

EOI No.: 07/2017-18

Dated: 13/02/18

REQUEST FOR EXPRESSION OF INTREST
(CONSULTING SERVICES – FIRMS SELECTION)

India

Odisha Livelihoods Mission

National Rural Livelihoods Project (NRLP)

Credit No. :

Assignment Title: "Hiring of CA Firm for Statutory Audit for the Financial Year 2017-2018 under Odisha Livelihoods Mission"

Reference No: PP/Con/C.7

1. The Government of India has availed a credit from International Development Association (IDA), towards the National Rural Livelihoods Project which aims to support the National Rural Livelihoods Mission under the Ministry of Rural Development, Government of India; and intends to apply part of the loan proceeds to make payments under the contract for the following services:

SUBJECT: The consulting services ("for Statutory Audit for the Financial Year 2017-18 under Odisha Livelihoods Mission") include following;

2.BACKGROUND :

The Government of Odisha (GoO), is implementing National Rural Livelihood Mission (NRLM)/National Rural Livelihood Project (NRLP) through the Odisha Livelihoods Mission (OLM), a society registered under Society Registration Act,1860. The OLM aims to improve rural livelihoods and enhance social and economic empowerment of the rural poor. This would be done by developing organizations of rural poor and producers to enable them to access and negotiate better services, credit and assets from' public and private sector agencies and financial organizations. At the community level, OLM will primarily work through Self Help Groups of the poor, with rural women members within the household, particularly of the tribal people and vulnerable sections. It will provide intensive, hand-holding support to the SHGs in order to help them become vibrant, self-managed and sustainable organizations, founded on the principles of mutual trust and self-help among the members. Each SHG will follow a clearly laid-out sequential path of gradual development that will include responsible management of group funds through savings and inter-lending. At different stages of project support, each SHG's capacity will be rigorously assessed and rated against certain milestones.

NRLP/NRLM is executing with intensive approach through an implementation architecture consisting of:

- State Mission Management Unit (SMMU) at state level (Bhubaneswar).
- District Mission Management Unit (DMMU) at district level.
- Block Mission Management Unit (BMMU) at block level.

The DMMUs & BMMUs shall be responsible for all activities and processes in the target Gram Panchayats/villages. The other sub-schemes being implemented under the ODISHA LIVELIHOOD MISSION are Mahila Kisan Sashaktikaran Yojana (MKSP), Rural Self Employment Training Institute(RSETI), Odisha Aam Aadmi Bima Yojana(OAABY) and Interest Subvention (Centrally Sponsored Projects and State Plan), Livelihoods Value Chain, Financial Inclusion-BC and SVEP.

3. OBJECTIVES:

The objective of the audit is to ensure that the Society receives adequate independent, professional audit assurance that the proceeds of funding agencies were used for the purposes intended, that the annual consolidated financial statement/individual project financial statement are free from material misstatement, and that the requirements of the projects/programs were complied with in all material respects.

The objective of the audit of the ODISHA LIVELIHOOD MISSION (OLM) Financial statement is to enable the auditor to express a professional opinion as to whether:

- (I) The Consolidated Financial Statements of the Society (CFS) and individual Project Financial Statements (PFS) give a true and fair view of the sources and applications of OLM funds for the period under audit examination;
- (II) The funds were utilized for the purposes, for which they were provided,
- (III) The procurement procedures prescribed in the Procurement Manual of OLM has been followed; and
- (IV) The expenditures reported in the Consolidated Financial Statements/Project Financial Statement of the Society are eligible for financing/funding under the relevant program/project guidelines. In addition, where applicable, the auditor will express a professional opinion as to whether the Financial Management Reports submitted by project management units may be relied upon to support any application for reimbursement under the project/program.

The books of account that provide the basis for preparation of the Project Financial Statement are established to reflect the financial transactions of the mission and are maintained by OLM and its constituent state, district and Block Mission Management level units.

4. AUDIT STANDARDS:-

The audit will be carried out in accordance with the Auditing Standards promulgated by the Institute of Chartered Accountants of India. The auditor should accordingly consider materiality when planning and performing the audit to reduce audit risk to an acceptable level that is consistent with the objective of the audit. Although the responsibility for preventing irregularity, fraud, or the use of credit/loan proceeds for intended purposes remains with the borrower, the audit should be planned so as to have a reasonable expectation of detecting material misstatements in the mission financial statements.

