



Dr. YSR Aarogyasri Health Care Trust

GOVERNMENT OF ANDHRA PRADESH

**REQUEST FOR PROPOSAL FOR INTERNAL AUDIT FOR
THE FINANCIAL YEAR 2021-22**



GOVERNMENT OF ANDHRA PRADESH

NOTICE INVITING BID

Web Site : <http://www.ysraarogyasri.ap.gov.in>

TENDER DOCUMENTON

FOR

Appointment of Auditor for Dr YSR Aarogyasri Health Care Trust for internal Audit of Dr YSR Aarogyasri Scheme, Employees Health Scheme, Journalist Health Scheme, and other Health Schemes

Short Tender Notice No	
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Name of the Firm and Address	

Internal Auditor Required

Request for Proposal (RFP) is invited by the CEO of Dr.YSR Aarogyasri Health Care Trust, Government of Andhra Pradesh from reputed firms of Chartered Accountants for auditing the books of accounts and filing of return of income under the provisions of IT Act. of Dr YSR Aarogyasri Health Care Trust for the schemes of Dr YSR Aarogyasri Scheme, Employee Health Scheme, Dr.YSR Aarogya Aasara Scheme, **Amaravati Land Pooling Scheme**, Aarogya Raksha and Working Journalist Health Scheme for the period from 01.04.2020 to 31.03.2021.

Time lines for submitting Tender

1. Dr YSR ACHT invite Proposal from **C&AG empanelled Chartered Accountant firms those are empanelled for the year 2021-22** for conducting the Internal audit for the FY 2021-22.
2. Financial quotations are invited by Dr.YSR Aarogyasri Health Care Trust to carry the work of Internal Audit by the Audit Firm for Dr. Dr.YSR Aarogyasri Health Care Trust for the period from 01.04.2020 to 31.03.2021 for all schemes.
3. The charges/Fee would be paid in Indian Rupees.
4. The Trust shall open the tender received before the due date of Submission of tender as per the following tender Schedule:

Description	Date and Time
Tender Notification	01.04.2021
Last date for the submission of Tender (Tender Due Date)	08.04.2021, 05:00 PM
Opening of Tenders	12.04.2021, 11:00 AM
Declaration of Qualified Tender	15.04.2021, 04:00 AM
Probable Date for issuing Letter of Award of Contract	19.04.2021, 11:00 AM
Tentative Effective Implementation Date	01.05.2021

5. The bidder, who has not quoted all the required details and rates, deemed to be rejected.

1. Eligibility Criteria:

- a) **C&AG empanelled major audit firms:** Chartered Accountant firms those are empanelled with C&AG for the year 2021-22 only will be eligible for the audit of the Dr.YSR Aarogyasri Health Care Schemes.
- b) The CA firm should have at least an experience of 10 years from the date of registration of the firm. (Copy of self-attested registration certificate is required be submitted)
- c) **Preference of firms having H.O./Local Branch office in the State Capital:** The firms having H.O/Local Branch Office in Vijayawada/Guntur at latest minimum 4 years in the Capital of Andhra Pradesh State is to be given preference at the time of finalizing the financial bid.

d) **Other parameters:**

S No	Item	Criteria Requirement		Proof Required
1	Experience	10 Years	Must meet requirement	Copy of ICAI Firm Registration
2	Financial Strength	(i) Historical Financial Performance: Submission of audited balance sheets, other financial statements acceptable to the Trust, for the last three (3) years to demonstrate the current soundness of the bidders financial position, profits, net worth positive and its prospective long term profitability for FYs 2019-20, 2018-19, 2017-18.	Must meet requirement	Audited balance sheets
		(ii) Average Annual Turnover: Minimum average annual turnover of Rs Three hundred (300) lakhs calculated as total certified payments received for contracts in progress or completed, within the last three(3) years i.e., FYs 2019-20, 2018-19,2017-18.	Must meet requirement	Audited balance sheets
3	Partners	10 Partners out of which 6 Partners should FCA	Must meet requirement	Copy of ICAI Firm Registration
4	Experience	Experience: Experience in Audit works of at least <ul style="list-style-type: none"> • One work of Rs Thirty (30) lakhs or • Two works of Rs Twenty-Five (25) lakhs each or • Three works of Rs Ten (10) lakhs each. 	Must meet requirement	Appointment Letters

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2. **CONTRACT PERIOD:** The selected Chartered Accountant Firm will be required to provide the above mentioned services as Internal Auditors initially for one accounting year that is 2021-22 and will be renewed subject to a maximum period of 3 years depending upon satisfactory performance, on mutually agreed terms.

