

REQUEST FOR PROPOSALS

Assignment: Audit of Social Marketing Organisation (SMOs) funded by National AIDS Control Organisation (NACO) for undertaking targeted Condom Social Marketing Program (CSMP) under National AIDS Control Programme (NACP) III in various states of India.

I. BACKGROUND

With sexual mode being the major cause of transmission of HIV/AIDS, significant efforts have been made to increase the awareness and usage of condoms to prevent the transmission of HIV/AIDS. Other than the free distribution via public health systems, condoms are available commercially and are also socially marketed (GOI subsidized brands) to the key target population through chemist and non-chemist outlets like general merchants/grocers/pan beedi outlets etc.

The National AIDS Control Organization (NACO) in its third phase of program has set up the Technical Support Group (TSG-NACO) for condom promotion, to gear up its efforts towards increasing use of condoms in all risky sex acts and to achieve an overall annual growth of the market for socially marketed condoms. The program (called as the “Targeted Condom Social Marketing Program” [CSMP]) under the National AIDS Control Program (NACP) III contributes to the national objective of 2 billion off take of socially marketed condoms. In order to fulfill this, NACO has partnered with 6 Social Marketing Organizations (SMO) in the 303 high HIV prevalence and/ or high fertility districts across 23 states of the country & 2 union territories for marketing and distribution of condoms for a period of one year. This programme has been started Details of SMOs and their coverage are as under:

S. No.	SMO	Coverage
1.	DKT India	Gujarat, Assam, Manipur, Meghalaya, Mizoram, Nagaland & Tripura
2.	Hindustan Latex Family Planning Promotion Trust (HLFPPT)	Madhya Pradesh, Maharashtra & Uttar Pradesh
3.	HLL Lifecare Limited	Chhatisgarh, West Bengal, Punjab, Haryana & Chandigarh
4.	Janani	Bihar
5.	Population Health Services (India) [PHS India]	Jharkhand
6.	Population Services International (PSI)	Andhra Pradesh, Delhi, Goa, Karnataka, Orissa, Rajasthan, Tamil Nadu & Pondicherry

TSG-NACO is seeking proposals from qualified audit organizations in India to conduct an interim audit of the 6 SMOs operating in various states of India.

II. SCOPE OF WORK

The scope of the audit should cover only transactions made by the SMOs in relation to their CSMP grant. This is not an audit on the full finances of the organization.

The audit of SMOs would involve reviewing the use and management of NACO funding for the period from March 2009 (agreement signing date, which in most of the cases is March 26, 2009) till October 31, 2009. In addition, the audit will specifically involve review of internal controls operational within the organisations. The audit will require visit to project office and if required, to the corporate/ head office of SMO.

The scope of audit would include but not limited to the following (additional procedures, if proposed by the audit firms may be agreed in advance or can be proposed by TSG-NACO before commencement of work):

- Verify expenditure incurred under the program and its allow-ability vis-à-vis the budget agreed between SMO and NACO, by checking atleast 75% of the expenditure incurred during the audit period.
- Correlate expenditure incurred by the SMO with the approved action plan and activities actually conducted under the program. Visit can be made to the project areas for verification of activities actually carried out.
- Review the reasonableness of expenses/ overheads/ time-cost allocation from SMO head-office/ project office to the program along with checking the basis of allocation of same.
- Review the appropriateness of mechanism within the organisation for control over internal reporting/ monitoring of expenditure/ program.
- Review internal controls in operation within the organisation, specifically in the areas of procurements, cash & bank, fund management, expense approval, programme activities, etc.
- Review the movement of funds between the SMO head-office and the Project office for ensuring that sufficient funds were available with the Project Offices for carrying out the activities.
- Ensure that grant funds were utilized only for the CSMP program in accordance with the conditions of the agreement and for the purposes for which the funds were provided.
- Ensure compliances with statutes applicable to the organisation.

Details of state wise contracts with SMOs, their budget, funds disbursed till date, project offices & corporate offices of SMOs are included in *Annexure 1*.

Audit firm should highlight issues of serious nature to TSG-NACO as soon as such issues are noticed, if any and should not wait for issue of final audit report. If the audit firm finds material issues of serious nature and suggest for more rigorous procedures for verification/ detailed investigation, TSG-NACO may, at its discretion, extend the scope of work on payment of such fees as mutually decided.

III. PROPOSAL FORMAT, QUALIFICATION & EVALUATION CRITERIA

A. Proposal Format

Bidders are requested to submit their **firm profile** indicating the experience & clientele of the firm and specifically highlighting assignments of similar nature undertaken in past along with details of partners & practice staff (field in-charges proposed to work on the assignment), their educational background, qualifications (with membership nos.) & experience, and a separate, detailed **Cost Proposal** as per format enclosed in *Annexure 2*. It is anticipated that TSG-NACO will award **lump-sum audit fee plus out-of-pocket expenses on actual basis**

(upto a maximum out-of-pocket expenses quoted in the cost proposal) for this assignment. The cost proposal should include all anticipated costs related to the audit activity, including costs associated with travel by the audit team to and from the audit sites, etc. Proposals shall be submitted in English.