5. SCOPE :-

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

- All mission funds have been used in accordance with the conditions of the relevant project/program agreements and only for the purposes for which the financing was provided. Relevant project/programme agreements include the Program Guidelines, Financial & Procurement Manuals and other circulars, office orders issued by MoRD, GoI. / OLM, GoO.
- Effective financial management systems' including internal controls were in operation throughout the period under audit examination. 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; methods of remedying weak controls or creating them where there are none; verification of assets and liabilities; and integrity, controls, security and effectiveness of the operation of the computerized system etc.
- All necessary supporting documents, records, and accounts have been kept in respect of all mission transactions including expenditures reported via Interim un-audited Financial Reports (IUFs)/SoE where applicable. Clear linkages should exist between the books of account and reports presented to MoRD;
- The mission accounts have been prepared in accordance with the accounting principles defined in the Odisha Livelihood Mission Financial Manual and give a true and fair view of the financial position of the OLM at the year end and of resources and expenditures for the year ended on that date. Counterpart funds are required under individual programs have been provided by the state;
- Fund releases to Community Based Organizations (CBO's) are in compliance with the conditions in the Community Operations Manual/ guidelines;
- Goods and services financed have been procured in accordance with the procurement procedure prescribed in the Procurement Manual of OLM.
- The Odisha Livelihood Mission has a reasonable system of physical verification of asset constructed or acquired by the Odisha Livelihood Mission.
- The fund flow from Odisha Livelihood Mission SMMU to District, Block, GPLF and SHG as per Standard Operating Procedure.
- The general principles with respect to the accounting treatment for the above are as follows:
 - o At the district level, block level expenditure are required to be compiled on the basis of books of accounts and not UCs;
 - o Fund transfers to GPLF/SHG for revolving funds [CIF/PPIF and other revolving funds, by whatever name called] are considered as expenditure at the point of release of funds; all other fund releases [IB, Start Up, Livelihood Initiatives etc.] are considered as advances and accounted for as expend only on the basis of GPLF monthly financial statements
 - o Funds advanced to or placed with other GoO institutions/departments will not be treated as expenditure unless the SoE received from the executive agencies. These SOEs will be subject to annual audit of OLM.

6. DELIVERABLES:-

- Examination of Books of Account and Financial Records (such as cash book, journal, ledger etc.)
- Verification of bill vouchers and all supporting documents in respect of payment.
- Trace out all funds included in OLM Account (including all current liabilities).
- Verification of all advances (i.e. all pending and settlement).
- Verification of Bank Reconciliation Statements.
- Ensuring that all supporting documents are present for receipt and utilization of Govt. fund.
- Verification of fixed asset register & Procurement process on a sample basis.
- Review of Internal Audit observation & compliance made by OLM.
- Verification of final account(Receipt & Payment account, Income & Expenditure account , Balance Sheet) duly prepared by OLM and certified by Internal Auditor (District and State)
- Preparation of Audit observation and report for discussion with client/Management.
- Follow up on the compliance of prior audit observation.

7. ELIGIBILITY

- A. Offer is invited from those Chartered Accountants Firms who fulfill the following requirement:
 - I. The firm should be Odisha based and in the approved panel of Comptroller Auditor General of India (CAG of India) for the year 2017-18. (Proof to be attached)
 - II. The firm should have 10 years of experience in Statutory Audit/Internal Audit and have audit experience of at least one externally aided project or Centrally Sponsored Scheme.
 - III. Additional preference shall be given to the firm having completed assignment of Statutory Audit for EAP/Centrally Sponsored Scheme.
 - IV. Additional preference shall be given to the firm having completed assignment of Statutory Audit for Government livelihoods project.
 - V. The organization must have at least 02 FCA's who have 5 years post qualification experience ,are competent and willing to work towards fulfillment of audit objectives in Odisha Livelihood Mission.
 - VI. The firm must have at least 4 semi qualified CA & 4 Audit support staff having 2 years of experience in Government Audit.
 - VII. Last 3 years' average turnover of the firm should not be less than Rs 50 lakhs annually as on 31.3.2018. (proof to be attached)
 - VIII. The firm or any partners of the firm should not be black listed by any Government or any organization in respect of any assignment or behavior. Authorized Signatory of the firm to submit an undertaking in this regard in this regard in the prescribed format at Annexure-B
 - IX. CA firms so selected for internal Audit during the period 2017-2018 with Odisha Livelihoods Mission will not be considered for this assignment.

