Documentation** | | General experience | 1 point for each additional year of PQE beyond 10 years | 4 | (TECH 6) | | Adequacy for the assignment | 2 points for each Internal audit of project supported by the Multilateral Development Bank (MDB),World Bank or other bilateral or multi-lateral agencies (e. g. DfID, ADB, UNDP etc) conducted either as Expert/Audit Partner or as Audit Manager | 6 | Details of such audits completed with copies of relevant appointment letters and position of the staff in the audit. (TECH 6) | | 2 point for each Internal audit of entities working in the relevant sector (Power sector i.e. generation/ transmission/ distribution of electricity) conducted either as Expert/Audit Partner or as Audit Manager | 10 | Details of such audits completed with copies of relevant appointment letters and position of the staff in the audit. (TECH 6) |   v) **Key professional staff qualifications and competence for the assignment separately of the Audit Manager:** *[15]*   |  |  |  |  | | --- | --- | --- | --- | | **Sub Criteria** | **Scoring** | **Max**  **Score** | **Documentation** | | General experience | 1 point for each additional year of PQE beyond 5 years | 3 | (TECH 6) | | Adequacy for the assignment | 2 points for each audit (Internal/Statutory) of entities working in the relevant sector (Power sector i.e. generation/ transmission/ distribution of electricity) conducted either as Audit Partner or as Audit Manager | 6 | Details of such audits completed with copies of relevant appointment letters and position of the staff in the audit. (TECH 6) | | 2 point for each audit (Internal/Statutory) of project supported by the Multilateral Development Bank (MDB),World Bank or other bilateral or multi-lateral agencies (e. g. DfID, ADB, UNDP etc) conducted either as Audit Partner or Audit Manager | 6 | As above (TECH 6) |   **Total points for the five criteria*:* 100**  **The minimum technical score required to pass is: 75** |
| **23.1** | **An online option of the opening of the Financial Proposals is offered:** No |
| **23.5** | Following the completion of the evaluation of the Technical Proposals, the Client will notify all Consultants of the location, date and time of the public opening of Financial Proposals.  Any interested party who wishes to attend this public opening should contact  **Sr. General Manager/ Ch. Manager (CS-G2),**  Power Grid Corporation of India Limited,  `Saudamini’, Plot No. 2, Sector - 29, 3rd Floor,  Gurgaon (Haryana) – 122001 INDIA  Telephone Nos.: +91-124-282-2397/2377/2366  Mobile: +91- 9449599044/9560890347/9501102051  and request to be notified of the location, date and time of the public opening of Financial Proposals. The request should be made before the deadline for submission of Proposals, stated above. |
| **25.1** | For the purpose of the evaluation, the Client will exclude: all local identifiable indirect taxes such as GST, or similar taxes levied on the contract’s invoices; If a Contract is awarded, at Contract negotiations, all such taxes will be discussed, finalized (using the itemized list as a guidance but not limiting to it) and added to the Contract amount as a separate line, also indicating which taxes shall be paid by the Consultant and which taxes are withheld and paid by the Client on behalf of the Consultant. |
| **26.1** | **Proposals should be submitted in Indian Rupees only** |
| **27.1** | **The lowest evaluated Financial Proposal (Fm) is given the maximum financial score (Sf) of 100.**  **The formula for determining the financial scores (Sf) of all other Proposals is calculated as following:**  Sf = 100 x Fm/ F, in which “Sf” is the financial score, “Fm” is the lowest price, and “F” the price of the proposal under consideration.  **The weights given to the Technical (T) and Financial (P) Proposals are**:  **T** = 80%  **P** = 20%  Proposals are ranked according to their combined technical (St) and financial (Sf) scores using the weights (T = the weight given to the Technical Proposal; P = the weight given to the Financial Proposal; T + P = 1) as following: S = St x T% + Sf x P%. |
|  | **D. Negotiations and Award** |
| **28.1** | **Expected date and address for contract negotiations:**  **Date**: To be intimated subsequently  **Address:** Power Grid Corporation of India Limited,  `Saudamini’, Plot No. 2, Sector - 29, 3rd Floor,  Gurgaon (Haryana) – 122001 INDIA |
| **30.1** | **The publication of the contract award information following the completion of the contract negotiations and contract signing will be done at www.powegridindia.com**  The publication will be done within 15 days after the contract signing. |
| **30.2** | **Expected date for the commencement of the Services:**  **Date**: Sep-2020 **at**: locations as given in TOR |
| **31** | **The procedures for making a Procurement-related Complaint are as follows:**  If a Consultant wishes to make a Procurement-related Complaint, the Consultant shall submit its complaint following these procedures, In Writing (by the quickest means available, such as by email), to:  **For the attention**: Mr. D Ganesan  **Title/position**: Sr. General Manager (Contract Services)  **Client**: Power Grid Corporation of India Limited  **Email address***:* [dganesan@powergridindia.com](mailto:dganesan@powergridindia.com)  A Procurement-related Complaint may challenge any *of* the following:   1. the terms of this Request for Proposal; 2. the Client’s decision to exclude a Consultant from the procurement process prior to the award of contract; and   the Client’s decision to award the contract. |

## **Section 3**

**Technical Proposal - Standard Forms**

{Notes to Consultant shown in brackets { } throughout Section 3 provide guidance to the Internal Auditor to prepare the Technical Proposal; they should not appear on the Proposals to be submitted.}

Checklist of Required Forms

|  |  |
| --- | --- |
| **FORM** | **DESCRIPTION** |
|  |  |
| TECH-1 | Technical Proposal Submission Form. |
| Power of Attorney | No pre-set format/form. |
| TECH-2 | Consultant’s Organization and Experience. |
| TECH-2A | A. Consultant ’s Organization |
| TECH-2B | B. Consultant ’s Experience |
| TECH-3 | Acceptance on the Terms of Reference and Quality assurance mechanism. |
| TECH-3A | A. On the Terms of Reference |
| TECH-3B | B. On Counterpart Staff and Facilities |
| TECH-4 | Description of Approach, Methodology, and Work Plan in Responding to the Terms of Reference |
| TECH-5 | Work Schedule and Planning for Deliverables |
| TECH-6 | Team Composition, Audit Team Members Inputs, and attached Curriculum Vitae (CV) |

**All pages of the original Technical and Financial Proposal shall be initialled by the same authorized representative of the Consultant who signs the Proposal.**

###### **Form TECH-1**

**Technical Proposal Submission Form**

{ Date}

To:

Senior General Manager (Contracts Services)

POWERGRID, Plot No. 2, Sector-29,

Gurugram, Haryana

Pin Code– 122001

Dear Sirs:

We, the undersigned, offer to provide the Internal Audit Services for North Eastern Region Power System Improvement Project (NERPSIP) in accordance with your Request for Proposals dated *[Insert Date]* and our Proposal. We are hereby submitting our Proposal, which includes this Technical Proposal and a Financial Proposal sealed in a separate envelope*.* Further to inform that we are meeting the mandatory criteria mentioned at ITC of Data sheet, detailed as under-

1. Copy of the registration Certificate along with firm constitution certificate issued by the ICAI is attached
2. Self-attested copy of the latest empanelment acknowledgement letter issued by C&AG containing the unique identification number is attached.
3. Annual turnover as per audited financial statements (copy of audited financial statements is attached).

|  |  |  |  |
| --- | --- | --- | --- |
| Financial Year | Turnover\* from audit | Turnover from other activities | Total Turnover |
| 2017-18 |  |  |  |
| 2018-19 |  |  |  |
| 2019-20 |  |  |  |

“Turnover\*” would mean the professional fee earned excluding service tax/GST and travelling, if billed separately

1. Year-wise audits undertaken- copy of appointment letter of statutory audit/internal audit may be attached.
2. **Statutory Audit**

|  |  |  |
| --- | --- | --- |
| **S. No.** | **Year** | **Name of PSUs/ Project audits of multi-lateral agency funded Projects implemented by the Central/State Governments/PSUs.** |
| **1** |  |  |
| **2** |  |  |
| **3** |  |  |
| **4** |  |  |
| 5 |  |  |
| 6 |  |  |
| 7 |  |  |

1. **Internal Audit**

|  |  |  |
| --- | --- | --- |
| **S. No.** | **Year** | **Name of PSUs/ Project audits of multi-lateral agency funded Projects implemented by the Central/State Governments/PSUs.** |
| **1** |  |  |
| **2** |  |  |
| **3** |  |  |
| **4** |  |  |
| 5 |  |  |
| 6 |  |  |
| 7 |  |  |

We hereby declare that:

(a) All the information and statements made in this Proposal are true and we accept that any misinterpretation or misrepresentation contained in this Proposal may lead to our disqualification by the Client and/or may be sanctioned by the Bank.

(b) Our Proposal shall be valid and remain binding upon us for the period of time specified in the Data Sheet.

(c) We have no conflict of interest in accordance with ITC.

(d) We meet the eligibility requirements as stated in ITC, and we confirm our understanding of our obligation to abide by the Bank’s policy in regard to Fraud and Corruption as per ITC*.*

(f) Except as stated in the Data Sheet, we undertake to carry out the Contract on the basis of the proposed Audit Team Members. We accept that the substitution of Audit Team Members for reasons other than those stated in ITC may lead to the termination of Contract negotiations.

(g) Our Proposal is binding upon us and subject to any modifications resulting from the Contract negotiations.

We undertake, if our Proposal is accepted and the Contract is signed, to initiate the Services related to the assignment no later than the date indicated in ITC of the Data Sheet.

We understand that the Client is not bound to accept any Proposal that the Client receives.

We remain,

Yours sincerely,

Date : (Signature) ....................................

Place : (Signature of the authorized signatory)

(Printed Name) ..........................................

(Designation) .............................................

(Common Seal) ..........................................

**{Power of attorney to sign as authorised signatory on behalf of firm shall be attached}**

**Form TECH-2**

**Consultant’s Organization and Experience**

Form TECH-2: a brief description of the Consultant’s organization and an outline of the recent experience of the Internal Auditor that is most relevant to the assignment.

**A - Consultant’s Organization**

|  |  |
| --- | --- |
| From :  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | To  Contract Services,  Power Grid Corporation of India Limited  SAUDAMINI, Plot No.2, Sector-29,  Gurgaon, Haryana - 122 001. |

………………………………………………………………………………………………………………………

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(Name and Signature of the Authorized Representative)

**B - Consultant’s Experience**

1. Experience in internal audit of Projects funded by the multilateral agencies.
2. Experience of conducting internal audit of a Public Sector Undertaking in Power sector i.e. generation/ transmission/ distribution of electricity
3. Experience of internal audit (exclusive work) in area of procurement/contract management, inventory and asset management

*[Using the format below, provide information on* ***each assignment for each category*** *for which your firm, and each associate for this assignment, was legally contracted either individually as a corporate entity or as one of the major companies within an association, for carrying out Internal Audit Services similar to the ones requested under this assignment. Copy of Work order/ LoA/ Completion certificate to be attached]*

|  |  |  |  |
| --- | --- | --- | --- |
| From :  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | To  Contract Services,  Power Grid Corporation of India Limited  SAUDAMINI, Plot No.2, Sector-29,  Gurgaon, Haryana - 122 001. | |
| Assignment name: | | Approx. value of the contract: | |
| Country:  Location within country: | | Duration of assignment (months): | |
| Name of Client: | | Total no. of staff-months of the assignment: | |
| Address: | | Approx. value of the services provided by your firm under the contract: | |
| Name of Funding Agency | |  | |
| Start date (month/year):  Completion date (month/year): | | No. of professional staff-months provided by associated Consultant: | |
| Name of associated Consultant, if any: | | Name of senior professional staff of your firm involved and functions performed (indicate most significant profiles such as Project Director/Coordinator, Team Leader): | |
| Narrative description of Project: | | | |
| Description of actual services provided by your staff within the assignment: | | | |
| Copies of Appointment Letter for above mentioned Assignment enclosed: Yes/No | | | |

…………………………….

(Name and Signature of the Authorized Representative)

Form TECH-3

**Comments and Suggestions on the Terms of Reference, Counterpart Staff, and Facilities to be Provided by the Client**

Form TECH-3: comments and suggestions on the Terms of Reference that could improve the quality/effectiveness of the assignment; and on requirements for counterpart staff and facilities, which are provided by the Client, including: administrative support, office space, local transportation, equipment, data, etc.

**A - On the Terms of Reference**

{improvements to the Terms of Reference, if any with respect to Overall approach to the audit assignment for providing opinion on the project financial statements, procurement management in line with World Bank’s “[Procurement](http://www.worldbank.org/html/opr/procure/guidelin.html) Regulations for IPF Borrowers- Procurement in Investment Projects Financing”, the adequacy of internal controls and funds have been utilized for the intended purposes in accordance with the project legal agreement/s and have been correctly reported in the IFR}

**B - On Counterpart Staff and Facilities**

{comments on counterpart staff and facilities to be provided by the Client. For example, administrative support, office space, local transportation, equipment, data, background reports, etc., if any}

…………………………….