3. **EMD (Bid Security)**

An amount of Rs. 2,00,000/- shall be deposited as EMD and amount payable through DD drawn in favour of “CEO Dr.YSR Aarogyasri Health Care Trust” payable at Vijayawada.

4. **Refund of Security Deposit (EMD)**

In case of unsuccessful bidders whose tenders are not considered for placing order, the Earnest Money Deposit will be refunded without any accrued interest within three months of the final decision for selection of Agency / Firm.

Dr.YSR Aarogyasri Health Care Trust reserves the right to forfeit part or full security deposit amount without assigning any reason, if bidder is found in violation of all any of the tender conditions.

5. **Minimum Audit Fee:** The professional fee will quoted in the tender document “as per notification for ICAI (Guideline No.1CA(7)/03/2016) regarding professional fees, any firm cannot apply for Internal Audit Tender in which fees is not mentioned” . A minimum fee of Rs.15,00,000/- may be prescribed for Internal Audit.

6. **Guidelines for Submitting the Proposals:**

Agencies are required to submit the proposal as per the guidelines and formats detailed out in the following paras:

- i. The original and all copies of the Technical Proposal shall be placed in a sealed envelope clearly marked “**TECHNICAL PROPOSAL**”. Similarly, the original Financial Proposal shall be placed in a separate sealed envelope clearly marked “**FINANCIAL PROPOSAL**” followed by the name of the assignment and with a warning “**DO NOT OPEN WITH THE TECHNICAL PROPOSAL.**” The envelopes containing the Technical and Financial Proposals shall be placed into an outer envelope and sealed.

This outer envelope shall bear the submission address, reference number and title of the Assignment, and be clearly marked “**DO NOT OPEN, EXCEPT IN PRESENCE OF THE OFFICIAL APPOINTED.** The Dr.YSR Aarogyasri Health Care Trust shall not be responsible for misplacement, loss, or premature opening if

the outer envelope is not sealed and/or marked as stipulated. This circumstance may provide a case for Proposal's/ bid's rejection. If the Financial Proposal is not submitted in a separate sealed envelope duly marked as indicated above, this shall constitute grounds for declaring the Proposal non-responsive/ invalid.

- ii. All agencies must comply with the Technical Specification, General Conditions and Format/Requirements for Technical and Financial proposal.
- iii. Financial proposals submitted by the firm should be valid for 3 months from the date of submission of the proposal by the firm.
- iv. Each page, Form, Annexure and Appendices of the Technical and Financial Proposal must be signed by the Authorized signatory of the firm.
- v. All blank spaces in the financial proposal must be filled in completely where indicated, either typed or written in ink.
- vi. Dr.YSR Aarogyasri Health Care Trust reserves the right to accept or reject any proposal without giving any explanation and can change the evaluation criteria as per its requirements in the interest of the organization.
- vii. Firm shall have to depute appropriate no. of teams for timely submission of Audit Report and to attain quality of audit.

7. Confidentiality:

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

8. Pre-qualification & Commercial Bid will consist:

- i Letter of Transmittal (Form T-1)
- ii Pre-qualification Proposal format (Form T-2)
- iii Commercial Bid format (Form F-1)

Address for submission:

CEO, Dr.YSR Aarogyasri Health Care Trust
MGM Capital Building, Near NRI Y Junction,
Chinna Kakani(V),Mangalagiri(M),
Guntur - 522508
e-Mail ID : ceoap@ysraarogyasri.ap.gov.in
Ph: 0863-2222802/2259861

Letter of Transmittal

To,
The Chief Executive Officer,
Dr.YSR Aarogyasri Health Care Trust,

Sir,

We, the undersigned, offer to provide the audit services for Dr.YSR Aarogyasri Health Care Trust in accordance with your Request for Proposal dated _____[Date]. We are hereby submitting our Proposal, having details about the firm and proposed audit fees.

