

**STATE PROJECT IMPLEMENTATION UNIT**  
**NATIONAL CYCLONE RISK MITIGATION PROJECT -KERALA**  
**Kerala State Disaster Management Authority**  
**Department of Disaster Management, Government of Kerala**  
Institute of Land and Disaster Management, PTP Nagar  
Trivandrum, Kerala – 695 038  
Ph. No. 0471-2365494, E-mail: ncrmp.kerala@gmail.com

**REQUEST FOR EXPRESSION OF INTEREST (CONSULTING SERVICES – FIRMS SELECTION)**

Notice No. NCRMP/SPIU/45/2016

Date: 07-02-2018

**Assignment Title: INTERNAL AUDITOR FOR NATIONAL CYCLONE RISK MITIGATION  
PROJECT PHASE – II**

The State Project Implementation Unit, National Cyclone Risk Mitigation Project - Kerala, invites eligible firms to indicate their interest by providing quality and cost based consultancy services. The Consultancy services include **Internal Auditor for National Cyclone Risk Mitigation Project Phase – II till the completion of the Project**. The Internal Auditor shall conduct an assessment of the adequacy of the project Management, Financial Management, Procurement and process review including internal control thereof. The Internal Auditor shall conduct internal and concurrent audit of the financial transactions of the authority and submit to periodic reports. The Internal Auditor shall provide the SPIU with timely information and recommendation on the audited aspects of the project to enable it to take corrective measures, wherever necessary.

The Project Director, SPIU, NCRMP – Kerala now invites eligible consulting firms to indicate their interest in providing the services. Interested consultant should provide information demonstrating that they have required qualifications and relevant experience to perform the Services. **Expression of interest (EOI) must include:** **1.** Introductory letter one letter head (with complete contact details – name of contact person, mailing address, telephone, fax, email etc.) explaining how the firm is best to deliver the task. **2.** Organization profile. **3.** Number of states in the country in which the Firm has branches/offices giving full address of the branches/offices. **4.** Number of qualified staff i.e. Staff with their qualifications. **5.** Details of Internal Audit assignments undertaken during the last 5 years. **6.** Details of relevant Audit assignments undertaken for Public Sector / Government Organizations. **7.** Details of experience in conducting audit of External funded projects e.g. World Bank, ADB etc. **8.** Short note on the similar project implemented by the firm pertaining to the shortlisting criteria along with the contact details of past clients. **9.** The EOI should contain sufficient supporting document to substantiate the claim of the consultant towards their qualification as per the shortlisting criteria. The Terms of Reference will be available on the website: [www.disasterlesskerala.org](http://www.disasterlesskerala.org). The attention of interested consultants is drawn to paragraph 1.9 of the World Bank's Guidelines: Selection and Employment of Consultants [under IBRD Loans and IDA Credits & Grants] by World Bank's policy on conflict of interest. Consultants may associate with other firms in the form of a joint venture or a sub consultancy to enhance their qualifications. A consultant will be selected in accordance with the QCBS method set out in the “Consultant Guidelines”. The firm should a full time office in Kerala.

Interested Consultants may obtain the TOR and further information at the address given below from 10.00 hrs to 17.00 hrs. on all working days from The State Project Manager, SPIU, NCRMP-Kerala, ILDM, PTP Nagar, Thiruvananthapuram, Pin – 695 038.

The Expression of Interest must be delivered in a written form to the above mentioned address (by post or by hand) by 22 -02-2018 within 17.00 hrs.

Sd/-  
State Project Manager  
NCRMP – Kerala

# **TERMS OF REFERENCE (TOR)**

**for**

## **Internal Auditor**

### **National Cyclone Risk Mitigation Project (NCRMP) – Phase II**

#### **1. Background:**

Under the support of Ministry of Home Affairs, Government of India and the World Bank, the Government of Kerala purposes to implement National Cyclone Risk Mitigation Project (NCRMP Phase II) in the nine coastal districts of Kerala. One of the major components of the project is to build strategic infrastructure to mitigate the effects of hydro-meteorological hazards, i.e. Multi-Purpose Flood Shelters (MPFS). The project in Kerala will be implemented in the nine coastal districts by the Revenue and Disaster Management Department, Government of Kerala. Along with the construction of 27 Multipurpose Flood Shelters (MPFS), all-weather approach roads will be constructed through this project.

#### **2. Objectives:**

The objective of the Internal Audit is to determine whether the financial management/arrangements including Internal Control mechanism as developed are working effectively and to identify areas for improvement and enhancing efficiency. The Internal Auditor shall conduct an assessment of the adequacy of the project financial management and procurement system including internal control. This should include aspects such as adequacy and effectiveness of accounting, financial and operational control, and any need for revision, level of compliance with established policies, plans and procedures, reliability of accounting system, data and financial reports, method of remedying weak control or creating them where there are necessary, verification of assets and liabilities and effectiveness of the operation of the computerized system. The Internal Auditor shall provide timely information and recommendation on the financial management and procurement aspects of the project to enable the management to take corrective measures, wherever necessary.

#### **3. Scope of Audit Services**

The audit will be carried out in accordance with applicable professional standards and will include such tests and controls, and conducting the audit special attention should be paid to the following:

- Checking of daily cash, bank and journal transaction to ensure all transactions are recorded in principles of commercial accounting and are booked to proper accounting heads.
- Transactions are undertaken on the basis of proper authority
- Transactions are duly supported by proper supporting documents
- Adherence to World Bank guidelines, other funding agencies and financial procedures formulated by the SPIU in Operation Manual.
- All Vouchers are serially numbered and filed properly.
- Advances are classified separately and are adjusted promptly.
- Checking the maintenance of Books of accounts and records.