(Name and Signature of the Authorized Representative)

**Form TECH-4**

**Description of Approach, Methodology, and Work Plan in Responding to the Terms of Reference**

[*Technical approach, methodology and work plan are key components of the Technical Proposal. You are suggested to present your Technical Proposal (not more than 50 pages, inclusive of charts and diagrams) divided into the following three chapters:*

1. *Technical Approach and Methodology,*
2. *Work Plan, and*
3. *Organization and Staffing,*

*a) Technical Approach and Methodology. In this chapter you should explain your understanding of the objectives of the assignment, approach to the services, methodology for carrying out the activities and obtaining the expected output, and the degree of detail of such output. You should highlight the problems being addressed and their importance, and explain the technical approach you would adopt to address them. You should also explain the methodologies you propose to adopt and highlight the compatibility of those methodologies with the proposed approach.*

*b) Work Plan. In this chapter you should propose the main activities of the assignment, their content and duration, phasing and interrelations, milestones (including interim approvals by the Client), and delivery dates of the reports. The proposed work plan should be consistent with the technical approach and methodology, showing understanding of the TOR and ability to translate them into a feasible working plan. A list of the final documents, including reports, drawings, and tables to be delivered as final output, should be included here. The work plan should be consistent with the Work Schedule of* ***Form TECH-5****.*

*c) Organization and Staffing. In this chapter you should propose the structure and composition of your team. You should list the main disciplines of the assignment, the key Audit Member responsible, and proposed technical and support staff.*]

…………………………….

(Name and Signature of the Authorized Representative)

Form TECH-5

**Work Schedule and planning for deliverables**

***(Tentative)***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S.N.** | **Period of**  **Audit** | **Commencement of audit** | **Completion of audit** | **Last date of submission of report** | **Acceptance of Final Reports** |
|  | **Phase-I** | 10th Sep’ 2020 | 03rdOct’ 2020 | Within 7 days after completion of Audit | After resolution of queries and acceptance of report by The World Bank |
| Apr’20 to Sep’20 |
|  | **Phase-II** | 10th Mar’ 2021 | 02ndApr’ 2021 | Within 7 days after completion of Audit | After resolution of queries and acceptance of report by The World Bank |
| Oct’20 to Mar’21 |

**Above time schedule is acceptable** (*please tick*) □ Yes □ No

…………………………….

(Name and Signature of the Authorized Representative)

**Form TECH-6**

**Team Composition, Audit Team Members Inputs, and attached Curriculum Vitae (CV)**

**Details of structure and composition of team for proposed task assignment**

(Audit team will constitute members as detailed below)

* *The Private Audit Firm must deploy one audit team as mentioned below. Also for the purpose of evaluation, the details of below mentioned team shall be considered. However, the Private Audit Firm shall deploy additional manpower, if required for timely completion of job.*
* *Please attach separate sheet, in case space is insufficient.*

1. **Financial Management Expert** –CA/CMA of the firm who leads the audit assignment; has minimum post qualification audit experience of 10 years or more.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Educational qualifications senior secondary(class 12th) onwards & professional) | Number of years of post-qualification experience (PQE) | Experience in audit (Internal/Statutory) of the projects supported by the Multilateral Development Bank (MDB), World Bank or other bilateral or multi-lateral agencies (e. g. DfID, ADB, UNDP etc) conducted either as Expert/Audit Partner/Audit Manager | Experience in audit (Internal/Statutory) of entities working in the relevant sector (Power sector i.e. generation/ transmission/ distribution of electricity) conducted either as Expert/ Audit Partner /Audit Manager |
|  |  |  | Name of Projects: | Name of Entities: |

Note:

1. For post-qualification experience (PQE), documentary evidence to be attached.
2. Details of completed audits of the projects supported by the World bank along with copies of relevant appointment letters and position of the staff in the audit (i.e. whether Expert/Audit Partner/Audit Manager).
3. *Details of audits of entities working in the relevant sector along with copies of appointment letters and his position in said audits (i.e. whether Expert/Audit Partner/Audit Manager)*
4. **Procurement & Contract Management Expert** – B.Tech/CA/CMA/MBA of the firm, having minimum post qualification audit experience of 10 years or more.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Educational qualifications senior secondary(class 12th) onwards & professional) | Number of years of post-qualification experience (PQE) | Experience in Internal audit of the projects supported by the Multilateral Development Bank (MDB), World Bank or other bilateral or multi-lateral agencies (e. g. DfID, ADB, UNDP etc) conducted either as Expert/Audit Partner/Audit Manager | Experience in Internal audit of entities working in the relevant sector (Power sector i.e. generation/ transmission/ distribution of electricity) conducted either as Expert/ Audit Partner /Audit Manager |
|  |  |  | Name of Projects: | Name of Entities: |

Note:

1. For post-qualification experience (PQE), documentary evidence to be attached.
2. Details of completed audits of the projects supported by the World bank along with copies of relevant appointment letters and position of the staff in the audit (i.e. whether Expert/Audit Partner/Audit Manager).
3. *Details of audits of entities working in the relevant sector along with copies of appointment letters and his position in said audits (i.e. whether Expert/Audit Partner/Audit Manager)*
4. **Audit Manager** -A Partner or CA qualified employee who manages and conducts the audit; has minimum post qualification experience of 5 years or more.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Educational qualifications senior secondary(class 12th) onwards & professional) | Number of years of post-qualification experience (PQE) | Experience in audit (Internal/Statutory) of the entities working in the relevant sector (Power sector i.e. generation/ transmission/ distribution of electricity) conducted either as Audit Partner or as Audit Manager | Experience in audit (Internal/Statutory) of the projects supported by the Multilateral Development Bank (MDB), World Bank or other bilateral or multi-lateral agencies (e. g. DfID, ADB, UNDP etc)conducted either as Audit Partner or as Audit Manager |
|  |  |  | Name of Projects: | Name of Projects: |

Note:

1. For post-qualification experience (PQE), documentary evidence to be attached.
2. Details of completed audits of the projects supported by the World bank along with copies of relevant appointment letters and position of the staff in the audit (i.e. whether Audit Partner or Audit Manager).
3. Details of completed audits of the projects supported other multi-lateral agencies (e. g. ADB, UNDP, DfID etc) along with copies of relevant appointment letters and position of the staff in the audit (i.e. whether Audit Partner or Audit Manager).
4. **Qualified Auditors** - CAs, who leads the audit teams, conducts field visits and maintains adequate audit documentation; has minimum post qualification experience of at least 1 year with the firm

|  |  |  |
| --- | --- | --- |
| Name | Educational qualifications senior secondary(class 12th) onwards & professional) | Number of years of post-qualification experience (PQE) with the firms |
|  |  |  |
|  |  |  |
|  |  |  |

Note:

1. For post-qualification experience (PQE), documentary evidence to be attached.
2. **Other Audit Staff -** for conducting field visits 3 Nos associated with each qualified auditor.

**Firm’s Name:**

**(Name and Signature of authorized person)**

**Seal of the firm**

**Form TECH-6 (Continued)**

**CURRICULUM VITAE (CV)**

**Tech Form-6A**

Individual Curriculum Vitae (CV) for Proposed Professional Staff- Financial Management Expert

**1. Proposed Position** [*only one candidate shall be nominated for each position*]:

**2. Name of Firm** [*Insert name of firm proposing the staff*]:

**3. Name of Staff** [*Insert full name*]:

**4. Date of Birth**: **Nationality**:

**5. Education**[*Indicate college/university and other specialized education of staff member, giving names of institutions, degrees obtained, and dates of obtainment*]:

**6. Membership of Professional Associations**:

**7. Other Training** [*Indicate significant training since degrees under 5 - Education were obtained*]:

**8. Countries of Work Experience**: [*List countries where staff has worked in the last ten years*]:

**9. Languages** [*For each language indicate proficiency: good, fair, or poor in speaking, reading, and writing*]:

**10. Employment Record**[*Starting with present position, list in reverse order every employment held by staff member since graduation, giving for each employment (see format here below): dates of employment, name of employing organization, positions held.*]:

From [*Year*]: To [*Year*]:

Employer:

Positions held:

|  |  |
| --- | --- |
| **11. Detailed Tasks Assigned**  [*List all tasks to be performed under this assignment*] | **12. Work Undertaken that Best Illustrates Capability to Handle the Tasks Assigned**  [*Among the assignments in which the staff have been involved, indicate the following information for those assignments that best illustrate staff capability to handle the tasks listed under point 11.*]  Name of assignment or project:  Year:  Location:  Client:  Main project features:  Positions held:  Activities performed: |

**13. Certification:**

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

Date:

*[Signature of staff member or authorized representative of the staff]* *Day/Month/Year*

Full name of authorized representative:

**Form TECH-6 (Continued)**

**CURRICULUM VITAE (CV)**

**Tech Form-6B**

Individual Curriculum Vitae (CV) for Proposed Professional Staff- Procurement & Contract Management Expert

**1. Proposed Position** [*only one candidate shall be nominated for each position*]:

**2. Name of Firm** [*Insert name of firm proposing the staff*]:

**3. Name of Staff** [*Insert full name*]:

**4. Date of Birth**: **Nationality**:

**5. Education**[*Indicate college/university and other specialized education of staff member, giving names of institutions, degrees obtained, and dates of obtainment*]:

**6. Membership of Professional Associations**:

**7. Other Training** [*Indicate significant training since degrees under 5 - Education were obtained*]:

**8. Countries of Work Experience**: [*List countries where staff has worked in the last ten years*]:

**9. Languages** [*For each language indicate proficiency: good, fair, or poor in speaking, reading, and writing*]:

**10. Employment Record**[*Starting with present position, list in reverse order every employment held by staff member since graduation, giving for each employment (see format here below): dates of employment, name of employing organization, positions held.*]:

From [*Year*]: To [*Year*]:

Employer:

Positions held:

|  |  |
| --- | --- |
| **11. Detailed Tasks Assigned**  [*List all tasks to be performed under this assignment*] | **12. Work Undertaken that Best Illustrates Capability to Handle the Tasks Assigned**  [*Among the assignments in which the staff have been involved, indicate the following information for those assignments that best illustrate staff capability to handle the tasks listed under point 11.*]  Name of assignment or project:  Year:  Location:  Client:  Main project features:  Positions held:  Activities performed: |

**13. Certification:**

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

Date:

*[Signature of staff member or authorized representative of the staff]* *Day/Month/Year*

Full name of authorized representative:

**Form TECH-6 (Continued)**

**CURRICULUM VITAE (CV)**

**Tech Form-6C**

Individual Curriculum Vitae (CV) for Proposed Professional Staff- Audit Manager

**1. Proposed Position** [*only one candidate shall be nominated for each position*]:

**2. Name of Firm** [*Insert name of firm proposing the staff*]:

**3. Name of Staff** [*Insert full name*]:

**4. Date of Birth**: **Nationality**:

**5. Education**[*Indicate college/university and other specialized education of staff member, giving names of institutions, degrees obtained, and dates of obtainment*]:

**6. Membership of Professional Associations**:

**7. Other Training** [*Indicate significant training since degrees under 5 - Education were obtained*]:

**8. Countries of Work Experience**: [*List countries where staff has worked in the last ten years*]:

**9. Languages** [*For each language indicate proficiency: good, fair, or poor in speaking, reading, and writing*]:

**10. Employment Record**[*Starting with present position, list in reverse order every employment held by staff member since graduation, giving for each employment (see format here below): dates of employment, name of employing organization, positions held.*]:

From [*Year*]: To [*Year*]:

Employer:

Positions held:

|  |  |
| --- | --- |
| **11. Detailed Tasks Assigned**  [*List all tasks to be performed under this assignment*] | **12. Work Undertaken that Best Illustrates Capability to Handle the Tasks Assigned**  [*Among the assignments in which the staff have been involved, indicate the following information for those assignments that best illustrate staff capability to handle the tasks listed under point 11.*]  Name of assignment or project:  Year:  Location:  Client:  Main project features:  Positions held:  Activities performed: |

**13. Certification:**

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

Date:

*[Signature of staff member or authorized representative of the staff]* *Day/Month/Year*

Full name of authorized representative:

TECH FORM -6D

Individual Curriculum Vitae (CV) for Proposed Qualified Auditors

**1. Proposed Position** [*only one candidate shall be nominated for each position*]:

**2. Name of Firm** [*Insert name of firm proposing the staff*]:

**3. Name of Staff** [*Insert full name*]:

**4. Date of Birth**: **Nationality**:

**5. Education**[*Indicate college/university and other specialized education of staff member, giving names of institutions, degrees obtained, and dates of obtainment*]:

**6. Membership of Professional Associations**:

**7. Other Training** [*Indicate significant training since degrees under 5 - Education were obtained*]:

**8. Countries of Work Experience**: [*List countries where staff has worked in the last ten years*]:

**9. Languages** [*For each language indicate proficiency: good, fair, or poor in speaking, reading, and writing*]:

**10. Employment Record**[*Starting with present position, list in reverse order every employment held by staff member since graduation, giving for each employment (see format here below): dates of employment, name of employing organization, positions held.*]:

From [*Year*]: To [*Year*]:

Employer:

Positions held:

|  |  |
| --- | --- |
| **11. Detailed Tasks Assigned**  [*List all tasks to be performed under this assignment*] | **12. Work Undertaken that Best illustrates Capability to Handle the Tasks Assigned**  [*Among the assignments in which the staff have been involved, indicate the following information for those assignments that best illustrate staff capability to handle the tasks listed under point 11.*]  Name of assignment or project:  Year:  Location:  Client:  Main project features:  Positions held:  Activities performed: |

**13. Certification:**

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

Date:

*[Signature of staff member or authorized representative of the staff]* *Day/Month/Year*

Full name of authorized representative:

# **Section 4. Financial Proposal - Standard Forms**

{*Notes to Consultant* shown in brackets { } provide guidance to the Consultant to prepare the Financial Proposals; they should not appear on the Financial Proposals to be submitted.}

**Financial Proposal Standard Forms shall be used for the preparation of the Financial Proposal according to the instructions provided in Section 2.**

**FIN-1 Financial Proposal Submission Form**

**FIN-2 Summary of Costs**

**FIN-3 Breakdown of Annual Lumpsum Audit Charges**

**FIN-4 Reimbursable expenses**

**Form FIN-1**

**Financial Proposal Submission Form**

{ Date}

To:

Senior General Manager (Contracts Services)

POWERGRID, Plot No. 2, Sector-29,

Gurugram, Haryana

Pin Code– 122001

Dear Sirs:

We, the undersigned, offer to provide the Internal Audit Services for Internal Audit of North Eastern Region Power System Improvement Project (NERPSIP) in accordance with your Request for Proposal dated [Insert Date] and our Technical Proposal.