We hereby declare that all the information and statements made in this Proposal are true and accept that any misinterpretation contained in it may lead to our disqualification.

The Fees quoted by us is valid till four months from the date of submission of the proposal. We confirm that this proposal will remain binding upon us and may be accepted by you at any time before the expiry date.

Prices have been arrived independently without consultation, communication, agreement or understanding (for the purpose of restricting competition) with any competitor.

We agree to bear all costs incurred by us in connection with the preparation and submission of the proposal and to bear any further pre-contract costs.

We understand that Dr.YSR Aarogyasri Health Care Trust is not bound to accept the lowest or any proposal or to give any reason for award, or for the rejection of any proposal.

I confirm that I have authority of [*Insert Name of the C.A. Firm*] to submit the proposal and to negotiate on its behalf.

Yours
faithfully,

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Form T-2
Format for Pre-qualification Bid

Sl No	Particulars	Supporting documents required to be submitted along with form
1	Name of the firm	
2	Address of the Firm	Attach proof of address of the firm
	Name & Mobile No. of In-charge	
3	Date of establishment of the Firm / No. of years of firm existence	Attach copy of Partnership Deed
4	Date since when is HO/BO at Hyderabad	
5	Firm Income Tax PAN No.	Attach copy of PAN card
6	Firm Service tax Registration No.	Attach copy of Registration
7	Firms Registration No. with ICAI	Attach a copy of certificate downloaded from ICAI website showing the name & address and partners etc.
8	Empanelment No. with C&AG	Attach proof of empanelment with C&AG confirming that the firm is eligible for major PSU audits.
9	Audit Experience of the Firm a) No. of Assignments in Commercial/Internal Audit b) No. of Assignments of Trusts, PSUs & NGOs	Copy of the offer letter and the fee charged for each assignment. (Relevant evidences to be given of the turnover and free)
10	Details of Partners: a) No.of Full Time Fellow Partners associated with the Firm b) Name of Each Partner c) Date of becoming ACA and FCA d) Date of joining the Firm e) Membership No. f) Qualification g) Experience h) Whether partner engaged full time or part time with firm. i) Contact Mobile No, email and full address of partner.	Attested copy of Certificate of ICAI not before 01.01.2021 (Use separate paper if necessary, to furnish Partners details)

** Proof of documents as mentioned in the Point No.5(d) should be attached to the Technical Proposal.

FORMAT FOR COMMERCIAL BID

Particulars	Total Amount (in Rupees)
<p><u>AUDIT FEE</u></p> <p>a) Audit Fee - Rs. _____ (Exclusive applicable taxes)</p> <p>Note: Percentage of funds involved shall not be a basis of quoting the Audit Fee</p>	<p>Both in Numeric and in Words</p> <p>Rs. _____/</p> <p>(Rupees _____ _____ only)</p>

Note: In case of change in the rate of Service Tax the revised Service Tax shall be paid.

SCOPE OF WORK

The audit firm should be familiar with the relevant Accounting and auditing standards including Internal Accounting Standards and Guidance notes issued by the ICAI and will include such tests and controls as the auditor considers necessary under the circumstances.

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

1. Revenue :

Review of internal check and control procedures with an objective to assess their adequacy and strength, in respect of

- Verification of grants received from state and central govt and it's utilisation
- Verification of Empanelment fee from Network Hospitals
- Fines and fee collected during the financial year and their accounting treatment in the books of accounts
- Amount received from sale of scrap through tenders and their terms and conditions
- Verification of rental income along with rental agreements if any.
- Verification of income from investment with rate of interest
- Other incomes accounted – forfeited amounts from suppliers and contractors etc

2. Expenses:

Review of internal check and control procedures with an objective to assess their adequacy and strengthen, in respect of:

A. Claims payments to Network Hospitals:

Verification of all Claims approved process and payments to networks hospitals as per the Guidelines, SOP's, Manual, and circulars and the types of claims as follows.

- Regular Claims
- Follow-up claims
- Cochlear
- Cochlear follow-up
- Health camps.
- Remuneration to Panel doctors.

