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GOVERNMENT OF ASSAM

FLOOD AND RIVER EROSION MANAGEMENT AGENCY OF ASSAM, (FREMAA)

Address: 4th floor, Assam Water Centre, Basistha Chariali, NH- 27 Guwahati-29, Phone / Fax-(0361)2309896,

Email: ceo-fremaa@assam.gov.in, Website: www.fremaa.assam.gov.in

FREMAA(P)/FIN/173/2020/ 3565

Dated: 05/08/2022

Call for Expression of Interest (EOI) from Chartered Accountant Firms for Statutory Audit of Flood and River Erosion Management Agency of Assam (FREMAA)

Flood and River Erosion Management Agency of Assam (FREMAA) erstwhile called Assam Integrated Flood and Riverbank Erosion Risk Management Investment Programme (AIFRERMIP) has been established as multi-disciplinary special purpose vehicle (SPV) to assist the Water Resources Department (WRD) of the State Government of Assam (SGOA). The FREMAA is registered under the Societies Registration Act XXI of 1860 and its registration no. is RS/KAM(M)/240/A-21/22 of 2010-2011. FREMAA has earlier completed the project (Tranche-II) funded by Asian Development Bank (ADB) [Loan No 3755 IND] on 18.10.2020.

DEA has already approved a new Program on Integrated River Basin Management to be funded by the World Bank and preparatory work for the same is also going on.

As it is mandated by its bye laws to conduct Statutory Audit of the Society under the provisions of the Societies Registration Act, 1860 by CAG empanelled Chartered Accountant Firms.

Hence, Expression of Interest (EOI) are invited from CAG empanelled Chartered Accountant Firms to conduct the Statutory Audit of Flood and River Erosion Management Agency of Assam (FREMAA) for the Financial Year 2021-22.

Eligibility & Assessment Criteria:

- Firm with a minimum of 3 partners of which at least 1 partner should be FCA.
- Firms standing should be of at least 7 years.
- The firm should have minimum Statutory Audit experience of 5 years in public sector undertakings/ Autonomous bodies/ Society/ bank branches and must have audit experience of Externally Aided Projects (i.e. projects funded by World Bank, ADB, NDB, JICA etc.)
- The head office of firm should be located at the State.
- The CA firms who have completed the Statutory Audit of the society for last 3 years need not apply.

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Other Requirements:

1. Interested Applicants which meet the pre-qualification criteria may furnish their Expression of Interest at the following email id:
ceo-fremaa@assam.gov.in
2. The application for the said assignment shall be accepted only through the above link and should be submitted latest by 20th of August, 2022 up to 5.00 p.m.
3. Queries, if any, in this regard may be sent to ceo-fremaa@assam.gov.in. Any communication other than email will not be entertained. The last date for receipt of queries regarding submission of expression of interest is 16/08/2022 upto 3.00 pm.
4. Expression of Interest shall remain valid for 90 days from the date of submission.
5. Any amendment/ corrigendum/ clarification to the Eoi will be posted on the website of the Society i.e. <https://fremaa.assam.gov.in>
6. FREMAA shall not be liable for non receipt or late receipt of any of the applications for this EOI
7. CEO, FREMAA reserves the right to reject any of the applications or whole process without assigning any reason at any time and may call for any other details or additional information from any of the applicants/members at its own discretion. Non submission of details sought for will render the firm ineligible for the assignment. In this regard, the decision of FREMAA shall be final and binding on all the applicants.
8. The decision of the Selection Committee of FREMAA shall be final as regard to selection of the firm out of the applications so received.
9. Incomplete applications shall be summarily rejected.
10. Audit shall be conducted by the appointed firm only and shall not be allowed to sublet the audit assignment.
11. The auditor shall maintain confidentiality of information obtained during the course of audit.

The EOI should be submitted along with a Capability Statement including a profile of the organization relevant technical and geographical coverage along with the gross fee earned for the last 5 financial years. (A format for the Capability statement in Annexure – A is available in the websites of FREMAA (<https://fremaa.assam.gov.in>). Individual CVs are not required at this stage. EOI should be as concise and focused as possible to give evidence of the above requirements including the capability statement and organization profiles.