Our attached Financial Proposal is for the amount of {Indicate the corresponding to the amount(s) currency(ies)}{Insert amount(s) in words and figures}, *[Insert “including” or “excluding”] of all indirect local taxes.* The estimated amount of local indirect taxes is {Insert currency} {Insert amount in words and figures} which shall be confirmed or adjusted, if needed, during negotiations. {Please note that all amounts shall be the same as in Form FIN-2}.

Our Financial Proposal shall be valid and remain binding upon us, subject to the modifications resulting from Contract negotiations, for the period of time specified in the Data Sheet. We hereby certify that we have taken steps to ensure that no person acting for us or on our behalf will engage in bribery.

Commissions and gratuities paid or to be paid by us to an agent or any third party relating to preparation or submission of this Proposal and Contract execution, paid if we are awarded the Contract, are listed below:

Name and Address Amount and Purpose of Commission

of Agents Currency or Gratuity

{If no payments are made or promised, add the following statement: “No commissions or gratuities have been or are to be paid by us to agents or any third party relating to this Proposal and Contract execution.”}

We understand you are not bound to accept any Proposal you receive.

We remain,

Yours sincerely,

Date : (Signature) ....................................

Place : (Signature of the authorized signatory)

(Printed Name) ..........................................

(Designation) .............................................

(Common Seal) ..........................................

**Form FIN-2**

**Summary of Costs**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Sl. No.** | **Items** | **SAC code** | **GST rate** | **Total Price (excluding GST)** | | |
| **Currency** | **In figures** | **In words** |
| **1.** | **Annual Lumpsum Audit Charges**  **(Cost of the Financial Proposal i.e. Remuneration)** |  |  |  |  |  |

*NOTE: (i) The price quoted above includes all applicable taxes and duties (excluding GST).GST as applicable as per statute shall be reimbursed to the Audit Firm. Further, quoted prices are exclusive of travel & other out of pocket expenses which shall be regulated as detailed in this* ***Form Fin-4****.*

*(ii) In case GST for the subject assignment is assessed under different SAC code (other than the code as submitted above), then POWERGRID's liability for reimbursement of GST shall be lower of the GST applicable as per the above SAC code or actual GST paid/payable.*

Date : (Signature) ....................................

Place : (Signature of the authorized signatory)

(Printed Name) ..........................................

(Designation) .............................................

(Common Seal) ..........................................

Form FIN-3

Breakdown of Annual lumpsum Audit Charges

**( Cost of the Financial Proposal i.e. Remuneration)**

When used for Lump-Sum contract assignment, information to be provided in this Form shall only be used to demonstrate the basis for the calculation of the Contract’s ceiling amount; to calculate applicable taxes at contract negotiations; and, if needed, to establish payments to the Internal Auditor for possible additional services requested by the Client. This Form shall not be used as a basis for payments under Lump-Sum contracts

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S. No.** | **Name** | **Person-month Remuneration Rate** | **Time Input in Person/Month** | Total in Rs. |
|  | **Expert** |  |  |  |
| 1 | Financial management Expert | [*Home*] |  |  |
| 2 | Procurement & Contract Management Expert | [*Field*] |  |  |
|  |  |  |  |  |
|  | **Audit Manager** |  |  |  |
| 1 |  | [*Home*] |  |  |
|  |  | [*Field*] |  |  |
|  | **Qualified Auditors** |  |  |  |
| 1 |  | [*Home*] |  |  |
| 2 |  | [*Field*] |  |  |
| 3 |  |  |  |  |
| 4 |  |  |  |  |
| 5 |  |  |  |  |
| 6 |  |  |  |  |
|  | **Team Member** |  |  |  |
| 1 |  | [*Home*] |  |  |
| 2 |  | [*Field*] |  |  |
| 3 |  |  |  |  |
| 4 |  |  |  |  |
| 5 |  |  |  |  |
| 6 |  |  |  |  |
|  | **Total Costs** |  |  |  |

**Form FIN-4 Reimbursable Expenses**

**Regulations for out of Pocket expenses such as Traveling Allowance (TA),**

**Daily Allowance (DA) etc.**

Regarding TA, DA and accommodation, the expenditure shall be **reimbursed as under**:

|  |  |  |
| --- | --- | --- |
| Sl.no | Particulars | Entitlement |
| A | Financial management Expert /  Procurement & Contract Management Expert | TA,DA and Accommodation as per entitlement of E6 level(Chief Manager) before revision of pay- scales in POWERGRID (DA to be paid as per TA rules) |
| B | Others | TA,DA and Accommodation as per entitlement of E2A level (Accounts Officer) before revision of pay- scale in POWERGRID (DA to be paid as per TA rules), along with applicable GST |

The Partners and Assistants are requested to stay as far as possible in POWERGRID Transit  
Camps only wherever the Company’s transit camps are available. In case Company’s Transit  
Camp accommodation is not available, based on the no objection certificate issued by  
respective audit unit, the Auditors can avail alternate accommodation with in the entitlement.  
You are requested to go through the same and claim the reimbursement accordingly. The  
accommodation charges shall be reimbursed at actual subject to ceiling limit whichever is lower.

1. For purpose of eligibility for TA and DA, the partners of the firm will be considered as equivalent to Ch. Manager: E-6 (Pre-Revised) of the Company.
2. Qualified Chartered Accountant/Cost Accountant drawing salary only and Audit  
   Assistants employed by the firm will be considered as Accounts Officer: E-2A (Pre-Revised) of the Company. This is relevant only for TA/DA purposes. Relevant extracts from TA Rules of the Company applicable to the officers of the level of Chief Managers/Accounts Officer are furnished below:

|  |  |  |
| --- | --- | --- |
| **Accommodation** | **Chief Manager: E6** (Pre-Revised) | **Accounts Officer: E2A**  (Pre-Revised) |
| Principal Cities(Delhi, Mumbai, Bangalore, Hyderabad,Chennai and Kolkata only) | Rs.5,600/- | Rs.3,150/- |
| Other Principal cities | Rs.4,400/- | Rs.2,475/- |
| Ordinary cities | Rs.3,520/- | Rs.1,980/- |
| **Daily Allowance** |  |  |
| Principal Cities | Rs.900/- | Rs.700/- |
| Ordinary Cities | Rs.720/- | Rs.560/- |
| **Composite Daily allowance** |  |  |
| Principal Cities | Rs.1,130/- | Rs.880/- |
| Ordinary Cities | Rs 904/- | Rs.704/- |

NOTE:  
Composite daily allowance will be admissible where lodging arrangements are made by theauditor on his own.

**Journey Entitlement**

|  |  |
| --- | --- |
| **Chief Manager (E6)**  **[**before revision of pay- scales] | **Accounts Officer (E2A)**  **[**before revision of pay- scales] |
| By Air (limited to economy class) or by AC-IITier by Rail. Where stations are not connected by Rail, actual Taxi fare. | By Air (limited to economy class) or by AC-IITier by Rail. Where stations are not connected by Rail, single seat in shared Taxi limited to Rs.3.77 P/Km or actual bus fare. |

**Conveyance Charges**Actual conveyance charges from residence to railway station/Airport /Bus stand and Vice versa both at HQ and tour station will be admissible as under in addition to local conveyance as per company’s Rules.

|  |  |
| --- | --- |
| **Chief Manager (E6)**  **[**before revision of pay- scales] | **Accounts Officer (E2A)**  **[**before revision of pay- scales] |
| Actual Taxi fare or Rs.10/- fare per Km incase of travel by own car. | Actual charges by three wheeler of a single seatin taxi where availed limited to Rs.3.60 P/KM. |

**Note:**

1. These provisions shall be applicable to journeys performed to places beyond a radius of 30 kms from the Headquarters or outside municipal limits of the Headquarters, whichever is more for purpose specified hereinafter.
2. The TA/DA claim with full details must be submitted along with the Professional Fee bill after submission of report at the respective region, who will process & settle the claims.
3. Certificate from the concerned project finance, Indicting the (i) details of man-days spent  
   individually along with designation, (ii) details of boarding and lodging provided, (iii) details of  
   tickets booked by project / Region and (iv) details of local conveyance provided, must be enclosed along with bills.
4. For accommodation, efforts shall be made to accommodate in Transit Camp wherever the  
   Company’s Transit Camp is available. In case non-availability of Transit Camp, NOC to be  
   obtained from respective unit. Partners can avail alternate accommodation as per the entitlement of Chief Manager (E-6: before revision of pay- scales) and other than partner can avail alternate accommodation as per the entitlement of Accounts Officer (E-2A: before revision of pay- scales) of the Company in case Transit Camp accommodation is not provided by POWERGRID. No advance towards TA/DA expenditure/professional fees will be made under any circumstances. Similarly, for air journey, efforts shall be made to purchase low/easy fare of economy class for which journey programme may be made in advance.
5. Hotel accommodation claim- Receipt and bills of the hotel must be enclosed in original  
   **Principal cities**

Agra, Allahabad, Ahmedabad, Amritsar, Asansol, Bangalore, Bhopal, Chennai, Coimbatore, Delhi, Dhanbad, Faridabad, Greater Mumbai, Hyderabad, Indore, Jaipur, Jabalpur, Jamshedpur, Kanpur, Kochi, Kolkata, Lucknow, Ludhiana, Madurai, Meerut, Nagpur, Nashik, Pune, Patna, Rajkot, Surat, Varanasi, Vadodara, Vijaywada and Visakapatnam / as other cities notified by Central Govt..

**6.** If lodging and boarding facilities both are provided by the company **free of cost**, DAadmissible will be 25% of the composite Daily Allowance.

**7.** Claim for reimbursement of Journey fare must be supported with adequate proof of theamount spent, e.g. Original Air Ticket Jacket & Boarding Pass , Railway Ticket No. and PNRNo., Money Receipt or Air Folder/Travel Agents Bill No. ,Taxi bill etc.

# **Section 5. Eligible Countries**

**In reference to ITC 6.3.2,** for the information of Consultants, at the present time firms, goods and services from the following countries are excluded from this selection:

Under the ITC 6.3.2 (a): None

Under the ITC 6.3.2 (b): None

# **Section 6. Bank’s Policy- Fraud and Corruption**

**(This Section 6, Fraud and Corruption shall not be modified)**

1. **Purpose**
   1. The Bank’s Anti-Corruption Guidelines and this annex apply with respect to procurement under Bank Investment Project Financing operations.
2. **Requirements**
3. The Bank requires that Borrowers (including beneficiaries of Bank financing); bidders (applicants/proposers), Consultant, contractors and suppliers; any sub-contractors, sub-consultant, service providers or suppliers; any agents (whether declared or not); and any of their personnel, observe the highest standard of ethics during the procurement process, selection and contract execution of Bank-financed contracts, and refrain from Fraud and Corruption.
4. To this end, the Bank:
5. Defines, for the purposes of this provision, the terms set forth below as follows:
6. “corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
7. “fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
8. “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
9. “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
10. “obstructive practice” is:
11. deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
12. acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for under paragraph 2.2 e. below.
13. Rejects a proposal for award if the Bank determines that the firm/LLP recommended for award, any of its personnel, or its agents, or its sub-consultant, sub-contractors, service providers, suppliers and/ or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;
14. In addition to the legal remedies set out in the relevant Legal Agreement, may take other appropriate actions, including declaring misprocurement, if the Bank determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement process, selection and/or execution of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;
15. Pursuant to the Bank’s Anti- Corruption Guidelines and in accordance with the Bank’s prevailing sanctions policies and procedures, may sanction a firm or LLP, either indefinitely or for a stated period of time, including by publicly declaring such firm or LLP ineligible (i) to be awarded or otherwise benefit from a Bank-financed contract, financially or in any other manner;[[2]](#footnote-2) (ii) to be a nominated[[3]](#footnote-3) sub-contractor, Consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a Bank-financed contract; and (iii) to receive the proceeds of any loan made by the Bank or otherwise to participate further in the preparation or implementation of any Bank-financed project;
16. Requires that a clause be included in bidding/request for proposals documents and in contracts financed by a Bank loan, requiring (i) bidders (applicants/proposers), consultant, contractors, and suppliers, and their sub-contractors, sub-consultant, service providers, suppliers, agents personnel, permit the Bank to inspect[[4]](#footnote-4) all accounts, records and other documents relating to the procurement process, selection and/or contract execution, and to have them audited by auditors appointed by the Bank.