B. Establishment and Administrative expenses

- Salaries and wages- Salaries and wages to be verified with respective HRMS module for different categories of employees
- Verification of advances given to employees, deductions from salaries and accounting treatment in books of accounts.
- Verification of retirement benefit of employees as per pay scale reference.
- Administrative expenditure – Verification of administrative expenditure with supporting and proper approvals.

- Financial expenditure – Verification of interest paid on loans with rate of interest and terms of sanctions and their accountability.
- Verification of prior period expenses accounted in the current year if any.
- Verification of current year taxes paid and the amount of provision made towards income tax and their accountability in books of accounts.
- Verification of Amount written off to P&L account along with the supporting documents and its accountability.
- Verification of repairs and maintenance expenses with supporting bills and vouchers.
- Verification of other incidental expenses related to various schemes along with their estimated budgets vs actual etc.

3. EMD's and Security Deposits.

- Verification of EMD's each party wise as per the terms of agreements and their adjustment in the books of accounts.
- Verification of SD's each party wise as per the terms of agreements and release of the SD only after completion of the respective assignment with proper approvals

4. Current liabilities – Creditors

- Verification of compliance of terms and conditions in the agreement between Trust and Suppliers/creditors
- Verification of payments made to Network hospitals as per Standard Contract Agreement.
- Verification of payment made to creditors as per agreed terms and conditions
- Verification of implementation of escalation clauses if any in the agreement and their accounting treatment in the books.
- Interest on advances given to creditors as per the terms of sanctions and their accounting.
- Verification of Trust records whether the physical verification of materials received and their state of condition for the respective projects were accounted properly.
- Vendor masters- check
- List of all agreements/contracts with all vendors to be compiled- contract management system to be audited- checklist for monitoring the terms and expiry – adequate or needs for improvement
- Check the standard Purchase procedures and processes followed– test the controls – comment on adequacy and suggestions for improvement- changes for improving internal controls
- Vendor selection/appointment processes- KYC norms- documentation in place to be verified and comment on adequacy and suggestions for improvement

- Audit of taxes and levies paid on purchases- whether service tax, VAT, any other taxes are taken correctly - audit of system – to check whether the system of recognising/paying taxes correctly is adequate or needs strengthening so that there are no leakages.

5. Internal liabilities

Toward Income Tax:

- Verification of TDS deduction as per the applicable rate in the Income Tax Act 1961.
- Remittance of deducted amount within due dates
- Verification of filing of Internal returns within due date.
- Verification of exemption certificates for non-deduction or lower deduction of TDS

Towards Employee deductions:

- Verification of Internal deductions as per the applicable government orders.
- Verification of ESI, EPF, Service tax and if any applicable Internal provisions on outsourcing and contract employees as per Agreements and Acts.
- Remittance of deducted amount to state /Central Government within due dates

6. Provisions

- Verification of provision made towards income tax
- Whether provisions were created for all the known expenditures and losses.
- System/Basis for making provisions for various expenses at the end of the year.

7. Tangible Assets

- Verification of records with original bills for all Assets
- The accounting treatment followed for depreciation on Fixed assets
- Verification of vehicle purchase for respective authorities along with their sanctioning orders
- Verification of assets disposed during the year and their accounting treatment in the books of accounts.
- Verification of Impairment provided if any fixed assets as per the provisions of AS - 28.
- Verification of revaluation assets made during the current year and their accounting treatment in the books of accounts.
- Adequate coverage of Insurance for properties.

8. Investments

- Verification of investment in bank and other public/private institutions.
- Rate of interest – Accountability of Accrued interest.
- Verification of Shares with original share certificate.
- Verification of Fixed deposits with Original FDR receipts.
- Provision created for any diminution in the value of investments.

9. Cash and bank balances.

- Physical Verification of Cash Balances.
- Verification of bank payments as per MOU with bankers.
- Verification of all banks receipts and payments with supporting documents.

10. Loans and advances to employees and others

- Verification of loans and advances given to employees – terms of sanctions- rate of interest-period of recovery.
- Adjustment of advances with the proper utilisation certificates.
- Confirmation of advances with the third parties with written representations.
- Whether adequate provision for doubtful advances.