- B. The firms should submit relevant documents duly authorized signatory, in support of the eligibility criteria given above. Any firm not qualifying these minimum criteria need not apply as their proposal shall be summarily rejected.
8. The Odisha Livelihoods Mission (OLM) now invites eligible CA firms to indicate their interest in providing the Services. Interested firms should provide information demonstrating that they have fulfilled the criteria and having relevant experience to perform the Services in the prescribed format at Annexure-A.
 9. Period of Contract: The Audit firms will complete the entire engagement within a period of 2 months from the date of commencement.
 10. "The attention of interested Consultants is drawn to paragraph 1.9 of the World Bank's Guidelines: Selection and Employment of CA firms [under IBRD Loans and IDA Credit & Grants] by World Bank Borrowers "Consultants Selection Guidelines of the World Bank dated January 2011" ("Consultants Guidelines"), setting forth the World Bank's policy on conflict of interest." "The Guidelines are available at www.worldbank.org/procurement."
 11. Firm may associate with other firm in the form of a joint venture to enhance their qualifications & experience.
 12. Firm will be selected in accordance with the Least Cost Selection (LCS) method set out in the Consultant Guidelines (NRLM Procurement Manual)
 13. Further information can be obtained at the address below during office hours i.e. 10.00 to 17.00 hours and the details ToR and NRLM Procurement Manual can be seen and downloaded in OLM website www.olm.nic.in
 14. In case of any Addendum / Clarification / Corrigendum / Extension regarding this EOI , the same will be published in the above websites.
 15. Expression of interest in sealed envelope must be delivered in a written to the address below (in person, or by post/courier) latest by **03.03.2018, 17:00 Hours (IST)**.
 16. Authority reserves the right to accept or reject any proposal, and to cancel the procurement process and reject all proposals, at any time prior to the award of contract, without assignment any reason thereof.

State Mission Director-cum-CEO
 Odisha Livelihoods Mission (OLM)
 SIRD Campus, Unit-8, Bhubaneswar
 Contact Person- Sushil Ku.Swain , Dy. CEO (Community Finance) 9439254819,
 Subhashree Samantaray, YP (Procurement) 8093199459.

Sd/-
State Mission Director-cum-CEO



**Odisha Livelihoods Mission
Panchayati Raj & Drinking water Department
Government of Odisha**

Annexure-A

Information format

A. Similar Experience (Statutory or Internal Audit)

Sl. No	Name of the Completed Assignment(Statutory or Internal Audit)	EAP/Centrally Sponsored Scheme/Govt livelihood Project(PI mention)	Name of the Client	Cost of Assignment	Period of completed Assignment
1					
2					
3					

B. Average Annual Turnover during the last three financial years

Sl. No	Financial Year	Annual Turnover(in Rs)
1	2014-2015	
2	2015-2016	
3	2016-2017	
Total average Turn Over		

C.

Name of the FCA	Period of post qualification Experience	Organisation

- NB:**
- 1.Short listing will be made on above information along with attached supporting documents with this format.
 2. Only completed assignment, i.e Statutory or internal Audit will be taken for the evaluation.
 3. Other than Statutory or Internal Audit assignment will not taken for evaluation.

SIRD Campus, Unit VIII, Bhubaneswar 751012, Odisha
Tel: 0674 2560166, 2560126, Mail: smmu.olm@gmail.com



Odisha Livelihoods Mission
Panchayati Raj & Drinking water Department
Government of Odisha

Annexure-B

Undertaking Format

(Original signed copy with seal on Firm letter head)

Letter No-

Dated-

To

The State Mission Director-cum-CEO
Odisha Livelihoods Mission (OLM)

Sub: Declaration letter for Statutory Audit for the financial year 2017-18 in OLM

Sir,

This is to notify that our firm _____(insert your name of the firm)intends to submit of proposal in response to EoI for Statutory Audit for the financial year 2017-18 in OLM,we also declare that our firm or any partner of the firm has not been blacklisted by any government or any other organization in respect of any assignment or behavior.