# **Section 7. Terms of Reference**

**Table of Content**

1. *Background of the Project*
2. *Role & Objectives of Internal Audit*
3. *Detailed Scope of Audit*
4. *Team Composition and Input Days*
5. *Reporting Requirements and Time Schedule for Deliverables*
6. *Performance Review*
7. *Facilities to be Provided by the PMU*
8. *Terms of Payment*
9. *Annexure*
10. **Background of the Project**

*Project Description:*

GOI has been focusing on the development of NER as a part of its ‘Look East’ Policy which aims towards strengthening cooperation and relations with its neighbors. To this end, GOI has adopted an integrated and inclusive approach to ensure the development of the region. This is also reflected in the NER Vision 2020 documentor the region. NERSPIP (the project) aligns itself to this policy as upgrading and expanding the power transmission network in NER would lead to greater inclusion of the region in the power trade. According to NER Vision 2020, accelerated economic growth in NER will depend on developing physical infrastructure that can have a multiplier effect in terms of development. In most States, the improvement of infrastructure service delivery, including enhanced availability of power, remains an essential condition for accelerating development and ensuring a lasting political peace, while enabling the local population to reap the benefits of this economic growth and the development of their natural resources. The project directly caters to this objective by aiming to improve the power availability in the region.

The project investments are aimed at strengthening and augmenting the transmission, sub-transmission and distribution network which will facilitate inclusive growth, through enhanced access of consumers to grid connected power supply, in addition to improving its availability, adequacy and affordability. The project aims to address the network constraints in the intra-state transmission, sub-transmission and distribution (to a limited extent) networks and potential follow-up projects are expected to look at addressing the strengthening and augmentation needs at the distribution end. The project is aligned with the pillars of the World Bank’s Country Partnership Strategy, namely Integration and Inclusion.

The proposed project development objective is to improve the availability of electricity supply through expansion and reinforcement of power systems in the participating states in the North Eastern Region.The key project beneficiaries are the participating states of Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura, wherein the intra-state transmission, sub-transmission and distribution systems will be augmented and strengthened. Implementation of this project will create a reliable State power grid and improve its connectivity to the upcoming load centers and thus extend the benefits of grid connected power to all the consumers. The project would also provide the required grid connectivity to such villages and towns of the States, where development of distribution system at the downstream level has been taking place under Gol sponsored RGGVY/ APDRP/ R-APDRP schemes.

Key expected results from the project include: (a) Increase in total energy transmitted through the transmission system in each State; (b) Transmission lines constructed or rehabilitated under the project; (c) Distribution lines constructed or rehabilitated under the project;(d) Direct project beneficiaries particularly women;(e) Beneficiaries that feel project investments reflected their needs etc. The proposed outcome indicators will measure inferred access to energy for end users. In order to track improvement in access from the demand side (the beneficiary), the project will track (i) the number of connections for household and productive uses, and (ii) electricity access deficit in selected areas.

*Project Components and Costs:*

The project covers the (i) strengthening/ augmenting of intra-state transmission and distribution network in six states (Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura) of NER to facilitate increased availability of power; and (ii) development of institutional capacities for the efficient and sustainable operation of the sector.The project will be implemented through POWERGRID in association with six NER States. After commissioning, the project will be owned and maintained by the State Governments. The project would be implemented over a seven year period and has two components, namely: (A) Priority investments for strengthening of intra-state transmission, sub-transmission and distribution systems; and (B) Technical Assistance for Institutional Strengthening and Capacity Building of power utilities and departments.

**Component A**: **Priority investments for strengthening of intra-state transmission, sub-transmission and distribution systems (Total cost: US$ 980 million, of which US$ 490 million financed by IBRD and US$ 490 million financed by GOI).** Each of the participating States along with CEA, which is the national planning body for the electricity sector in India, and POWERGRID have drawn-up a long list of potential/ candidate sub-projects based on current network constraints faced by the states, expected load growth and expected availability of new generation in the coming years. Out of this long list of potential/ candidate sub-projects, identified sub-projects which meet the Bank’s readiness criteria as spelt out in the Project Appraisal Document (PAD) will be financed and implemented under the project. These investments will increase the power transfer capability of the transmission network, and improve the electricity supply within the state, by allowing them to draw more power from the national grid, especially their allocated share of power from central sector generating stations. This component will be implemented by POWERGRID, with the support of the States.

**Component B: Technical Assistance for Capacity Building and Institutional Strengthening (CBIS) of power utilities and departments (Total cost: US$ 14.24 million financed by GOI).** At the request of GOI and the States, this component will provide support for capacity building of power utilities and departments across the six participating States. A capacity building and institutional strengthening (CBIS) plan has been developed for each state, on the basis of a state-specific diagnostic study complement with detailed discussions with key stakeholders of the state. The main focus of CBIS plan is to strengthen core skills of the utilities in the key areas of utility operations and management, to help it achieve efficiency and improvement in service delivery to consumers and ensure the sustainability of assets created under the project through developing adequate Operations and Maintenance (O&M) practices. This component will be implemented by POWERGRID, with the support of theStates. Per the Cabinet Committee on Economic Affairs (CCEA) approval dated November 21, 2014, POWERGRID will lead the procurement of the consultancies to be financed under this component and the states would be responsible for the implementation of the various initiatives developed under the program within their day-to-day systems and processes. During implementation, the Bank will provide technical support (as needed) to the states for the finalization of the scope of work for the specific activities, the review of the Internal Auditor deliverables, and the development of the recommendation implementation plan.

*Project Financing:*

The project will be financed by the World Bank through Investment Project Financing instrument, which will cover the investments required for strengthening the intra-state power transmission, sub-transmission and distribution systems in NER. Counterpart funding will be provided by GOI. GOI has chosen to denominate the loan in US$. POWERGRID will sign the project agreement with the Bank for the implementation of the project while GOI will sign the loan agreement with the Bank.

Project Cost and Financing

|  |  |  |  |
| --- | --- | --- | --- |
| Project Components | Project Cost US$ million | IBRD Financing US$ million | GOI Financing US$ million |
| Component A: Priority investment component for strengthening of intra-state transmission, sub-transmission and distribution system | 980.00 | 490.00 | 490.00 |
| Component B: Technical Assistance for Capacity Building and Institutional Strengthening (CBIS) of power utilities and departments | 14.24 |  | 14.24 |
| Front end fee | 1.20 | 1.20 |  |
| Total Costs | 995.44 | 491.20 | 504.24 |
| GOI’s share of cost also includes consultancy fees for POWERGRID (for its services as Implementing Agency and Project Management Consultant on behalf of States), Land, R&R and forest compensation. | | | |

*Implementation Arrangements:*

GOI has selected POWERGRID, as the Project Management Consultant (PMC) and the Central Implementing Agency (IA) to implement the project in close coordination with the respective state power utilities and departments, and according to the participation agreement that was signed separately between POWERGRID and power utilities and departments of the participating states. Once the assets are created and commissioned, they will be transferred to the respective state power utilities or departments on the basis of the takeover/ handover procedure as defined in participation agreement. The state power utilities or departments will then operate and maintain these assets as per normal industry practices.

Over the past decade, POWERGRID has acquired and developed skills required for successfully planning and implementation of large scale capital investment programs, through their mandate to develop the inter-state transmission network of India and also by acting as Consultant to some states to assist them to plan, design and implement their transmission and distribution networks. All the schemes envisaged under this operation are being designed, procured and implemented by POWERGRID. Local and foreign contractors engaged through international competitive bidding will carry out the supply, installation and erection works. To ensure that the states develop the capacity required to operate and maintain the assets created through this project, the participation agreement provides for states to depute their engineers to POWERGRID to work alongside POWERGRID officials in implementing the schemes and thus developing an understanding of the technical requirements of the assets created. This will also enable enhancing of technical capacity in the participating state power utilities/ departments.

The overall project implementation will be under the institutional oversight of Ministry of Power (MOP), Ministry of Finance (MoF) and CEA. In addition, a multi-tier monitoring mechanism at different levels (GOI, respective state governments, POWERGRID & State power utility/ department) will be established to regularly monitor and review project implementation in each participating state and address/ resolve issues, as needed.

*Financial Management*

GOI and POWERGRID shall be responsible for the project financial management arrangements. MOP, GOI will be taking the IBRD Loan and passing the funds to POWERGRID, as the implementing agency. POWERGRID will sign the project agreement with the Bank for the implementation of the project while GOI will sign the loan agreement with the Bank. The financial management arrangements at MOP, GOI will be as per the existing GOI arrangements. The budgeting and accounting procedures for the subject Loan to be followed by MOP, GOI shall be as per the General Financial Rules 2005 of GOI. Reporting and disbursement shall be based on quarterly Interim Unaudited Financial Reports (IUFRs). The internal and external audit of the project will be carried out by firms selected on competitive basis as per Terms of Reference (ToRs) agreed with the Bank. POWERGRID is already implementing Bank funded projects and is well aware of Bank’s fiduciary requirements. POWERGRID will implement the Project as per the financial management requirements of the Bank’s Loan Agreement (and any other related agreement) and as further detailed in the Project Implementation Plans (PIPs), prepared for each participating state.

*Procurement*

Procurement for the project under Component A will be carried out in accordance with the Bank’s Procurement Regulations for Borrowers for Goods, Works, Non-Consulting and Consulting Services dated July 1, 2016 and applicable to Investment Project Financing (IPF) here in after referred to as “Regulations”. The project will be subject to the Bank’s Anticorruption Guidelines, dated October 15, 2006, and revised in January 2011 and as of July 1,2016.Procurement of the consultancies to be financed under Component B, which will not be financed out of the proceeds of the loan, will be carried out according to the GOI/ POWERGRID rules.

POWERGRID would be using e-procurement system for all its procurements. Procurement would be carried out in accordance with the approved Procurement Plans.

Project administration mechanisms

1. A multi-tiered mechanism has been set up to administer and implement the project. At the working level the following implementation units have been set-up:
2. Central Project Implementation Unit (CPIU): A central PIU has been set-up by POWERGRID at Guwahati (in Assam) and includes representation from all the participating state power utilities and departments to monitor the project implementation;
3. PMC Project Implementation Unit (PPIU): It is the key implementation body that has been set up in each of the states at the state headquarters by POWERGRID and will be staffed through a dedicated multi-disciplinary team that will remain in place throughout project implementation.
4. State Project Co-ordination Unit (SPCU): A State PCU (SPCU) has been set up in each state by the participating state power utilities and departments to support the project by ensuring the implementation of the responsibilities under the scope of the state.

In order to monitor the progress of the project, ensure smooth coordination between different agencies and resolve issues that may arise during implementation stage, the following monitoring committees has been set-up:

1. Steering Committee: At the Central Government (GOI) level, a Steering committee has been formed comprising Ministry of Power (MOP), Ministry of Development of North Eastern Region, POWERGRID and representatives of the participating state governments. The World Bank will be a special invitee to the steering committee.
2. High Powered Committee (HPC): At the State government level, a High Powered Committee will constituted by each of the participating State governments, and will comprise officials from the participating state power utility or department, State/ District Administration, Law enforcement agencies, Forest Department, to ensure coordination between various agencies for timely processing of various permission or approvals or consents or clearances etc. and resolves issues, if any, in the smooth implementation of the project in the State.
3. Joint Co-ordination Committee (JCC): This will be a body that will be jointly formed by POWERGRID (i.e. PMC and IA) and SPCU to review the implementation of the project for each participating state. IA will specify quarterly milestones or targets, which shall be reviewed by JCC through a formal monthly review meeting.
4. Contractor's Review Meeting (CRM): Periodic review meeting will be held by the PPIU with the contractor's at state headquarters in order to monitor the progress of the project.

*Participation Agreement*

The Participation Agreement defines the roles and responsibilities of POWERGRID (as the IA) and the state power utilities or departments based on the counterpart financing and implementation arrangements finalized by GOI. Counterpart financing will be provided by GOI. The loan for the project would be taken by GOI which in turn will pass on the funds (both GOI’s own counter-part funds and the World Bank loan) to POWERGRID. POWERGRID will sign the project agreement with the Bank for the implementation of the project while GOI will sign the loan agreement with the Bank. Component B will be fully funded by GOI.