✓ Chief Executive Officer
Flood and River Erosion Management Agency of Assam

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**TERMS OF REFERENCE FOR STATUTORY AUDIT OF PROJECT FINANCIAL
STATEMENTS OF FLOOD AND RIVER EROSION MANAGEMENT AGENCY OF ASSAM
(FREMAA)
FOR THE FINANCIAL YEAR 2021-22**

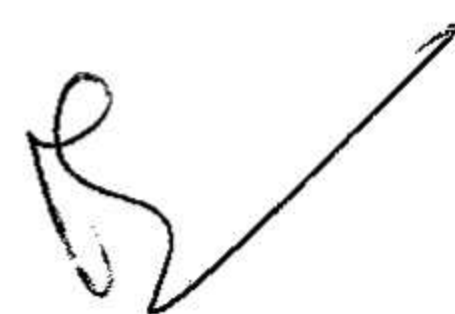
1.BACKGROUND:

Flood and River Erosion Management Agency of Assam (FREMAA) erstwhile called Assam Integrated Flood and Riverbank Erosion Risk Management Investment Programme (AIFRERMIP) has been established as multi-disciplinary special purpose vehicle (SPV) to assist the Water Resources Department (WRD) of the State Government of Assam (SGOA). The FREMAA is registered under the Societies Registration Act XXI of 1860 and its registration no. is RS/KAM(M)/240/A-21/22 of 2010-2011. FREMAA has earlier completed the project (Tranche-II) funded by Asian Development Bank (ADB) [Loan No 3755 IND] on 18.10.2020.

Department of Economic Affairs, Ministry of Finance, GoI has approved the World Bank aided Project – the Assam Integrated River Basin Management Program (AIRBMP) in its 106th Screening Committee meeting held on 20th May'2020 and posed it to World Bank on 4th June'2020. Under the AIRBMP, integrated flood and riverbank erosion risk management activities including river basin planning and investments would be taken up in river basins of prioritized and identified tributaries in three overlapping phases. Preparatory works are going on. Loan negotiation of AIRBMP is expected in November, 2022.

2.OBJECTIVE OF THE ASSIGNMENT:

1. The key objectives of the Statutory Audit are to obtain a professional opinion from independent auditors whether -
 - a) the PFS give a true and fair view of the financial position of the Project at the end of the period under audit examination, and of the sources and applications of project funds for that period;
 - b) the Project funds were utilized for the purposes for which they were provided;
 - c) expenditures are eligible for financing under the Project legal agreements and these were exclusively financed through the Project funds and no other sources of funds have been received by FREMAA for incurring these expenditures;
 - d) the Project has an adequate internal control system (including its continuing implementation and effectiveness) and adheres to the provisions of the project legal agreements and bye laws of the society in all material aspects.



2. The Project accounts (books of accounts) provide the basis for preparation of the PFS and are established to reflect the financial transactions in respect of the project.

3. **STANDARDS**

The audit will be carried out in accordance with the Standards of Auditing promulgated by the C & AG. The auditor should accordingly consider materiality when planning and performing the audit to reduce risk to an acceptable level that is consistent with the objectives of the audit. Although the primary responsibility for preventing irregularity and fraud or ensuring that the project funds are used for purposes as required in the legal agreements remains with the Management, the auditor should specifically consider the risk of material misstatement in the financial statements resulting from fraud , while planning and performing audit procedures and evaluating and reporting results thereof.

4. **SCOPE AND COVERAGE OF THE AUDIT**

The audit will cover all the Project sources and applications of funds and cover the following auditable units.


- The books of account that provide the basis for preparation of the Annual Project Financial Statement are established to reflect the financial transactions of the project and are maintained by the Project Management Unit (PMU) i.e. The Flood and River Erosion Management Agency of Assam, at Guwahati and Sub-project Implementation Officers (SIOs) under the WRD in the District of Dibrugarh, Palashbari-Gumi, Mirza, Guwahati West and Kaziranga.
- The auditor is required to exercise such tests of accounting records, internal checks and control and other necessary audit of the accounts as per general principles and standard of audits of the C & AG. In conducting the Audit, attention should be given to the following:
 - (a) All 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.
 - (b) Generally accepted accounting principles are followed by all entities who are authorized to incur expenditure under FREMAA.
 - (c) Goods, works and services financed have been procured in accordance with relevant provisions of the Procurement Procedure prescribed for the purpose. Proper documents, namely, purchase orders, tender documents, invoices, vouchers, receipts, pay bills, TA bills etc. are maintained and linked to the transactions and retained till the end of the Project.