11. Reconciliations on monthly basis.

- Verification of reconciliation of all Bank Accounts.
- Verification of reconciliation of fixed deposits.
- Reconciliation of all types of Claims reports.
- Reconciliation of Remuneration of panel Doctors.
- Reconciliation of Revolving fund deduction on Government hospitals.

12. Reporting on monthly basis login wise approvals pending with accounts Departments.

13. Review of Empanelment of Hospitals procedures with SCA documents.

14. Review of EDC documents.

Other areas

- System of appointing and monitoring service vendors- agreements, monitoring- documentation regarding reports- internal controls.
- Audit of Banking systems- collections, payments, treasury management, idle funds, interest income and payments.
- Audit of related party transactions during the year, system/policy and procedure of sharing expenses- adequacy and internal control - suggestions for improvement.

Focus areas

Focus areas will be discussed with the Heads of the respective departments and management. Focussed areas will be selected and modified based on value and materiality of the transactions. In each quarter special focus shall be given to following critical areas apart from vouching and verification stated above.

1. Physical verification of all fixed assets.
2. Internal compliances such as TDS, service tax, PT etc.
3. Reconciliation of vendor accounts.
4. Compliance of delegation of powers exercised by the departmental heads and officers

The above scope of the work is not exhaustive, which may change according to the requirement of the Management.

REPORTING:

The internal audit of the accounts should be carried on monthly basis. In no case there should be overlapping of any two months. Monthly reports need to be submitted to the Trust on Monthly basis within a period of 15 days after end of each month.

The internal audit report is to be prepared in four parts as given below:-

- Part –I : Management Summary including the methodology adopted for auditing and Suggestions.
- Part- II : Detailed Internal Audit Report
- Part- III : Action Taken Report (Current/Previous)
- Part- IV : Non-Compliance with Previous Reports.

Action taken or not and compliance made or not in terms of the internal audit report of the preceding month/quarter should be clearly stated in the report of the succeeding month/quarter for management action.

STAFFING:

The Internal Auditor shall deploy resources mentioned below:

S.No	Resources	Availability	Qualifications & Experience
1	Qualified CA	1 (Must attend twice in a week)	CA (Final completed), 5yrs of experience
2	Qualified CA	1 (daily for entire period)	CA (Final completed), 2yrs of experience
3	Semi Qualified	2 (daily for entire period)	CA (Inter completed), 1 Year of experience

DELIVERABLES**a. From FY: 2021-22**

Periods (Month)	Timelines / expecting date to complete the task i.e. complete scope
April	31 st May
May	30 th June
June	31 st July
July	31 st August
August	30 th September
September	31 st October
October	30 th November
November	31 st December
December	31 st January
January	28 th February
February	31 st March
March	31 st May

Service Level Agreements (SLAs):**FY 2021-22:**

S No	Period	Completion Date	Penalty applicable from	Value of Penalty
1	April	31 st May	1 st June to 30 th June 2021	2% of relevant month payment for proportionate work
			1 st July to 31 st July 2021	7% (2+5) of relevant month payment for proportionate work
			1 st Aug to 31 st Aug 2021	17% (2+5+10) of relevant month payment for proportionate work
2	May	30 th June	1 st July to 31 st July 2021	2% of relevant month payment for proportionate work