As per the roles and responsibilities agreed in the Participation Agreement, all the procurement activities under the project will be undertaken by POWERGRID i.e., all packages under Component A will be invited, evaluated and awarded by POWERGRID, acting for and on behalf of the state power utilities and departments; procurement for all consultancies services, to be procured under Component B, will be done by POWERGRID. The terms of reference (ToRs) for each consultancy will be agreed between the state power utility or department and the Bank based on which POWERGRID will undertake the procurement process. The consultant will provide their deliverables to the SPCUs while payment to the consultants will be made by POWERGRID.

POWERGRID, through PPIU and CPIU, will take the lead role in the project implementation till project commissioning. An indicative list of the key tasks that would be performed by POWERGRID includes supervision of site works including field verification/inspection; contract award and management; testing of equipment; verification of contractor's bills and payment to contractors, etc. POWERGRID will be responsible for the entire financial management arrangements of the project. POWERGRID (in association with SPCU), will carry out the Environmental Assessment (including preparation of the Initial Environment Assessment Reports (IEAR) and mitigation plan after consultation with the stakeholders and Final Environment Assessment Reports (FEARs) upon completion of implementation;

**Further details regarding the project and implementation are available in the project related documents such as the Project Appraisal Document; the Project Implementation Plan, Legal Agreements, and various other related documents mentioned above.**

1. **ROLE & OBJECTIVES OF INTERNAL AUDIT**

Internal audit is an independent management function, which involves a continuous and critical appraisal of the functioning of an entity/ activity with a view to suggest improvements thereto and add value to and strengthen the overall governance mechanism including strategic risk management and internal control systems. The **role** of internal audit of NERSPIP would be to:

1. Independently assess and provide a timely fiduciary assurance to the IA, IBRD and project stakeholders that (i) the internal controls[[5]](#footnote-5) established by the project management (a) are designed appropriately, (b) are effective and adequate and (c) are being followed in respect of financial management, procurement systems and contract management[[6]](#footnote-6)prescribed for the project.
2. Review project accounts, supporting documents and financial reports[[7]](#footnote-7);
3. Review procurement contracts which are subject to post review by the Bank;
4. Review compliance with the project legal agreements and associated agreements; manuals, applicable rules and regulations such as GFR, accounting standards, etc.

The **objectives** of internal audit specific to the core areas of Financial Management, Procurement and Contract Management are to provide an independent assessment and assurance on the matters as follows:

**Financial Management**

1. Adequacy and effectiveness of accounting, financial and operational controls and procedures for project financial management; these would include but not limited to sufficiency of budget, effectiveness of funds flow, delegation of powers, appropriate segregation of roles and responsibilities, monitoring fund utilization on eligible activities, timely and proper recording of project transactions, proper maintenance of books and records including supporting documentation, and reconciliations.
2. Effectiveness and reliability of the processes and controls used to select, collate, process and analyse data and preparation of financial reports and linkage with books and records.

**Procurement and Contracting (excluding Prior Review Contracts)**

1. Procurement has been carried out in accordance with the Loan/ Financing Agreement. Bank’s Procurement framework, and the procedure agreed with the World Bank have been adhered to.
2. The procurement activities are conducted in accordance with the respective agreed/ standard procurement documents.
3. “Value for money” is considered throughout the procurement process in terms of use of proper, efficient and economic process of procurement that provides transparency, accountability and equal opportunity to the contracting or consulting community, as the case may be.

**Contract Management**

1. Policies and procedures exist to guide the Project’s contract management systems; conditions of contract are followed that these are implemented consistently resulting in effective management and control over contracts and ensure reliability and integrity of financial and operational information.
2. Works are executed and goods and services received in accordance with the Contract Agreements and contract-related payments made in accordance with the terms and conditions of the contract (including milestones), authorized as per approved delegation and recorded in the books and records in a timely and adequate manner.
3. **DETAILED SCOPE OF AUDIT**

Internal audit will conduct an overall assessment of the adequacy of the project financial management systems[[8]](#footnote-8), procurement and contract management systems, procedures and processes including internal controls. The internal auditor will document the key processes and controls including the control objectives for those activities and those responsible for performing the key controls and identify the risks related to those activities. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls, and any need for revision; level of compliance with established policies, plans and procedures[[9]](#footnote-9); reliability of accounting systems, data and financial reports; methods of remedying weak control or creating controls in areas where they are lacking. Based on the audit, the internal auditor will highlight exceptions and cases of and non-compliance and weaknesses and recommend improvements in the design and operations of internal controls. The internal auditor will also assign a risk rating to the key weaknesses (critical, high, moderate, low) and follow up on critical and high risk areas. Findings of Internal Audit should play a role in assisting project management in bringing a systematic, disciplined approach to evaluate and improve the effectiveness of project risk management, control and governance processes. The report of the internal auditors will form the basis for remedial action.

Based on the above overall audit approach, specific attention will be placed on the following aspects.

**FINANCIAL AND CROSS-CUTTING**

1. Efficacy of the prescribed reporting mechanisms under the project; financial reports submitted by the IA are in conformity with the books of account and have been drawn up to reflect the accurate picture; clear linkages exist between the accounting records and the Quarterly Interim Financial Reports;
2. Expenditure reported is eligible for financing;
3. Transactional audit including accuracy and propriety of transactions;
4. Funds have been used in accordance with the condition of the relevant financial norms and financial regulations with due attention to economy and efficiency, and only for the purpose for which the financing was provided;
5. Actions of the various parties are in compliance with policies, procedures, contracts, applicable laws and regulations, legal agreement and manuals;
6. Expenditure is incurred with reference to the approved action plan and appropriately obtained administrative, technical and financial sanctions as per prescribed delegation of powers;
7. Sufficient funds are allotted for project activities; timeliness of letter of credit/ funds flow mechanisms;
8. Proper documents, namely, purchase orders, tender documents, invoices and running bills, vouchers, receipts, contractor register, Measurement Books etc. are maintained and linked to the transactions and retained as per rules;
9. Where automated systems are used, adequacy of the control environment in respect of integrity of data is adequate.
10. Review of technical and financial progress reports filed during the course of implementation
11. Review of audit reports of the Accountant General and adequacy of the resolution of audit observations;
12. Adequate staff with necessary knowledge and skills has been deployed for financial management and procurement functions.

**PROCUREMENT**

Procurement Review should specifically comment on the following aspects as specified in the format at **Annexure** **-2**. Detailed formats of the reporting to be finalized and would be provided later

**CONTRACT MANAGEMENT**

1. Payments are released as per the contract agreement and under approvals/sanctions from competent authority;
2. For cases where payments made are beyond contract amount whether approval/sanction from competent authority were obtained;
3. In case price variation and price adjustment are paid under any contract, review of the underlying basis and calculations to confirm its accuracy;
4. Appropriate procedures are followed by construction& supervision consultants/ nominated departmental engineers while discharging their responsibilities including verification of contractor’s bills;
5. Advances made are in accordance with the contractual terms and conditions and have been recovered/adjusted in a timely manner;
6. Proper documents, namely, purchase orders, bidding documents, invoices and running bills, vouchers, receipts, Measurement Books etc. are maintained and linked to the transactions and retained in accordance with rules.
7. Adequate staff with necessary knowledge and skills has been deployed for financial management and procurement functions.
8. Appropriate contract management system is in place.
9. Timeliness of decision by the employer on all issues under the contract
10. Type of meeting being held and if these are held regularly and minutes being properly documented.

**INVENTORY AND ASSET MANAGEMENT**

The inventory procured and the assets constructed by PIE and held on behalf of the states shall be clearly marked and recorded in such a manner that they are easily identifiable and distinguishable from PIE’s own inventory for NESPIP as well as other than NERPSIP project. The sub-projects constructed would be distinct stand-alone assets and disclosed as such in project records.

While it is PIE’s responsibility to do 100% physical verification during the year, the internal auditors are also required to carry out physical verification on a sample basis and report in the format provided in **Annexure 1D**.

**BROAD AREAS AND MINIMUM EXTENT OF COVERAGE BY INTERNAL AUDIT**

A summary of major areas to be covered during internal audit and extent of coverage by audit is given in the table below. It is however emphasized that coverage and reporting should not be restricted to the aspects mentioned in the table below. Professional expertise and judgement will have to be exercised on all the areas and aspects of the assignment.

|  |  |  |
| --- | --- | --- |
| **S. No.** | **Area**  **(to suitably modify as per need)** | **Extent of Checking in each phase (for each area/sub-area)** |
| 1. | Works - based on contract value threshold/s | **At least 1/3 in numbers and by value** |
| 2. | Goods - based on contract value threshold/s | **At least 1/3 in numbers and by value** |
| 3. | Internal Audit Services - based on contract value threshold/s | **At least 1/3 in numbers and by value** |
| 4. | Operating expenses |  |
| 5. | Others |  |

**INTERNAL AUDIT STANDARDS**

The firm appointed will follow Auditing Standards generally accepted in India and will specify in the report the standards applied such as the Standards on Internal Audit issued by the Institute of Chartered Accountants of India (ICAI) or the International Professional Practices Framework of the Institute of Internal Auditors. The internal audit process will follow the three main stages of Planning, Conducting and Reporting and each of these will be subject to quality assurance review by the audit firm.

1. **Team composition**

Auditors should deploy suitable teams for undertaking the audit, after a thorough perusal of the requirements of the appointment letter, terms and conditions contained therein and the Detailed Guidelines for Internal Audit, ensuring that the size of the audit team is commensurate with the size of the auditee unit and the volume of work involved. Minimum Team composition is outlined as under-

**Financial Management Expert** –CA/CMA of the firm who leads the audit assignment; has minimum post qualification audit experience of 10 years or more.

**Procurement & Contract Management Expert** – B.Tech/CA/CMA/MBA of the firm, having minimum post qualification audit experience of 10 years or more.

**Audit Manager –** a Partner or CA qualified employee who manages and conducts the audit; has minimum post qualification experience of 5 years or more.

**Qualified Auditors** – CAs, who leads the audit teams, conducts field visits and maintains adequate audit documentation; has minimum post qualification experience of at least 1 year with the firm @.

**Other audit staff –** for conducting field visits @.

@ The number of staff depends on the requirements of the audit as assessed by the PIA and FMS

1. **Reporting Requirements and Time Schedule for Deliverables**

**PERIODICITY & COVERAGE OF INTERNAL AUDIT**

Internal Audit will be conducted on a six monthly basis. The audit will be carried out at the CPIU located in POWERGRID’s project office in Guwahati and relevant SPIU in the states. It is expected that the CPIU and SPIUs will maintain all relevant project related documents and records for review and audit. Where considered necessary audit of project site offices in the participating states where source documents relating to implementation such as measurement books, inspection reports and bills etc. originate, would be carried out. An annual audit plan will be prepared in consultation with the IA and other relevant stakeholders.

**TIMELINES FOR COMPLETION OF AUDIT**

Based on the annual audit plan the Internal Auditors will inform the CPIU of its detailed schedule of visits prior to the commencement of each half year audit. CPIU will issue suitable notifications to the officials at PMU and project sites selected for audit prior to the visit by the auditors. The internal auditors will plan their schedule in a manner that the audit is completed and all reports submitted within the timelines as decided by PIA.

**Work Schedule (Tentative)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S.N.** | **Period of**  **audit** | **Commencement of audit** | **Completion of audit** | **Last date of submission of report** | **Acceptance of Final Reports** |
|  | **Phase-I** | 10th Sep’ 2020 | 03rdOct’ 2020 | Within 7 days after completion of Audit | After resolution of queries and acceptance of report by The World Bank. |
| Apr’20 to Sep’20 |
|  | **Phase-II** | 10th Mar’ 2021 | 02ndApr’ 2021 | Within 7 days after completion of Audit |
| Oct’20 to Mar’21 |

**Units of audit**

|  |  |
| --- | --- |
| **CPIU/SPIU** | **Locations** |
| CPIU GUWAHATI | CPIU GUWAHATI |
| Assam | Proj. Manager Office (Assam); Guwahati; AmingaonGroup;Tezpur;Teok (Mariani);Dibrugarh;Rupai;Silapathar;Chapakhowa;Sarupathar;Mongaldoi / Tangla;Bongaigaon;Misa |
| Meghalaya | Proj. Manager (Meghalaya), Shillong, &Shillong Group;Nongpoh;Mynkre (Khleriet);MawngapGroup;Phulbari |
| Nagaland | Proj. Manager (Nagaland), Kohima;Pfutsero;Dimapur;Tizit (Sonari, Assam);Mokokchung;Mariani (Assam);Longleng;Zunheboto;Wokha |
| Tripura | Proj. Manager (Tripura), Agartala;BeloniaGroup;SatchandGroup;Manu (earlier part of Kumarghat)-New;Kumarghat Group |
| Manipur | Proj. Manager (Manipur), Imphal;Tuilaphai;Tamenglong;Jiribam;Gampajol |
| Mizoram | Proj. Manager (Mizoram), Aizwal;Lungsen;Lunglei;West Pailang;Marapara;Bungtlang |

**Reporting**

On completion of review and assessment, the Internal Auditor will submit preliminary report of each CPIU/ SPIU covering all the location as given above containing audit observation to the concerned head of the SPIU with copy to the designated officials at the CPIU along with Guwahati Finance In-charge with a request to provide suitable explanations/ carry out necessary corrective actions within a specified time frame under intimation to the Auditor. These reports shall be prepared based on the outcome of Preliminary Audit. The Auditor will review the explanations provided/ confirm that the actions have been taken and if satisfied will drop the observations. The unsettled observations will be flagged and be discussed with Head of NERPSIP (ED) and Finance In-charge of NERPSIP before finalizing the Audit Report. A Final Report in T-format along with soft copy of Each CPIU/SPIU covering all the locations within the scope shall be compiled / prepared, including additional information that may be provided / obtained at such discussions and rectifications carried out at the instance of audit. The report should also contain specific suggestions for improvements, if any.

