

Dr. PANJABRAO DESHMUKH JAIVIK SHETI MISSION

PROJECT MANAGEMENT UNIT (PMU) AKOLA

Terms of Reference (External Auditor)

Project/ Mission Introduction:

The Maharashtra Government has set up a mission for promoting Organic Agriculture in the state by passing a Government Resolution No. जैशेमि / १०१८ / प्र. क्र. १२५ / १७ अ on 16th October 2018 through the state department of Agriculture, Animal Husbandry, Dairy Development and Fishery. The mission has been named Dr. Panjabrao Deshmukh Organic Farming Mission - Akola. The Mission will help the farmers in production, certification, processing and marketing of farm products such as fruits, vegetables, pulses and grains, which would be free from chemical fertilizers, pesticides and insecticides.

The mission will be implemented in the vidharbha region namely six districts Akola, Amravati, Buldhana, Wardha, Washim and Yavatmal. The mission will have headquarter (Project Management Unit) at Akola and District Management Units at respective six districts. The mission will focus grass root level activities through selected Service Providers for six districts. A budgetary provision of Rs. 100 cores has been made by the state government for the mission to be implemented in four years period.

The aim of the mission is to achieve increased productivity through organic farming and sustainable, low external agriculture input with a reduction in production costs and establish Organic produce marketing chain /linkages which is expected to result in increased household incomes and improved food security with nutrition values. The implementation is being done through 500 Groups of villages of six districts covering appx. 10,000 to 12,500 farming families.

Terms of Reference

The following are the terms of reference (TORs) on the basis of which Dr Panjabrao Deshmukh Jaivik Sheti Mission Hereafter called as **Mission**. Mission Programme Management Unit (PMU) at Akola agrees to engage the **audit firm** ("the auditor") to perform an annual audit of PMU including audit of the books pertaining to Mission Funds of Service providers (Implementing Agencies). **Responsibilities of the stake holders to the engagement**

The Project Management Unit (PMU) refers to the entity that executes the project on behalf of the State Government based on annual release of the budgetary allocations.

All the stake holders accepts that the ability of the auditor to perform the procedures required by this engagement effectively by providing full and free access to its staff and records and accounts.

"**The auditor**" refers to the auditor who is responsible for performing the agreed procedures as specified in these TORs, and for submitting a report of factual findings to the **Mission (PMU)**.

1. The auditor shall sign and provide:

- a. A separate opinion on the project financial statements (PFSs), Procurement and expenditure of the project professional auditing standards.
- b. A utilization Certificate for Expenditure from received grant from Government of Maharashtra/ Center Government.
- c. A separate opinion on Grant Distribution/statements of expenditure/summary of expenditures (SOEs). The audit will include a review of SOEs used as the basis for Grant utilization. SOE expenditures will be carefully compared for eligibility with relevant financial agreements with reference to the project design for guidance.
- d. The auditor is also required to check and verify the previous years' SOEs if they have a material effect on the SOEs pertaining to the audit period, and project's actions undertaken to settle observations raised during the current audit year
- e. A separate management **letter** addressing the adequacy of the accounting and internal control systems of the Mission.
- f. The auditor is requested to comment on:
 - Legal and financial obligations and commitments of the project and the extent of compliance or non- compliance thereof;
 - Follow up on the status of implementation of previous years recommendations.
 - Whether procurement has been undertaken by the project & IAs/partners in accordance with applicable
 - Procurement procedures and Procurement Guidelines;
 - Whether the project has an effective system of financial supervision or internal audit at all levels; and
 - Whether the expenditures claimed through SOEs are properly approved, classified and supported by adequate documentation.

2. The Auditor shall be Firm or a partnership firm registered with or a member of the Institute of Chartered Accountants of India (ICAI).

3. Subject of the engagement

The subjects of this engagement are the financial statements for period covering 01/04/2019 to 31/03/2020 & 01/04/2020 to 31/03/2021 with the agreement.

The information, both financial and non-financial, that is subject to verification by the auditor is all information that makes it possible to verify that the expenditures in financial statements have occurred, and are accurate and eligible.

4. Reason for the engagement

The Mission is required to submit to Government of Maharashtra an audit report produced by an external auditor.

5. Engagement type and objective

This constitutes an engagement to perform specific agreed procedures provided to the auditors by the Mission.

To verify that the expenditures claimed by the Mission in the financial statements for the activities covered by the agreement have occurred ("reality"), are accurate ("exact") and are eligible (i.e. that expenditure has been incurred in accordance with the terms and conditions of the agreement); and

To submit a report of factual findings with regard to the agreed procedures performed.