- Preparation & Checking of the Bank Reconciliation statements on monthly basis
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- Checking of investments, short term deposits etc, made by the authority from time to time. Also to ensure that all the fixed deposit investments are maintained grant wise and bank wise.
- Checking of component wise, category-wise and account head wise expenditures.
- Checking of various MIS and FMS reports generated along with statements and information submitted to various authorities.
- Checking of cost data with physical achievements data to monitor project progress.
- Checking of various contracts awarded under each project.
- Checking of running bills raised for payment under each project.
- Checking of various statutory compliance like Income Tax, Sales Tax etc.
- Assisting the Authority in preparing annual budget.
- Assisting of funds management of the Authority.
- Ensuring adherence of accounting and auditing standards and advising the Management on framing of proper accounting policies required for proper maintenance of books of accounts as required by various authorities.
- Preparation of Receipts and Payments accounts, Income & Expenditure account, Balance sheet, all schedules to final statement of accounts, notes to accounts and accounting policies of Department of Revenue and Disaster Management for the financial year and helping in preparation of all statements required to be submitted to World Bank and all other authorities.
- Coordinating with the Statutory Auditors and helping in compliance of observations of Statutory Auditor and comments of CAG Auditors.
- Comparison between budgets vis-a-vis actual expenditure on monthly quarterly basis.
- Conduct pre-payment audit, the accuracy and propriety of transactions.
- To ensure that funds are used with due regard to economy, efficiency and for the purposes they are provided.
- To prepare and file quarterly Income tax returns in time, annual Income tax return in time, to appear in tax assessment, to furnish certificates in Form-16/16A and to ensure correction of any detected subsequently.
- To check whether there exist proper linkages between subsidiary records accounting records and financial reports generated.

## **Procurement:**

- Whether goods, works and services are being procured following the procurement procedures defined for the project.
- Whether goods, works and services are being procured in accordance with the procurement plan and sanctioned Budgets.
- Whether time schedule for procurement of goods, works and services is in line with the project procurement plan.
- Whether required documentation for procurement activity and contract management is being maintained for all purchases made.
- Whether capacities for procurement as indicated in the Operations manual have been created.

**Project Components: Based on the above objectives, the project has been divided in to four components namely:**

**Component A:** Early warning dissemination systems

**Component B:** Cyclone Risk Mitigation Infrastructure

**Component C:** Technical assistance for capacity building

**Component D:** Project Management & Implementation support

## **Financial Management:**

- Whether books of accounts are being maintained in the manner and formats defined by the Financial Management Manual of the project.
- Whether the financial transactions are being accurately and completely recorded.
- Whether utilization certificates and FMRs submitted are prepared in time and reflect the correct status of utilization of funds as recorded in the books of accounts of the project.
- Whether the fund management is being done in compliance with Financial Management guidelines of the project.
- Whether funds have been used with due regard to economy, efficiency and for the purposes they were provided.
- Whether release of money is adequately supported.
- Understand the process of tagging and maintenance of assets acquired under the project. The auditors may perform physical verification of assets (if considered necessary)

## **Project Management:**

- Whether the physical progress tracking mechanism defined for the project has been operationalized.

- Whether physical progress reports being submitted have been reviewed for their correctness and authenticity before submission.
- Whether physical progress reports are being submitted as per the timelines and formats defined by the project tracking framework.

#### **Others:**

- Whether appropriate internal controls as specified by the Financial Management Manual,
- Operations Manual, Procurement Manual and other relevant notifications, if any, are operating satisfactorily. The auditor should suggest methods for improving weak controls or creating them where need be.
- Verifying compliance with recommendations of the earlier audit reports and commenting thereon.
- Deviations (if any) from project guidelines have been reported to the PMI-J in time and requisite approvals obtained.

#### **Reporting:**

- A. The Internal cum Concurrent auditors shall report directly to the Managing Director of the authority.
- B. Report for each month shall be submitted within the 15<sup>th</sup> of the succeeding month. Besides the half yearly report and annual report to be submitted within one month of completion of period.
- C. Provide the authority with timely information on financial Management aspects of the projects to enable follow up action.

#### **Support/Inputs to be provided by the SPIU**

The internal Auditor will be given access to all legal documents, Project Financial Management Manual, Procurement Manual, procurement check list and any other unclassified information with the Project and deemed necessary by the auditor

It is extremely important that the auditors become familiar with the Project Guidelines on Disbursements and Procurements. All these documents will be provided to the auditor by the SPIU.

#### **Qualification & Team Composition**

The Internal Auditor team must have considerable experience and expertise in conducting audits particularly on infrastructure development projects. All the key team members will work as full time staff for the period committed by the consultants. The Consultants should also have experience in the process and audit practices of World Bank assisted projects. The list of key personnel whose CV's and experience would be evaluated is as follows:

| SNo. | Key Professionals            | Description of Services to be provided  | Experience  |
|------|------------------------------|---|---|
| 1    | Partner/<br>Audit<br>Manager | Overall coordination, & planning, team leadership, reporting, liaison with client   | Qualified Chartered Accountant with experience as a partner with expertise in the area of internal audit planning, execution and reporting.         |
| 2    | Audit<br>Team<br>Leaders     | Responsibility to lead the audit teams in the field, planning and execution of the audits, discussion with heads of offices at district / state units and reporting writing and finalization. | Qualified Chartered Accountants with experience in internal audit with ability to lead and team and interact with senior level government officials |
| 3    | Team<br>members*             | Field level audit of divisions (mainly relating to civil works/housing construction)  | Person with experience in works accounting, procedures and testing controls related to payments   |

\*based on the number and frequency of auditable units more field level audit teams will need to be constituted with each team comprising of a Team Leader and team members.