***Internal Audit Reports***:

On completion of internal audit for a half year, the Internal Auditor will submit the following audit reports to the designated official/s at CPIU. Copies of the report will be shared with designated officials of SPIUs, MoF, Utilities/ departments concerned and the World Bank by the PMU.

1. Half yearly Consolidated Audit Report covering:
2. Introduction including period covered, units audited and officials met, details of audit team, time spent by the auditors, responsibility statement
3. Objectives and scope of internal audit and statement of assurance[[10]](#footnote-10)
4. Audit methodology, standards followed, details of any sampling techniques used
5. Executive Summary of key audit observations (issues, weaknesses, exceptions) preferably classified as per thematic area (financial management, procurement, contract management) with the response of the auditee, in the suggested format (**Annexure 1 A**).
6. Report on Compliance with ToR indicating coverage of the areas listed in the agreed ToR and observations/ findings if any, in the suggested format (**Annexure 1 B**).
7. Half yearly Detailed Audit Report containing complete findings and recommendations on each thematic area covered by audit also indicating separately (a) systemic issues and suggestions for improvement (b) issues identified with regard to the approval of works/ goods/ services received and the release of payments thereof. In addition, the Detailed Audit Report will contain sections relating to:
8. Procurement review report as per format provided in **Annexure 2**.
9. Report on contract management issues.
10. Specific report on any fraud, illegal act or misappropriation or collusion (or indicators thereof) and significant non – compliance identified by the internal auditor.
11. Report on any specific matter referred by the stakeholders.
12. Status of compliance with previous pending audit observations in the suggested format (**Annexure 1C**).
13. Annual Opinion on Internal Controls: The Internal Auditor will issue an annual opinion on the adequacy or otherwise of the internal control system governing the project. The suggested format of the opinion is given as **Annexure 3***.* The report will be addressed to the CPIU and will be submitted along with the report for the last Phase of the financial year.
14. Report on Effectiveness of Internal Financial Controls (IFC): The Auditors are required to include their findings in the report with respect to adequacy and effectiveness of internal financial controls.
15. **PERFORMANCE REVIEW**

The Internal Auditor may be retained for a period of three years, but their appointment will be done on a year on year basis. The annual renewal will be based on the audit firm’s performance quality review by the PMU. The auditor shall comply with the suggestions of the quality review team and make good the deficiencies pointed out. In case the auditor fails to respond, the three year contract will lapse. The criteria for evaluating the performance of the auditors would include:

* Timeliness in completion of half yearly audits and submission of audit reports;
* Level of compliance with the ToR such as coverage of areas and auditable units, quality of staff deployed, quality of work and reporting etc.
* Any other matter considered appropriate by the review team.

The auditor will ensure adherence to the rules, regulations, code of conduct and ethics as prescribed under The Chartered Accountant Act, 1949 while carrying out the audit.

1. **FACILITIES TO BE PROVIDED BY THE PMU**

The auditor will be given full access to all documents, correspondence, and any other information relating to the programs as deemed necessary by the auditor to enable the auditor to gain familiarity with the project, its structure, governance and with the relevant policies and guidelines of the World Bank (including those relating to disbursements, procurement and financial management and reporting). The auditor would be provided copies of the Project Implementation Plan, relevant manuals, Project Appraisal Document; Loan and Project Agreements, Minutes of Negotiations and Disbursement Letter, and guidelines, policies and procedures issued by project management and implementing agencies. PMU will appoint a Nodal Officer for the audit to act as a coordinator cum facilitator for meetings etc with project officials.

1. **TERMS OF PAYMENT**

The audit fees shall be payable on half yearly basis i.e. 50% of audit fees shall be paid on completion of audit and submission of audit report for each phase of Internal Audit plus applicable GST. TA, DA, accommodation charges, Conveyance & other charges and applicable taxes (if any) will be payable as applicable.

**Annexure**

**Annexure 1**

**A. HALF YEARLY CONSOLIDATED AUDIT REPORT FOR THE PERIOD ENDING XXXX**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Para**  **No.** | **Observation** | **Implications (financial, control issue, systemic/ process weakness, ineligible expenditure etc.)** | **Corrective Action/s Recommended** | **Auditee’s Response/ Agreed Action** | **Person Responsible/Target Date for Compliance** |
|  |  |  |  |  |  |

**B. ToR COMPLIANCE REPORT**

|  |  |  |
| --- | --- | --- |
| **Scope as per ToR** | **Issues Identified** | **Remarks** |
|  |  |  |
|  |  |  |
|  |  |  |

**C. PREVIOUS PENDING AUDIT OBSERVATIONS AS ON XXXX**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **SN** | **Observation in Brief (give para ref. no. of main report& date of report)** | **Implications (financial, control issue, systemic/process weakness, ineligible expenditure etc.)** | **Corrective Action/s Recommended** | **Person responsible/ Target Date** | **Current Status (Fully/Partially complied or not complied)** | **Final recommendation of the Auditor** |
|  |  |  |  |  |  |  |

1. **DETAILS OF PHYSICAL VERIFICATION CARRIED OUT BY THE AUDITORS**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| S.No | Scheme / Description of physical verification carried out. | Location | Date | Name of the team members from internal audit firm | Provide Remarks |
| X |  |  |  |  |  |
| XX |  |  |  |  |  |
| XXX |  |  |  |  |  |
| XXXX |  |  |  |  |  |

**Annexure 2**

The Procurement Post Review Format for Goods/works/consultancy is attached at **Appendix –A**

**Annexure -3**

**Suggested format for providing opinion on the Internal Control Systems under NERSPIP**

1. We, **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** *(name of the firm)* have examined the Internal Control System set up for NERPSIP(the Project) for Component A financed under IBRD Loan No\_\_\_\_\_\_ during the **financial year 20 \_ \_ to 20 \_ \_.** The Project Management is responsible for the operation of the systems, procedures. Our responsibility is to express an opinion on the weaknesses in internal controls, risk management and governance (entity level controls) framework, highlighting any exceptions and cases of noncompliance and suggest or recommend improvements in the design and operations of controls based on the internal audit
2. We conducted our audit in accordance with the Terms of Reference provided to us and the \_\_\_\_\_\_\_\_ *(specify the auditing standards applied)*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the systems, processes and controls operate efficiently and effectively and financial information is free of material misstatement. Our audit included an understanding of the internal control system, evaluating Management’s assertions, testing and evaluating the strength, design and operating effectiveness of the internal control system and performing such other procedures (including analytical procedures and sample tests), as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.
3. The internal control system set up for the Project is a process designed to provide reasonable assurance that it (a) is in accordance with the contractual and legal basis of the Project; (b) allows the Project to be implemented in an orderly and effective way; (c) provides for safeguarding assets; (d) makes provision for a reasonable degree of prevention and detection of irregularities and indicators of fraud; (e) makes provision for the necessary reliability in entering the Project activities in the accounts and preparing the accounts and financial reports including IFRs (all Project Offices);
4. Based on our audit, in our opinion, *with the exception of the matters mentioned in Annex \_\_\_\_\_@,* the Project had a reasonable internal control system commensurate with the size and nature of the Project during the period covered by the audit, and supports withdrawal by the Project from the IBRD Loan.

For \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*(name of the firm)*

Place:

Date: (\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

Director/Partner

*@* include if applicable

**Appendix A**

**Templates for the Procurement Post Review Report**

|  |  |
| --- | --- |
| Country |  |
| Loan / Credit / Trust Fund #: |  |
| Project name\*: |  |
| **Project ID:** |  |
| **Name (s) of Implementing Agency (ies):** |  |
| **TL:** |  |
| **APS/PAS:** |  |
| Hub Coordinator |  |
| Post Review conducted by\*: |  |
| No. of contracts since last review |  |
| No. of contracts reviewed |  |
| Total value of contracts reviewed |  |
| % no. of contracts reviewed |  |

*[Report Cover page]*

|  |  |
| --- | --- |
| Country |  |
| Credit No |  |
| Project Name |  |
| Project ID: |  |
| Names of Implementing Agency (ies) |  |

# General Procurement Information

*Provide a brief description of Post Review objective, key findings/issues, and recommendations.*

**1. Executive Summary**

*Provide a brief description of the selection of the contract sample and summary list of the contracts reviewed, including procurement category, procurement method, contract number, contract date, short contract description, name of contracting agency, name of contractor/supplier/consultant, contract amount.*

**2. Discussion on the Selection of the Contract Samples Reviewed**

*Staffing, unit organization, internal controls, project manual, etc.*

**3. Findings on the Review of the Procurement Arrangements Agreed with the Borrower**

*Provide a brief description of findings on procurement processes, including procurement planning, publications, bidding, evaluation, complaints handling, awards and timeliness of procurement.*

**4. Findings on the Review of Procurement Processes**

*Provide a brief description of findings on contract administration, including implementation, payments, disputes resolution, and compliance.*

**5. Findings on the Review of Contract Administration & Management**

*Provide a brief description of any findings on red flags that could indicate possible fraud or corruption related to the procurement processes, contract administration, or any other related issues at contract, project, sector, or country level.*

**6. Indication of Possible Governance Issues**

*Identify mitigating measures or actions to correct procurement deficiencies, and recommend them to the Borrower and its executing agency(ies).*

**8. Mitigating Measures or Corrective Actions**

*Report reasons for potential actions on noncompliance*

**9. Possible Indication of Noncompliance requiring Bank Action (including misprocurement)**

|  |  |
| --- | --- |
| **10. Risk Rating & Recommendation** | |
| **Definitions of Post Review Risk Ratings** | |
| Low Risk (LR) | Borrower systems, procurement processes, and/or contract administration are of highest quality; are fit for purpose in achieving value for money, economy, efficiency, effectiveness, integrity, fairness, transparency, and accountability; and require little or no corrective action by the Bank. |
| Moderate Risk (MR) | Borrower systems, procurement processes, and/or contract administration are of generally good quality and are reliable in achieving value for money, economy, efficiency, effectiveness, integrity, fairness, transparency, and accountability, with minor corrective actions needed by the Bank. |
| Substantial Risk (SR) | Moderate shortcomings in Borrower systems, procurement processes, and/or contract administration have limited or jeopardized the timely or efficient achievement of one or more major outputs and/or limited achievement of value for money, economy, efficiency, effectiveness, integrity, fairness, transparency, and accountability, but resolution(s) is/are likely. |
| High Risk (HR) | Significant shortcomings in Borrower systems, procurement processes, and/or contract administration have limited or jeopardized the timely or efficient achievement of one or more major outputs and compromised achievement of value for money, economy, efficiency, effectiveness, integrity, fairness, transparency, and accountability. Resolution is uncertain or unlikely. |

|  |  |
| --- | --- |
| **Overall risk rating:** | **Low Moderate Substantial High**  *(Overall rating for a report is not an average rating of all indicators combined but rather a final rating based on reviewer's objective conclusions about the findings as a whole, including performance ratings of contracts.)* |
| **Overall recommendations:** |  |

|  |  |
| --- | --- |
| **Risk rating of procurement system:** | **Low Moderate Substantial High**  *Indicators to consider:*   * ***LegalFramework:****Suitabilityofthelaws,rules,andregulationsapplicabletothe implementing agency with respect to the requirements for national procurement in the Procurement Regulations forBorrowers.* * ***Organization/Staffing:*** *Organization of the procurement unit and allocation of functions; quality and adequacy of procurementstaff.* * ***Controls/Manuals:*** *Quality of internal administrative practices, including special anticorruption initiatives, complaints handling, existence of dispute resolution systems, internal procedural manuals and instructions, oversight and auditing practices, and code of professional behavior andethics.* * ***Record-keeping:*** *Availability, quality, security, and completeness of procurement records andfiles.* |
| **Recommendations:** |  |

|  |  |
| --- | --- |
| **Risk rating of procurement processes:** | **Low Moderate Substantial High**  *Indicators to consider:*   * ***ProcurementPlanning:****AssessmentofadherencetotheProcurementPlan, including anychanges/updates.* * ***Publications:*** *Assessment of adherence to advertising and contract award publication requirements for applicablecontracts.* * ***Bidding:*** *Assessment of adherence to requirements for bidding documents, including RFPs, LOIs, shortlists, terms of reference, invoices, and other applicabledocuments.* * ***Evaluation:*** *Assessment of adherence to bid evaluation requirements/criteria, including draft contracts, technical and financial evaluation reports, and any bid amendments.* * ***Awards:*** *Assessment of adherence to contract award requirements,including complaints handling, amendments, variation orders, andextensions.* |
| **Recommendations:** |  |

|  |  |
| --- | --- |
| **Risk rating of contract administration:** | **Low Moderate Substantial High**  *Indicators to consider:*   * ***Implementation:*** *Assessment of adherence to contract implementation criteria, including results of physicalinspections.* * ***Payments:*** *Assessment of adherence to contract payment schedules, including timeliness of payments tocontractors.* * ***Compliance:****Assessmentofadherencetoallcontractualprovisions;adherence to all related anticorruptionpractices.* * ***Disputes:*** *Assessment of promptness and equity in resolving contractual disputes.* |
| **Recommendations:** |  |