6. Scope of work

a. The auditor shall undertake this engagement in accordance with this TORs and with:

- International Standards on Auditing (ISAs) to perform agreed procedures
- The Code of Ethics for Professional Accountants are complies.

b. Terms and conditions of the agreement

The auditor verifies that the funds provided by the Government of Maharashtra / Center Government were spent in accordance with the terms and conditions of the Resolution and Mission Guidelines.

c. Planning, procedures, documentation and evidence

The auditor should plan the work so that an effective audit can be performed and uses the evidence obtained from these procedures as the basis for the report of factual findings. The auditor should document matters that are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with the TORs.

7. Reporting

The report on this audit should describe the purpose and the agreed procedures of the engagement in sufficient detail to enable the Mission and Government of Maharashtra to understand the nature and extent of the procedures performed by the auditor. Use of financial and audit reporting is governed by GoM rules.

8. Other terms

Fees of External Auditor:

The payment of the fees (INR) for the services of the CA firm will be made by the Mission's PMU.

Number of Days: As All Accounting transaction is at Project Management Units and based on the volume of transactions for FY 2019-2020 (Approximate Rs 30 lacs) and FY 2020-2021 (Approximate Rs 500 lacs) number of days estimated for completion of work will be 10 days.

Basis of Accounting and Accounts software: The Project is Cash Basis of Accounting and accounting is through Manual Accounting as per Government rules.

Separate opinion on Service Providers' Claims/statements of expenditure/summary of expenditures-

The Auditor is required to check and verify the Books of Accounts of the Mission and Service Providers, Claim settled by the Mission and give a Separate opinion on Claims/statements of expenditure /summary of expenditures and compliances as per the Partnership Agreement. (Agreement between Mission and Service Providers) .

9. Qualifications & Experience of Consultants for External Audit.

Qualifications & Experience of Consultants for External Audit is as follows:

- a. The Auditor shall be a partnership firm registered with or a member of the Institute of Chartered Accountants of India (ICAI) and the Auditor shall be empanelled with the Comptroller & Auditor General of India under “List of Firms for Major audits” to ensure quality of audit. [Relevant documents viz, partnership deed, Certificate of membership and practices, Certificate of enplanement etc should be submitted with the Technical Proposal.
- b. The Auditor expressing an interest should have an average annual turnover of Rs. 25.00 Lac. and above in each of the last Three Financial Years. [Relevant documents viz, Audited financial statements and a certificate from Chartered Accountant in support of satisfying the criteria should be submitted with Technical Proposal]
- c. The Auditor shall have at least 2 full time partners/chartered accountants in continuous existence for a period of not less than 5 year with either its Head Office or Branch Office in Maharashtra. [Relevant documents viz, letter of constitution certificate issued by ICAR should be submitted with Technical Proposal]
- d. Auditor must have experience of minimum 10 assignments in last 5 years either in the area of CAG Audits, Social Audit, Statutory Bank Audit, External Aided Projects or Government Project. [Work experience must be supported by documentary evidence, with Technical Proposal]
- e. Auditor must have experience of minimum 3 assignment of audit of External Aided Projects, Government Project and anybody with higher assignments in this area will get higher technical scoring.
- f. The Auditor shall submit a declaration of neither ineligibility for corrupt and fraudulent practices nor should they have been blacklisted by the ICAI, State Government/Central Government of India or any legal Institution or its agencies and the Auditor shall submit self-declaration for the same on its letter head.
- g. The Auditor should give a declaration that the neither the firm nor the staff have any conflict of interest in accepting the assignment.
- h. The Auditor should not have been appointed for any other audit assignment - management consultancy, internal auditor etc of the Mission.
- i. The Mission will not consider any subletting/outsourcing/joint venture proposal for Audit.
- j. The Auditor shall have sufficient number of employees to handle the audit of the project. The break up details of the team headed by the Chartered Accountant / Partner of the CA Firm are -

KEY PERSONNEL

The list of key personnel's required for this assignments;

Sr. No	Key Professional	Description of Services to be provided	Experience	No. of persons
1	Audit Manager	Overall coordination, & planning, team leadership, reporting, liaison with client	Qualified Chartered Accountant with at least 5 years' experience as a partner with expertise in the area of external audit	1
2	Audit Team Leader	Responsibility to lead the audit teams in the field, planning and execution of the audits, discussion with heads of offices, consolidation/compilation	Qualified Chartered Accountants with at least 3 years experience in external audit with ability to lead and team and interact with senior level Government officials	1
3	Senior Audit Asst. (Minimum three Persons Required)	Vouching and verification of PMU and DPMT, IAs books of accounts	CA (Inter) with 3 years of experience in Accounting, audit and report writing.	4