			1 st August to 31 st August 2021	7% (2+5) of relevant month payment for proportionate work
			1 st September to 30 th September 2021	17% (2+5+10) of relevant month payment for proportionate work
3	June	31 st July	1 st August 2021 to 31 st August 2021	2% of relevant month payment for proportionate work
			1 st September to 30 th September 2021	7% (2+5) of relevant month payment for proportionate work
			1 st October to 31 st Oct 2021	17% (2+5+10) of relevant month payment for proportionate work
4	July	31 st August	1 st September to 30 th September 2021	2% of relevant month payment for proportionate work
			1 st October to 31 st October 2021	7% (2+5) of relevant month payment for proportionate work
			1 st November to 30 th Nov 2021	17% (2+5+10) of relevant month payment for proportionate work
5	August	30 th September	1 st October to 31 st October 2021	2% of relevant month payment for proportionate work
			1 st November to 30 th Nov 2021	7% (2+5) of relevant month payment for proportionate work
			1 st Dec to 31 st Dec 2021	17% (2+5+10) of relevant month payment for proportionate work
6	September	31 st October	1 st Nov to 30 th Nov 2021	2% of relevant month payment for proportionate work
			1 st Dec to 31 st Dec 2021	7% (2+5) of relevant month payment for proportionate work
			1 st Jan to 31 st Jan 2022	17% (2+5+10) of relevant month payment for proportionate work
7	October	30 th November	1 st Dec to 31 st Dec 2021	2% of relevant month payment for proportionate work
			1 st Jan to 31 st Jan 2022	7% (2+5) of relevant month payment for proportionate work
			1 st Feb to 28 th Feb 2022	17% (2+5+10) of relevant month payment for proportionate work
8	November	31 st December	1 st Jan to 31 st Jan 2022	2% of relevant month payment for proportionate work
			1 st Feb to 28 th Feb 2022	7% (2+5) of relevant month payment for proportionate work
			1 st Mar to 31 st Mar 2022	17% (2+5+10) of relevant month payment for proportionate work
9	December	31 st January	1 st Feb to 28 th Feb 2022	2% of relevant month payment for proportionate work
			1 st March to 31 st March 2022	7% (2+5) of relevant month payment for proportionate work
			1 st April to 30 th April 2022	17% (2+5+10) of relevant month payment for proportionate work
10	January	28 th February	1 st March to 31 st March 2022	2% of relevant month payment for proportionate work
			1 st April to 30 th April 2022	7% (2+5) of relevant month payment for proportionate work
			1 st May to 31 st May 2022	17% (2+5+10) of relevant month payment for proportionate work
11	February	31 st March	1 st April to 30 th April 2022	2% of relevant month payment for proportionate work
			1 st May to 31 st May 2022	7% (2+5) of relevant month payment for proportionate work
			1 st June 30 th June 2022	17% (2+5+10) of relevant month payment for proportionate work
12	March	31 st May	1 st June to 30 th June 2022	2% of relevant month payment for proportionate work
			1 st July to 31 st July 2022	7% (2+5) of relevant month payment for proportionate work
			1 st August to 31 st august 2022	17% (2+5+10) of relevant month payment for proportionate work

INSTRUCTIONS FOR SUBMITTING TENDER

1. Sealed financial quotations are invited by DR. YSR AHCT to carry the work of Internal Audit by the Audit Firm for Dr. DR. YSR AHCT for the Financial Year 2021-22.
2. The charges/Fee would be paid in Indian Rupees.
3. Mandatory Experience is required on the following:
 - a) Forensic Auditing tools
 - b) Previous track record of good audit work in Government.
 - c) Proof of association with Government Agencies in detecting frauds.
4. Copy of Firm Registration with the Institute of Chartered Accountants of India.
5. **Historical Financial Performance:** Submission of audited balance sheets, other financial statements acceptable to the Trust, for the last three (3) years to demonstrate the current soundness of the financial position of the Audit firm, profits, net worth positive and its prospective long term profitability for FYs 2019-20, 2018-19 & 2017-18.
6. The request for proposal shall be downloaded from **Dr. DR. YSR AHCT website at www.ysraarogyasri.ap.gov.in/.**
7. **Cost for downloading the request for proposal:**
Rs 1000/- in the form of DD shall be drawn of in favour of The CEO Dr. YSR Aarogyasri Health Care Trust, Vijayawada. The cost of the downloading the scope of work shall be submitted along with the DD on or before the due date.
8. The demand draft shall be taken in favour of **“CEO, DR YSR Aarogyasri Health Care Trust payable at Vijayawada.**
9. **Security Deposit:** The successful bidder should submit the Security Deposit an amount of Rs.2, 00, 000/- at the time of signing of the Contract/LO.
10. **Confidentiality:**
Information relating to evaluation of Proposals and recommendations concerning contract award shall not be disclosed, who have submitted Proposals or to other persons not officially concerned with the selection process until the successful firm has been notified and contract awarded.

Address for submission:

CEO, Dr.YSR Aarogyasri Health Care Trust

MGM Capital Building, Near NRI Y Junction,

Chinna Kakani(V),Managalagiri(M),

Guntur - 522508

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