**Annex A.2. Profile of Procurement Items**

|  |  |  |
| --- | --- | --- |
| ***Category*** | ***Prior Review threshold in US$*** | ***Proposed revised Prior Review thresholds*** *(to be completed by APS/PAS if required and updated in the* |
| Works |  |  |
| Goods |  |
| Consulting firms |  |
| Individual consultants |  |

|  |  |  |
| --- | --- | --- |
| ***Procurement method*** | ***Civil works*** | ***Goods*** |
| Open International Competition |  |  |
| National Competition |  |  |
| Request for |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| ***Category*** | ***No. of contracts awarded in review period***  *Review period is (mm/dd/yyyy) to (mm/dd/yyyy)* | | | | | |
| ***IC*** | ***NC*** | ***RFQ*** | ***DC/SS*** | ***Others***  *(Competitive Selection of* | ***Total*** |
| Works |  |  |  |  |  |  |
| Goods |  |  |  |  |  |  |
| Services |  |  |  |  |  |  |
| Consulting firms |  |  |  |  |  |  |
| Individual consultants |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| ***Category*** | ***No. of procurements reviewed*** | | | | | |
| ***IC*** | ***NC*** | ***RFQ*** | ***DC/SS*** | ***Others***  *(Competitive Selection of Consultants)* | ***Total*** |
| Works |  |  |  |  |  |  |
| Goods |  |  |  |  |  |  |
| Services |  |  |  |  |  |  |
| Consulting firms |  |  |  |  |  |  |
| Individual consultants |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |

**Annex A.3. Worksheet for Competitive Procedures (Request for Bids)**

Part A.General

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date of review: | | | Name of reviewer: | | |
| Contract no.: | | | Contract date (dd/mm/yy): | | |
| Contract description: | | | Contract amount (US$): | | |
| Contractor / Supplier name and address: | | | Category   * Goods * Works * Non-consultingservices | | |
| Market approach option | * International Competition | * Limited Competition | | * National Market | ☐  Prequalification |
| ☒ Single-Stage | * Multi-Stage | | * BAFO | * Negotiations |
| Selection method / arrangement | ☒ RFB | | | | |
| * Leasing | * PPP | | * Imports | * UsedGoods |
| * E-Auctions | * Commodities | |  |  |

Part B. Process Review

|  |  |
| --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** |
| Procurement Documentation (Filing) |  |
| Reference in Procurement Plan or STEP |  |
| Use of e-procurement system |  |
| Advertising |  |
| Pre-bid meeting |  |
| Pre/post qualification and criteria |  |
| Bidding Document |  |
| Time allowed for submission of bids |  |
| Bid opening and minutes of bid opening |  |
| Bid security records |  |

|  |  |
| --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** |
| Bid evaluation report |  |
| Negotiations (if applicable) |  |
| Publication of Notice of intention of to award contract and standstill period (if applicable) |  |
| Debriefing (if applicable) |  |
| Publication of contract award |  |
| Complaints and results |  |

Part C. Contract Administration

|  |  |
| --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** |
| Contract document |  |
| Advance payment guarantee details and records |  |
| Insurance |  |
| Performance security details and records |  |
| Bill of lading, customs clearance, license and permits if required |  |
| Inspection of supervision records and reports |  |
| Planned contractual completion date |  |
| Provisional acceptance or testing |  |
| Actual completion date |  |

|  |  |
| --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** |
| Delivery receipt or similar instrument |  |
| Liquidated damages, details and enforcement for delays |  |
| Warehousing and inventory |  |
| Timeliness of payments |  |
| Amendments or contract modifications: number, amounts, and  % |  |
| Contractual disputes and resolution, if any |  |
| Cost overruns reasons and explanations |  |
| Adjudication and arbitration |  |
| Closing of contract |  |

Part D. Others

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** | | | |
| Indication of possible fraud or corruption |  | | | |
| Physical inspection |  | | | |
| Involvement of beneficiaries or users |  | | | |
| Total duration from advertisement to contract signature |  | | | |
| Final cost compared to cost estimate |  | | | |
| Additional observations |  | | | |
| Contract rating (covering procurement and contract administration) | ☐  Satisfactory | ☐ Moderately Satisfactory | ☐  Moderately Unsatisfactory | ☐  Unsatisfactory |
| Rating explanation |  | | | |

# Annex A.4. Worksheet for Competitive Procedures (Request for Proposals)

Part A.General

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date of review: | | | Name of reviewer: | | |
| Contract no.: | | | Contract date (dd/mm/yy): | | |
| Contract description: | | | Contract amount (US$): | | |
| Contractor / Supplier name and address: | | | Category   * Goods * Works * Non-consultingservices | | |
| Market approach option | * International Competition | * Limited Competition | | * National Market | * Initial Selection |
| * Single-Stage | * Multi-Stage | | * BAFO | * Negotiations |
| Selection method / arrangement | ☒ RFP | | | | |
| * Leasing | * PPP | | | |

Part B. Process Review

|  |  |
| --- | --- |
| ***Aspects*** | ***Findings and comments*** |
| Procurement documentation and records |  |
| Procurement Plan or STEP reference |  |
| Use of e-procurement system |  |
| Advertising for Initial Selection |  |
| Initial selection qualification criteria and rated criteria and requirements |  |
| Response to SPN for initial Selection |  |
| Evaluation of Applications and comments, if any (Verify existence of applications ) |  |
| Initially selected applicants (number, names etc.) |  |
| Review of Request for Technical Proposals |  |

|  |  |
| --- | --- |
| ***Aspects*** | ***Findings and comments*** |
| Technical proposal evaluation |  |
| Management of discovery stage (including meetings, clarifications and addendum of changes) |  |
| Request for Financial Proposals and Revised Technical proposals |  |
| Time allowed for submission of proposals |  |
| Weights in evaluation criteria |  |
| Evaluation of Technical part and Report |  |
| Financial proposal opening |  |
| Minutes of financial proposal opening |  |
| Evaluation of Financial part and Combined evaluation |  |
| Publication of Notice of Intention to award contract |  |
| Standstill period and debriefing (if applicable) |  |
| Complaints handling (if any) |  |
| Notification of award |  |
| Publication of contract award |  |

Part C. Contract Administration

|  |  |
| --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** |
| Contract document |  |
| Advance payment guarantee details and records |  |
| Insurance |  |
| Performance security details and records |  |
| Bill of lading, customs clearance, license and permits if required |  |
| Inspection of supervision or testing records and reports |  |
| Planned contractual completion date |  |
| Provisional acceptance or testing |  |
| Actual completion date |  |
| Delivery receipt or similar instrument |  |
| Liquidated damages, details and enforcement for delays |  |
| Timeliness of payments |  |
| Amendments or contract modifications: number, amounts, and  % |  |
| Contractual disputes and resolution, if any |  |
| Cost overruns reasons and explanations |  |
| Adjudication and arbitration |  |

|  |  |
| --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** |
| Closing of contract |  |

Part D. Others

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** | | | |
| Indication of possible fraud or corruption |  | | | |
| Involvement of beneficiaries or users |  | | | |
| Total duration from advertisement to contract signature |  | | | |
| Additional observations |  | | | |
| Contract rating (covering procurement and contract administration) | ☐  Satisfactory | ☐ Moderately Satisfactory | ☐  Moderately Unsatisfactory | ☐  Unsatisfactory |
| Rating explanation |  | | | |

# Annex A.4. Worksheet for Direct Selection Procedure

Part A.General

|  |  |
| --- | --- |
| Date of review: | Name of reviewer: |
| Contract no.: | Contract date (dd/mm/yy): |
| Contract description: | Contract amount (US$): |
| Contractor / Supplier name and address: | Category   * Goods * Works * Non-consultingservices |

Part B. Process Review

|  |  |
| --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** |
| Procurement Documentation (Filing) |  |
| Reference in Procurement Plan or STEP |  |
| Adequacy of justification for direct selection |  |
| Use of e-procurement system |  |
| Negotiations |  |
| Publication of contract award |  |
| Complaints and results |  |
| Justification for direct selection |  |

Part C. Contract Administration

|  |  |
| --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** |
| Contract document |  |
| Advance payment guarantee details and records |  |
| Insurance |  |
| Performance security details and records |  |
| Bill of lading, customs clearance, license and permits if required |  |
| Inspection of supervision records and reports |  |
| Planned contractual completion date |  |
| Provisional acceptance or testing |  |
| Actual completion date |  |
| Delivery receipt or similar instrument |  |
| Liquidated damages, details and enforcement for delays |  |
| Timeliness of payments |  |
| Amendments or contract modifications: number, amounts, and  % |  |
| Contractual disputes and resolution, if any |  |
| Cost overruns reasons and explanations |  |
| Adjudication and arbitration |  |

|  |  |
| --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** |
| Closing of contract |  |

Part D. Others

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** | | | |
| Indication of possible fraud or corruption |  | | | |
| Physical inspection |  | | | |
| Involvement of beneficiaries or users |  | | | |
| Total duration from advertisement to contract signature |  | | | |
| Final cost compared to cost estimate |  | | | |
| Additional observations |  | | | |
| Contract rating (covering procurement and contract administration) | ☐  Satisfactory | ☐ Moderately Satisfactory | ☐  Moderately Unsatisfactory | ☐  Unsatisfactory |
| Rating explanation |  | | | |

# Annex A.5. Worksheet for Request for Quotations Procedures

Part A.General

|  |  |
| --- | --- |
| Date of review: | Name of reviewer: |
| Contract no.: | Contract date (dd/mm/yy): |
| Contract description: | Contract amount (US$): |
| Contractor / Supplier name and address: | Category   * Goods * Works * Non-consultingservices |

Part B: Process Review

|  |  |
| --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** |
| Procurement Documentation (Filing) |  |
| Reference in Procurement Plan or STEP |  |
| Use of e-procurement system |  |
| Advertising or direct invitation |  |
| Source of suppliers invited |  |
| Time allowed for submission of quotations |  |
| Bid opening and minutes of bid opening: indicate number of participants, names, and prices per lot |  |
| Adequacy of reason for any disqualifications |  |
| Bid evaluation report and award |  |
| Reasonableness of cost |  |

Part C. Contract Administration

|  |  |
| --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** |
| Contract document or purchase order |  |
| Bill of lading, if any |  |
| Planned contractual completion date |  |
| Actual completion date |  |
| Delivery receipt or similar instrument |  |
| Timeliness of payments |  |
| Amendments or contract modifications: number, amounts, and % |  |
| Contractual disputes and resolution, if any |  |
| Cost overruns reasons and explanations |  |
| Closing of contract |  |

Part D. Others

|  |  |
| --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** |
| Indication of possible fraud or corruption |  |
| Physical inspection |  |
| Involvement of beneficiaries or users |  |
| Total duration from advertisement to contract signature |  |
| Final cost compared to cost estimate |  |
| Additional observations |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** | | | |
| Contract rating (covering procurement and contract administration) | ☐  Satisfactory | ☐ Moderately Satisfactory | ☐  Moderately Unsatisfactory | ☐  Unsatisfactory |
| Rating explanation |  | | | |

# Annex A.6. Worksheet for Consultant Firms Contracts Award

Part A.General

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date of review: | | | Name of reviewer: | | |
| Contract no.: | | | Contract date (dd/mm/yy): | | |
| Contract description: | | | Contract amount (US$): | | |
| Consultant name and address: | | | Cost estimate (US$): | | |
| Market approach option | * International Competition | * National Approaches | | * Limited Competition | * Shortlist |
| Selection method | * QCBS | * FBS | | * LCS | * QBS |
| * CQS |  | |  |  |

Part B. Process Review

|  |  |
| --- | --- |
| ***Aspects*** | ***Findings and comments*** |
| Procurement documentation and records |  |
| Procurement Plan or STEP reference |  |
| Use of e-procurement system |  |
| Advertising for Expressions of Interest |  |
| Response to Request for Expression of Interest |  |
| Review of Request for Proposals |  |
| Describe shortlist |  |
| Time allowed for submission of proposals |  |
| Weights in evaluation criteria |  |
| Technical evaluation: separate reviews and average |  |
| Technical evaluation report |  |

|  |  |
| --- | --- |
| ***Aspects*** | ***Findings and comments*** |
| Financial proposal opening |  |
| Minutes of financial proposal opening |  |
| Combined quality and cost evaluation |  |
| Negotiations |  |
| Complaints handling (if any) |  |
| Publication of Notice of intention of to award contract and standstill period (if applicable) |  |
| Debriefing (if applicable) |  |
| Publication of contract award |  |