Sincerely,

(Signature of the authorized person)

Name:

Designation:

Name of the firm:

Date:

Place:

**Odisha Livelihoods Mission
Panchayati Raj Department
Government of Odisha**

TERMS OF REFERENCE FOR EXTERNAL AUDITOR

1. Background:-

The Government of Odisha (GoO), is implementing National Rural Livelihood Mission (NRLM)/National Rural Livelihood Project (NRLP) through the Odisha Livelihoods Mission (OLM), a society registered under Society Registration Act, 1860. The OLM aims to improve rural livelihoods and enhance social and economic empowerment of the rural poor. This would be done by developing organizations of rural poor and producers to enable them to access and negotiate better services, credit and assets from public and private sector agencies and financial organizations. At the community level, OLM will primarily work through Self Help Groups of the poor, with rural women members within the household, particularly of the tribal people and vulnerable sections. It will provide intensive, hand-holding support to the SHGs in order to help them become vibrant, self-managed and sustainable organizations, founded on the principles of mutual trust and self-help among the members. Each SHG will follow a clearly laid-out sequential path of gradual development that will include responsible management of group funds through savings and inter-lending. At different stages of project support, each SHG's capacity will be rigorously assessed and rated against certain milestones.

NRLP/NRLM is executing with intensive approach through an implementation architecture consisting of:

- State Mission Management Unit (SMMU) at state level (Bhubaneswar).
- District Mission Management Unit (DMMU) at district level.
- Block Mission Management Unit (BMMU) at block level.

The DMMUs & BMMUs shall be responsible for all activities and processes in the target Gram Panchayats/villages. The other sub-schemes being implemented under the ODISHA LIVELIHOOD MISSION are Mahila Kisan Sashaktikaran Yojana (MKSP), Rural Self Employment Training Institute (RSETI), Odisha Aam Aadmi Bima Yojana (OAABY) and Interest Subvention (Centrally Sponsored Projects and State Plan), Livelihoods Value Chain, Financial Inclusion-BC and SVEP.

2. Audit Objectives:-

The objective of the audit is to ensure that the Society receives adequate independent, professional audit assurance that the proceeds of funding agencies were used for the purposes intended, that the annual consolidated financial statement/individual project financial statement are free from material misstatement, and that the requirements of the projects/programs were complied with in all material respects.

The objective of the audit of the ODISHA LIVELIHOOD MISSION (OLM) Financial statement is to enable the auditor to express a professional opinion as to whether:

- (1) The Consolidated Financial Statements of the Society (CFS) and individual Project Financial Statements (PFS) give a true and fair view of the sources and applications of OLM funds for the period under audit examination;

- (2) The funds were utilized for the purposes, for which they were provided,
- (3) The procurement procedures prescribed in the Procurement Manual of OLM has been followed; and
- (4) The expenditures reported in the Consolidated Financial Statements/Project Financial Statement of the Society are eligible for financing/funding under the relevant program/project guidelines. In addition, where applicable, the auditor will express a professional opinion as to whether the Financial Management Reports submitted by project management units may be relied upon to support any application for reimbursement under the project/program.

The books of account that provide the basis for preparation of the Project Financial Statement are established to reflect the financial transactions of the mission and are maintained by OLM and its constituent state, district and Block Mission Management level units.

3. Audit Standards:-

The audit will be carried out in accordance with the Auditing Standards promulgated by the Institute of Chartered Accountants of India. The auditor should accordingly consider materiality when planning and performing the audit to reduce audit risk to an acceptable level that is consistent with the objective of the audit. Although the responsibility for preventing irregularity, fraud, or the use of credit/loan proceeds for intended purposes remains with the borrower, the audit should be planned so as to have a reasonable expectation of detecting material misstatements in the mission financial statements.