- (d) All necessary supporting documents, records and accounts have been kept in respect of all Project transactions. Clear linkages exist between the books of accounts and reports presented to the Government of Assam and ADB.
- (e) Expenditure incurred under the project is strictly in accordance with the financial norms or any other clarifications issued from time to time. The expenditure statements / financial statements included in the statement of expenditure of the relevant period represent a true and fair view or implementation and operations of the Project at the end of the financial year and of resources and expenditure for the year ended on that date.
- (f) An assessment of the adequacy of the Project financial management systems, including internal controls. 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; reliability of accounting systems, data and financial reports; physical verification and reconciliation procedures; methods of remedying weak control or creating controls in areas in where they are lacking.
- (g) The auditor will review the project internal audit reports for the year under audit and assess the impact of the observations of the true and fair view of project financial statements and on other aspects on which the auditor is required to provide his opinion.
- (h) Reconciliation of all Bank Statements and accounts is regularly carried out on a monthly basis.
- (i) Status of audit compliance of previous audit observations raise, if any.
- (j) The Statutory auditor would be required to give Audit Certificate, Utilization Certificate and any other certificate required from time to time.
- (k) The statutory auditor should be required to give Procurement Note, whether the procurement is as per procurement norms applicable for the project.

5. AUDITED PROJECT FINANCIAL STATEMENTS

The audited Project Financial Statements for both ADB fund and AIRBMP Fund should include:

- (a) Balance Sheet, Receipts and Payment Account and Income & Expenditure Account showing both for the current fiscal year and accumulated to date;
- (b) Utilization Certificate
- (c) Procurement Certificate
- (d) Accounting Policies and Notes on Account



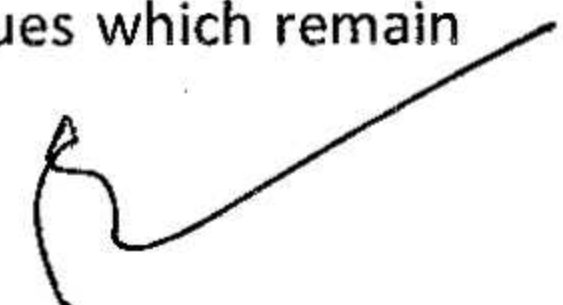
6. AUDIT OPINION

The **Annual Audit Report** on the PFS will be in the form recommended by the CAG , including a primary opinion on whether the PFS show a true and fair view. In addition, the auditor will provide opinion on the matters specified in para. Those standards require a clear written expression of opinion on whether the financial statements give a true and fair view. An unqualified opinion will indicate the auditor's satisfaction in all material respects that the financial statements give a true and fair view, they have been prepared using consistently applied generally accepted accounting principles, comply with the relevant project's legal documents and adequate disclosure of all material matters have been made. When a qualified opinion, adverse opinion or disclaimer of opinion or reservation of opinion on any matter is made due to limitation of scope or disagreement with management etc., the audit report should clearly state the reasons thereof (preferably in a separate paragraph) and, as far as practicable, quantify the effect on the financial position. The auditor should submit the report to Chief Executive Officer of FREMAA well in advance who will take further action to have two copies of the Audit of Accounts and report forwarded to Government of India and Bank within six months from the close of the financial year.

7. MANAGEMENT LETTER

In addition to the audit report, the auditor will prepare a "Management Letter" and submit it along with the Audit Report. The Management Letter will elaborate the findings of the audit and contain recommendations for improvements in internal control and other matters coming to the attention of the auditor during the audit examination. The Management Letter would include matters such as the following:

- (a) Give comments and observations on the accounting records, systems, and internal controls that were examined during the course of the audit;
- (b) Identify specific deficiencies and areas of weakness in systems and internal controls and make recommendations for their improvement;
- (c) Report on the degree of compliance of each of the financial covenants of the financing agreement and give comments, if any, on internal and external matters affecting such compliance;
- (d) Elaboration of the audit qualifications, if any, made in the audit report;
- (e) Major observations arising out of the internal audit reports and the status of their compliance.
- (f) Adequacy of compliance with previous audit findings/recommendations in the Audit Report/Management Letter and status of any issues which remain to be addressed and any issues which recurred;



- (g) Communicate matters that have come to the attention during the audit which might have a significant impact on the implementation of the Project and
- (h) Bring to the Implementing Agencies' attention any other matters that the auditor considers pertinent.