Part C. Contract Administration

|  |  |
| --- | --- |
| ***Aspects*** | ***Findings and comments*** |
| Signed contract document |  |
| Advance payment guarantee details and records |  |
| Monitoring and reporting |  |
| Changes of key personnel, if any |  |
| Planned contractual completion date |  |
| Actual completion date |  |
| Outputs; final report acceptance |  |
| Timeliness of payments |  |

|  |  |
| --- | --- |
| ***Aspects*** | ***Findings and comments*** |
| Amendments or contract modifications: number, amounts, and % |  |
| Contractual disputes and resolution, if any |  |
| Cost overruns reasons and explanations |  |
| Closing of contract |  |

Part D. Others

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** | | | |
| Indication of possible fraud or corruption |  | | | |
| Involvement of beneficiaries or users |  | | | |
| Total duration from advertisement to contract signature |  | | | |
| Additional observations |  | | | |
| Contract rating (covering procurement and contract administration) | ☐  Satisfactory | ☐ Moderately Satisfactory | ☐  Moderately Unsatisfactory | ☐  Unsatisfactory |
| Rating explanation |  | | | |

# Annex A.7. Worksheet for Individual Consultant Contracts Award

Part A.General

|  |  |  |  |
| --- | --- | --- | --- |
| Date of review: | | Name of reviewer: | |
| Contract no.: | | Contract date (dd/mm/yy): | |
| Contract description: | | Contract amount (US$): | |
| Consultant name and address: | | Cost estimate (US$): | |
| Selection method: | * Comparison ofCVs | | * DirectSelection |

Part B. Process Review

|  |  |
| --- | --- |
| ***Aspects*** | ***Findings and comments*** |
| Procurement documentation and records |  |
| Procurement Plan or STEP reference |  |
| Use of e-procurement system |  |
| Justification for Direct Selection if applicable |  |
| Advertising for Expressions of Interest |  |
| Response to Request for Expression of Interest |  |
| Describe shortlist |  |
| Evaluation report |  |
| Negotiations |  |
| Publication of contract award |  |

Part C. Contract Administration

|  |  |
| --- | --- |
| ***Aspects*** | ***Findings and comments*** |
| Signed contract document |  |
| Advance payment guarantee details and records |  |
| Monitoring and reporting |  |
| Planned contractual completion date |  |
| Actual completion date |  |
| Outputs; final report acceptance |  |
| Timeliness of payments |  |
| Amendments or contract modifications: number, amounts, and % |  |
| Contractual disputes and resolution, if any |  |
| Cost overruns reasons and explanations |  |
| Closing of contract |  |

Part D. Others

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Aspects reviewed*** | ***Findings and comments*** | | | |
| Indication of possible fraud or corruption |  | | | |
| Involvement of beneficiaries or users where applicable |  | | | |
| Total duration from advertisement to contract signature |  | | | |
| Final cost compared to cost estimate |  | | | |
| Additional observations |  | | | |
| Contract rating (covering procurement and contract administration) | ☐  Satisfactory | ☐ Moderately Satisfactory | ☐  Moderately Unsatisfactory | ☐  Unsatisfactory |
| Rating explanation |  | | | |

**Part – II**

# **Section 8. Contract Forms**

**CONTRACT FOR INTERNAL AUDIT SERVICES**

**CONTRACT No. *[insert]***

THIS CONTRACT (“Contract”) is entered into this *[insert starting date of assignment]*, by and between *[insert Client’s name]* (“the Client”) having its principal place of business at *[insert Client’s address]*, and *[insert Internal Auditor’s name]* (“the Internal Auditor”) having its principal office located at *[insert Internal Auditor’s address[[11]](#footnote-11)].*

WHEREAS, the Client has received financing from the World Bank which is being used for this contract (and accordingly the relevant provisions of Bank’s Procurement Regulations and Anti-Corruption Guidelines shall be applicable to this Contract), and the Client wishes to have the Internal Auditor perform the services hereinafter referred to, and

WHEREAS, the Internal Auditor is willing to perform these services,

NOW THEREFORE THE PARTIES hereby agree as follows:

|  |  |
| --- | --- |
| **1. Services** | (i) The Internal Auditor shall perform the services specified, “Terms of Reference and Scope of Services,” which is made an integral part of this Contract (“the Services”).  (ii) The Internal Auditor shall provide the personnel, “Internal Auditor’s Personnel,” to perform the Services.  (iii) The Internal Auditor shall submit to the Client the reports in the form and within the time periods, “Internal Auditor’s Reporting Obligations.” |
| **2. Term** | The Internal Auditor shall perform the Services during the period commencing *[insert starting date]* and continuing through *[insert completion date]*, or any other period as may be subsequently agreed by the parties in writing. |
| **3. Payment** | A. Ceiling  For Services rendered, the Client shall pay the Internal Auditor an amount not to exceed *[insert amount]*. This amount has been established based on the understanding that it includes all of the Internal Auditor's costs and profits as well as any tax obligation that may be imposed on the Internal Auditor.  B. Schedule of Payments  The schedule of payments is specified below[[12]](#footnote-12):  The audit fees shall be payable on half yearly basis i.e. 50% of audit fees shall be paid on completion of audit and submission of audit report for each phase of Internal Audit plus applicable GST. TA, DA, accommodation charges, Conveyance & other charges and applicable taxes (if any) will be payable as applicable.  C. Payment Conditions  Payment shall be made in INR, no later than 30 days following submission by the Internal Auditor of invoices in duplicate to the Coordinator designated in paragraph 4.  Payments shall be made to Internal Auditor’s bank account. |
| **4. Project Administration** | A. Coordinator.  The Client designates Mr./Ms. *[insert name and job title]* as Client's Coordinator; the Coordinator will be responsible for the coordination of activities under this Contract, for acceptance and approval of the reports and of other deliverables by the Client and for receiving and approving invoices for the payment.  B. Reports.  The reports, “Internal Auditor's Reporting Obligations,” shall be submitted in the course of the assignment, and will constitute the basis for the payments to be made under paragraph 3. |
| **5. Performance Standards**  **6. Inspections and Auditing** | The Internal Auditor undertakes to perform the Services with the highest standards of professional and ethical competence and integrity. The Internal Auditor shall promptly replace any employees assigned under this Contract that the Client considers unsatisfactory.  The Internal Auditor shall permit, and shall cause its Sub-Internal Auditor to permit, the Bank and/or persons or auditors appointed by the Bank to inspect and/or audit its accounts and records and other documents relating to the submission of the Proposal to provide the Services and performance of the Contract. Any failure to comply with this obligation may constitute a prohibited practice subject to contract termination and/or the imposition of sanctions by the Bank (including without limitations determination of ineligibility) in accordance with prevailing Bank’s sanctions procedures. |
| **7. Confidentiality** | The Internal Auditor shall not, during the term of this Contract and within two years after its expiration, disclose any proprietary or confidential information relating to the Services, this Contract or the Client's business or operations without the prior written consent of the Client. |
| **8. Ownership of Material** | Any studies reports or other material, graphic, software or otherwise, prepared by the Internal Auditor for the Client under the Contract shall belong to and remain the property of the Client. The Internal Auditor may retain a copy of such documents and software[[13]](#footnote-13). |
| **9. Internal Auditor Not to be Engaged in Certain Activities** | The Internal Auditor agrees that, during the term of this Contract and after its termination, the Internal Auditor and any entity affiliated with the Internal Auditor, shall be disqualified from providing goods, works or services (other than Internal Audit Services that would not give rise to a conflict of interest) resulting from or closely related to the Internal Audit Services for the preparation or implementation of the Project |
| **10. Insurance** | The Internal Auditor will be responsible for taking out any appropriate insurance coverage. |
| **11. Assignment** | The Internal Auditor shall not assign this Contract or sub-contract any portion of it without the Client's prior written consent. |
| **12. Law Governing Contract and Language** | The Contract shall be governed by the laws of *[insert government]*, and the language of the Contract shall be[[14]](#footnote-14) *[insert language]* |
| **13. Dispute Resolution[[15]](#footnote-15)** | Any dispute arising out of the Contract, which cannot be amicably settled between the parties, shall be referred to adjudication/arbitration in accordance with the laws of the Client's country. |
| **14. Termination** | The Client may terminate this Contract with at least ten (10) working days prior written notice to the Internal Auditor after the occurrence of any of the events specified in paragraphs (a) through (d) of this Clause:  (a) If the Internal Auditor does not remedy a failure in the performance of its obligations under the Contract within seven (7) working days after being notified, or within any further period as the Client may have subsequently approved in writing;  (b) If the Internal Auditor becomes insolvent or bankrupt;  (c) If the Internal Auditor, in the judgment of the Client or the Bank, has engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices (as defined in the prevailing Bank’s sanctions procedures) in competing for or in performing the Contract.  (d) If the Client, in its sole discretion and for any reason whatsoever, decides to terminate this Contract. |

FOR THE CLIENT FOR THE INTERNAL AUDITOR

Signed by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signed by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**List of Annexes**

Annex A: Terms of Reference and Scope of Services

Annex B: Consultant’s Personnel and corresponding unit rates

Annex C: Consultant’s Reporting Obligations

1. *[“loan agreement” term is used for IBRD loans; “financing agreement” is used for IDA credits; and “grant agreement” is used for Recipient-Executed Trust Funds administered by IBRD or IDA]* [↑](#footnote-ref-1)
2. For the avoidance of doubt, a sanctioned party’s ineligibility to be awarded a contract shall include, without limitation, (i) applying for pre-qualification, expressing interest in a consultancy, and bidding, either directly or as a nominated sub-contractor, nominated Internal Auditor, nominated manufacturer or supplier, or nominated service provider, in respect of such contract, and (ii) entering into an addendum or amendment introducing a material modification to any existing contract. [↑](#footnote-ref-2)
3. A nominated sub-contractor, nominated Internal Auditor, nominated manufacturer or supplier, or nominated service provider (different names are used depending on the particular bidding document) is one which has been: (i) included by the bidder in its pre-qualification application or bid because it brings specific and critical experience and know-how that allow the bidder to meet the qualification requirements for the particular bid; or (ii) appointed by the Borrower. [↑](#footnote-ref-3)
4. Inspections in this context usually are investigative (i.e., forensic) in nature. They involve fact-finding activities undertaken by the Bank or persons appointed by the Bank to address specific matters related to investigations/audits, such as evaluating the veracity of an allegation of possible Fraud and Corruption, through the appropriate mechanisms. Such activity includes but is not limited to: accessing and examining a firm's or individual's financial records and information, and making copies thereof as relevant; accessing and examining any other documents, data and information (whether in hard copy or electronic format) deemed relevant for the investigation/audit, and making copies thereof as relevant; interviewing staff and other relevant individuals; performing physical inspections and site visits; and obtaining third party verification of information. [↑](#footnote-ref-4)
5. Controls are those which ensure (a) efficient and effective operations; (b) accurate financial and operational records and reporting; (c) safeguarding of assets; and (d) compliance with mandates, rules and regulations. [↑](#footnote-ref-5)
6. Contract Management pertains to the procedures after the contract has been sanctioned and awarded and the contract is under implementation.This would cover implementation of contractual terms and conditions, to avoid risks associated with delays and cost overruns etc. [↑](#footnote-ref-6)
7. The Internal Auditor will not be involved either in the preparation of accounts or the financial statements of the Project. [↑](#footnote-ref-7)
8. The Project Financial Management Systems would include methods and records to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the assets and liabilities. [↑](#footnote-ref-8)
9. Including the PIP and the related Financial Management and Procurement Manuals, financial and administrative delegation [↑](#footnote-ref-9)
10. SIA 4 suggests that the report include a statement that the internal audit was planned and performed to obtain reasonable assurance whether the systems, processes and controls operate efficiently and effectively and financial information is free of material misstatement. [↑](#footnote-ref-10)
11. Avoid use of *“P.O. Box” address* [↑](#footnote-ref-11)
12. Fill in based on required outputs as described in Annex A (Terms of Reference) and Annex C (Reporting Requirements). Avoid front-loaded payments. Advance payments in contracts with firms require a bank guarantee for the same amount. [↑](#footnote-ref-12)
13. Restrictions about the future use of these documents and software, if any, shall be specified at the end of paragraph 8. [↑](#footnote-ref-13)
14. The law selected by the Client is usually the law of its country. However, the Bank does not object if the Client and the Internal Auditor agree on another law. The language shall be English, French, or Spanish, unless the Contract is entered into with a domestic firm, in which case it can be the local language. [↑](#footnote-ref-14)
15. In case of a Contract entered into with a foreign Internal Auditor, the following provision may be substituted for paragraph 13: “Any dispute, controversy or claim arising out of or relating to this Contract or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force.” [↑](#footnote-ref-15)