4. Audit Scope:-

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

- All mission funds have been used in accordance with the conditions of the relevant project/program agreements and only for the purposes for which the financing was provided. Relevant project/programme agreements include the Program Guidelines, Financial & Procurement Manuals and other circulars, office orders issued by MoRD, GoI. / OLM, GoO.
- Effective financial management systems' including internal controls were in operation throughout the period under audit examination. 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; methods of remedying weak controls or creating them where there are none; verification of assets and liabilities; and integrity, controls, security and effectiveness of the operation of the computerized system etc.
- All necessary supporting documents, records, and accounts have been kept in respect of all mission transactions including expenditures reported via Interim un-audited Financial Reports (IUFs)/SoE where applicable. Clear linkages should exist between the books of account and reports presented to MoRD;
- The mission accounts have been prepared in accordance with the accounting principles defined in the Odisha Livelihood Mission Financial Manual and give a true and fair view of the financial position of the OLM at the year end and of resources and expenditures for the year ended on that date. Counterpart funds are required under individual programs have been provided by the state;

- Fund releases to Community Based Organizations (CBO's) are in compliance with the conditions in the Community Operations Manual/ guidelines;
- Goods and services financed have been procured in accordance with the procurement procedure prescribed in the Procurement Manual of OLM.
- The Odisha Livelihood Mission has a reasonable system of physical verification of asset constructed or acquired by the Odisha Livelihood Mission.
- The fund flow from Odisha Livelihood Mission SMMU to District, Block, GPLF and SHG as per Standard Operating Procedure.
- The general principles with respect to the accounting treatment for the above are as follows:
 - o At the district level, block level expenditure are required to be compiled on the basis of books of accounts and not UCs;
 - o Fund transfers to GPLF/SHG for revolving funds [CIF/PPIF and other revolving funds, by whatever name called] are considered as expenditure at the point of release of funds; all other fund releases [IB, Start Up, Livelihood Initiatives etc.] are considered as advances and accounted for as expend only on the basis of GPLF monthly financial statements
 - o Funds advanced to or placed with other GoO institutions/departments will not be treated as expenditure unless the SoE received from the executive agencies. These SOEs will be subject to annual audit of OLM.

5. Deliverables:-

- Examination of Books of Account and Financial Records(such as cash book, journal, ledger etc.)
- Verification of bill vouchers and all supporting documents in respect of payment.
- Trace out all funds included in OLM Account(including all current liabilities).
- Verification of all advances(i.e. all pending and settlement).
- Verification of Bank Reconciliation Statements.
- Ensuring that all supporting documents are present for receipt and utilization of Govt. fund.
- Verification of fixed asset register & Procurement process on a sample basis.
- Review of Internal Audit observation & compliance made by OLM.
- Verification of final account(Receipt & Payment account, Income & Expenditure account , Balance Sheet) duly prepared by OLM and certified by Internal Auditor (District and State)
- Preparation of Audit observation and report for discussion with client/Management.
- Follow up on the compliance of prior audit observation.

6. Audit Period:-

The Audit to be carried out shall be for the financial year 2017-18 for NRLM & NRLP districts and for additional one quarter(i.e 1st quarter of Fy 2018-19) for NRLP districts.

7. Time Schedule:-

- The Audit firms will complete the entire assignment within a period of 2 month from the date of agreement.

- 11)
- NRLP Audit for the Fy 2017-18 and for first quarter of Fy 2018-19 in 8 districts(i.e Koraput,Malkangiri,Rayagada,Sambalpur,Gajapati,Ganjam,Deogarh,Mayurbhanj) to be completed by 31st July 2018 and others within 2 months from the date of agreement.

8. Audit Team:-

- The Team should comprise of one team leader, 4 Auditors and 4 other Audit Assistants.
- The Team Leader must be CA having 5 years post qualification experience.
- The Auditors must be semi-qualified CA and having 2 years experience in Government audit.
- Other Audit Assistants must be commerce graduate.

9. Audit Points:-

The Audit will be carried out at all district and state level only (i.e at 30 DRDAs and SMMU office of OLM)

10. Reporting:-

- The firms shall submit its report to the State Mission Director-cum-CEO, Odisha Livelihood Mission, Panchayati Raj Department, Government of Odisha.
- In case the Authority finds unsatisfactory on the deliverables,he/she has the right to debar the firm from participating in all purposes in OLM for 2 years.