8. PAYMENT TERMS:

The Professional Fee will be Rs.2,00,000/- (Rupees Two lakh only) plus applicable taxes plus out of pocket expenses to a maximum limit of 20% of the fees . Payment shall be made against invoices on completion of the audit and submission of audit report. No proposal for variation will be allowed during the contract period.

TDS as per IT/ GST Rules will be deducted at applicable rates from all payments.

9. GENERAL

The auditor will be given full access to all documents, correspondence, and any other information relating to the programs and deemed necessary by the auditor. The Finance Management Specialist of FREMAA(PMU) will be the Nodal Officer for audit.



Capability Statement for short listing Chartered accountant Firms Statutory Audit for the Financial year 2021-22

Firms for the audit of the accounts of Flood and River Erosion Management Agency of Assam (FREMAA)

PART_A

Status of the Firm Partnership Sole Proprietorship

1. (a) Name of the firm (in Capital letters) _____
 (b) Address of the Head Office _____
 (Please also give telephone no. _____
 and e-mail address) _____

(c) PAN No. of the firm _____

2. ICAI Registration No. _____ Region Name _____
 Region Code No. _____

3. Empanelment number with C&AG;-

4. (a) Date of constitution of the firm:
 (b) Date since when the firm has a full time FCA

5. Full-time Partners/Sole Proprietor of the firm as on date.

S. No.	Continuous association with the firm	Number of FCA	Number of ACA
(a)	Less than one year		
(b)	1 year or more but less than 5 years		
(c)	5 years or more but less than 10 years		
(d)	10 years or more but less than 15 years		
(e)	15 years or more		

Note: Please attach the copy of Firm's Constitution Certificate issued by ICAI as on 1.1. 2021

6. Number of Part time Partners if any, as on 1st January, 2021

7. Number of Full time Chartered Accountant as on 1st January, 2021

8. Number of audit staff employed full-time with the firm

(a) Articles/Audit Clerks _____

(b) Other Audit Staff (with knowledge of book _____
 keeping and accountancy)

(c) Other Professional Staff (please specify) _____
(list to be attached for Sl. No. 5 to 8)

9. Number of Branches if any (please mention _____
places & locations)

10. Whether the firm is engaged in any internal or external audit or providing any other services
to any Govt. Society/ Company/Corporation or co-operative institution etc. Yes/ No
If 'yes', details may be given on a separate sheet.

11. Whether the firm is implementing quality control Policies and procedures designed to ensure
Yes/No
that all audit are conducted in accordance with Statements on Standard Auditing Practices.
(If yes, a brief note on the procedure adopted is to be enclosed)

12. Are there are any court /arbitration/ legal cases against the firm ? Yes / No
(If yes, give a brief note of the cases indicating its present status)

13. Fees earned by the firm for the last 5 years

Type of audit	PSU/Autonomous body	Companies in private sector	Banks
Statutory/Branch Audit/			
6-monthly audit review			
Internal/Concurrent Audit			
Total of the above			

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PART - B

**Undertaking
(To be submitted on Firm Letter Head)**

I/We the sole proprietor/partners of M/S----- chartered accountants do hereby jointly and severally verify and declare:-

- (i) that the particulars given are complete and correct and that if any of the statements made or the information so furnished in the application form is later found not correct or false or there had been suppression of material information , the firm would not only stand disqualified from the allotment, but would be liable for disciplinary action under the Chartered Accountants Act, 1949 and the regulations framed there under;
- (ii) that the firm proprietor or partners have not been debarred or cautioned by ICAI during the last five years (if cautioned give details);
- (iii) that individually we are not engaged in practice otherwise or in any other activity which would be deemed to be a practice under Section 2(2) of the Chartered Accountants Act, 1949;
- (iv) that the constitution of the firm as on 1st January of the relevant year shown in the Expression of Interest is the same as that in the Constitution Certificate issued by the ICAI.

Sl. No	Name of partner/sole Proprietor	Membership registration Number	PAN No.	Date of payment of fees for the relevant year ___ A/B*	Signature of partner/sole proprietor

*A for membership

B for issue of Certificate of practice

(seal of the firm)

Place

Date

Encl _____ pages

Signature of Proprietor/Sole Partner