Odisha Livelihood Mission Financial Statements:-

Odisha Livelihood Mission Financial Statement should include:

- A) Project wise /Consolidated Financial Statements including Receipts & Payments Account, Income & Expenditure Accounts, Bank Reconciliation Statement and Balance Sheet of the society, accounting policies and notes to account as appropriate;
- B) Other Statements or Schedules which may include:
 - o A separate list of cumulative project expenditure by Project Components/Sub-components.
 - o Project wise detailed list of assets created or purchased from respective project funds.
- C) Management Assertion: Management should sign the ODISHA LIVELIHOOD MISSION financial statements and provide a written acknowledgement of its assertion that ODISHA LIVELIHOOD MISSION funds have been expended in accordance with the intended purposes as reflected in the financial statements. An example of a Management Assertion Letter is shown in Annex 1.

Audit Opinion:-

An audit report on the ODISHA LIVELIHOOD MISSION annual financial statements should be prepared in accordance with the Auditing Standards promulgated by the Institute of Chartered Accountants of India. Those standards require an audit opinion to be rendered related to the financial statements taken as a whole, indicating unambiguously whether it is unqualified or qualified and, if the latter, whether it is qualified in certain respects or the opinion is adverse or a disclaimer of opinion. In addition, for the project, the auditor will provide a audit report which

may be customized to meet the requirements of the funding partners, In general however. the audit opinion paragraph will specify whether, in the auditor's opinion, (1) the funds were utilized for the purposes for which they were provided, (2) expenditures shown in the PROJECT FINANCIAL STATEMENT are eligible for financing under the program/project guidelines, where applicable, (3) the IUFs submitted during the period are supported by adequate detailed documentation maintained in the ODISHA LIVELIHOOD MISSION accounting offices. A sample audit report wordings are shown in Annexes 2a, 2b, 2c, 2d and 2e.

Interim Unaudited Financial Reports:-

In addition to the audit of the PROJECT FINANCIAL STATEMENT , the auditor is required to audit all Interim Unaudited Financial Reports (IUFs) prepared and submitted by ODISHA LIVELIHOOD MISSION to GoI [or other funding partners] during the period under audit examination, reconciling the expenditures reported in the PROJECT FINANCIAL STATEMENT with the IUFs, as may be applicable. The auditor should apply such tests as the auditor considers necessary under the circumstances to satisfy the audit objective. In particular, these expenditures should be carefully examined for ODISHA LIVELIHOOD MISSION eligibility by reference to the program guidelines, office orders etc. Where ineligible expenditures are identified as having been included in IUFs, these should be separately noted by the auditor.

The auditor should submit three copies of the Audited Accounts and Audit Report to the Implementing Agency. An original copy of the ODISHA LIVELIHOOD MISSION financial statements and the audit report should be received by the MoRD/GoI.

Management Letter:-

In addition to the audit report on the ODISHA LIVELIHOOD MISSION financial statements, the auditor may prepare a management letter which includes such observations during the course of audit which do not affect the audit opinion but deserves the management's attention. For e.g. observations on the accounting records, systems, and controls that were examined during the course of the audit or any other matters that the auditor considers pertinent. A sample of the form and likely contents of the management letter is attached in Annex 3.

General:-

The auditor should be given access to all information relevant for the purposes of conducting the audit. This would normally include all legal documents, correspondence, and any other information associated with the ODISHA LIVELIHOOD MISSION and deemed necessary by the auditor. The information made available to the auditor should include, but not be limited to, copies of the Bank's NRLP Appraisal Document, the relevant contracts and Legal Agreements, Financial Management Manual, Procurement Manual, Community Operations Manual (COM) and the ODISHA LIVELIHOOD MISSION Implementation Plan (PIP)

Annexure A**Example of a Management Representation Letter¹**

(Foundation Letterhead)

(To Auditor)

(Date)

This representation letter is provided in connection with your audit of the financial statements of Odisha Livelihoods Mission as of _____ and for the year ended 2018. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the cash basis of accounting, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

- The financial statements are free of material misstatements, including omissions.
- Assets shown on the balance sheet exist, are owned by the Foundation, and are used solely for project/program, purposes.
- Project/Program funds have been used for the purposes for which they were provided.
- Project/Program expenditures are eligible for financing under the Project/Program Guidelines.
- There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the annual financial statements.
- We have made available to you all books of account and supporting documentation relating to the project/program.

(Additional Chief Executive Officer (Finance))

(SMD-cum-CEO)

¹ This sample management representation letter is based on AAS 11, "Representations by Management," *Handbook of Auditing Pronouncements*, Institute of Chartered Accountants of India, 2007

Annexure 2a

Sample Audit Report—Unqualified Opinion

Auditor’s Report

Addressee²

Report on the Annual Financial Statements

We have audited the accompanying financial statements of the _____, which comprise the Balance Sheet as of _____, and the Statement of Sources and Applications of Funds and the Reconciliation of Claims to Total Applications of Funds³ for the year then ended . These statements are the responsibility of the Mission’s management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the Auditing and Assurance Standards promulgated by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of Odisha Livelihoods Mission as of _____ and the sources and applications of its funds for the year then ended in accordance with accounting principles generally accepted in India.

In addition, in our opinion, (a) with respect to IUFs, adequate supporting documentation has been maintained to support the expenditures reported to MoRD; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the Project/Program Guidelines. During the course of the audit, IUFs and the connected documents were examined and these can be relied upon to support reimbursement under the Project/Program.

[Auditor’s Signature]

[Auditor’s Address]

[Date⁴]

² The auditor’s report should be addressed to the person stipulated in the underlying loan agreement as responsible for providing audited financial statements.

³ Insert titles of other required statements and schedules included in or annexed to the annual financial statements, if any.

⁴ The report should be dated as of the date to which the auditor has become aware of and considered the effects of events and transactions. This is generally the final date of fieldwork, as opposed to the date of signing the audit report.

7]

Annexure 2b

**Sample Audit Report—Qualified Opinion, Limitation on Scope
Auditor's Report**

Addressee

Report on the Annual Financial Statements

[standard introductory paragraph]

[Auditor's Signature]

[Auditor's Address]

[Date]

Annexure 2c

Sample Audit Report—Qualified Opinion, Disagreement with Management

Auditor's Report

Addressee

Report on the Annual Financial Statements

[standard introductory paragraph]

[standard auditor's responsibility paragraph]

[Auditor's Signature]

[Auditor's Address]

[Date]

5]

Annexure 2d

Sample Audit Report—Adverse Opinion

Auditor's Report

Addressee

Report on the Annual Financial Statements

[standard introductory paragraph]

[standard auditor's responsibility paragraph]

[Auditor's Signature]

[Auditor's Address]

[Date]

Annexure 2e

Sample Audit Report—Disclaimer of Opinion

Auditor's Report

Addressee

Report on the Annual Financial Statements

We were engaged to audit the accompanying financial statements of the _____ OLM, which comprise the Balance Sheet as of _____, and the Statement of Sources and Applications of Funds and the Reconciliation of Claims to Total Applications of Funds for the year then ended. These statements are the responsibility of the OLM's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

[omit auditor's responsibility paragraph]

The books of account and supporting documentation maintained in the office were destroyed in a fire on [date].

Because of the significance of the matter discussed in the preceding paragraph, we are unable to express—and we do not express—an opinion on the financial statements.

[Auditor's Signature]

[Auditor's Address]

[Date]

Annexure 3

Example of a Management Letter

(Auditor's Letterhead)

(Date)

To Management,

In connection with our audit of the financial statements of the _____ as of _____ and for the year then ended, we familiarized ourselves with Project/Program documents and the internal guidelines / circulars applicable during the period under audit. We also reviewed the business of the Mission and evaluated the accounting systems and related internal controls of the Mission in order to plan and perform our audit.

This Letter to Management includes observations noted during the course of our audit examination in the following areas:

- Matters having a significant impact on the implementation of the Project
- Opportunities for strengthening financial management records, systems and controls, together with recommendations for improvement
- Status of maintenance of books of accounts and records
- Accuracy of Annual financial statements
- Status of prior audit recommendations

The matters contained in this Management Letter are intended solely for the information of Management, for such timely consideration and action as Management may deem appropriate. They have all been considered by us in formulating the audit opinion expressed on the annual financial statements in our audit report dated _____, and they do not alter the opinion expressed in that audit report.

We wish to take this opportunity to thank the Management for the courtesies and cooperation extended to our staff.

Yours truly,

(Name and Title)