Please note that the cost of preparing a proposal and of negotiating a contract including visits to TSG-NACO, if any is not reimbursable as a direct cost of the assignment.

In case, clarifications are required in respect of this assignment, interested audit firms may send the same through e-mail at vsardana@condomtsg.org on or before **November 3, 2009**.

Quoting for audit of all SMO contracts are not necessary by the audit firm. Audit firms may choose to quote for SMO contracts for which they are interested in conducting audit. Audit firms would have to submit their **separate cost proposal** for each & every SMO contract for which they propose to provide audit services. Refer *Annexure 1* for details of SMO contracts, for which cost proposals are sought.

All pages of the proposal (including annexes and supporting documents) must be signed by a partner of the firm and should bear the stamp of the firm. Unsigned proposals would be rejected out-rightly.

Proposals must be received in a sealed cover by TSG-NACO from interested audit firms no later than close of business (**5:00 pm IST) Wednesday, 11 November 2009**.

Proposals shall be submitted at the following address within the deadline stipulated above:

Finance Manager
Technical Support Group – National AIDS Control Organisation
311-312, 3rd Floor, Competent House, F-14, Middle Circle,
Connaught Place, New Delhi – 110001

B. Qualification Criteria

Audit firms should ensure that they meet the following qualification criteria for being eligible to be considered for evaluation:

- Audit firm should be registered with the Institute of Chartered Accountants of India;
- Audit firm should have been existence for more than 5 years as on October 31, 2009;
- Audit firm should have atleast 3 full time partners, of which atleast 1 should be a fellow member of the Institute of Chartered Accountants of India;
- Audit firm should have sufficient no. of qualified chartered accountants/ paid assistants/ article-trainees/ support staff for carrying out the assignment;
- Audit firm should be willing to depute a qualified chartered accountant as field-incharge for each SMO, who would lead other team members at each project site;
- Audit firm should not be involved in providing services to the SMOs for which they propose to conduct the audit and should ensure that there is no conflict of interest by undertaking this assignment.

Audit firms should submit suitable evidence of no. of years of their existence & status of partners/ membership along with a certification for no conflict of interest.

C. Evaluation Criteria

Audit firms meeting the above qualification criteria and quoting the least cost (consultancy service + out of pocket cost) for each SMO contract individually would be selected.

IV. STANDARD TERMS AND CONDITIONS

Please see the attached letter of contract (*Annexure 3*) for standard terms and conditions that will be included in the contract to the successful bidder.

V. TIMELINES & DELIVERABLES

Audit is most likely to be started by the 3rd/ 4th week of November 2009, and is to be completed (along with submission of final deliverables) within 3 weeks from the start date. Assignment deliverables would include the following:

- Audit Report (divided into 2 parts – financial & internal control) along with response of SMO to the issues;
- Reviewed Statement of Expenditure of SMO;
- Certified Receipt & Payment Account; and
- Internal Control Checklists (format to be provided by TSG).

Details of SMO contracts along with office locations:

S. No.	Social Marketing Organisation	Contracted/ Program States	Total Budget for One year period (2009-10) (Rs.)	Advance Payment till date (Rs.)	Project Office	Corporate/ Head Office
1	DKT India	Assam, Manipur, Meghalaya, Mizoram, Nagaland & Tripura	89,178,630	13,376,795	Mumbai	Mumbai
2	DKT India	Gujarat	63,400,159	9,510,024	Mumbai	Mumbai
3	HLFPPT	Madhya Pradesh	27,652,000	11,060,800	Bhopal	Noida
4	HLFPPT	Maharashtra	56,730,300	22,692,120	Mumbai	Noida
5	HLFPPT	Uttar Pradesh	118,668,600	47,467,440	Lucknow	Noida
6	HLL	Chhatisgarh	9,800,000	3,920,000	Mumbai	Chennai
7	HLL	Punjab, Haryana & Chandigarh	15,000,000	6,000,000	Noida	Chennai
8	HLL	West Bengal	23,500,000	9,400,000	Kolkata	Chennai
9	Janani	Bihar	46,304,000	18,521,600	Patna	Patna
10	PHS India	Jharkhand	7,847,100	3,138,840	Hyderabad	-
11	PSI	Andhra Pradesh	24,015,613	9,606,245	Hyderabad	Gurgaon
12	PSI	Delhi	21,086,668	8,434,667	Gurgaon	Gurgaon
13	PSI	Goa	6,215,749	2,486,300	Pune	Gurgaon
14	PSI	Karnataka	24,240,672	9,696,269	Bangalore	Gurgaon
15	PSI	Orissa	10,939,594	4,375,838	Bhubaneswar	Gurgaon
16	PSI	Rajasthan	22,624,377	9,049,751	Jaipur	Gurgaon
17	PSI	Tamil Nadu & Pondicherry	24,240,672	9,696,269	Chennai	Gurgaon
GRAND TOTAL			591,444,134	198,432,958		

Note: Estimated expenditures at most of the locations are less than advance payments (most likely to range between 40 to 100% of the advance payment).

Cost Proposal

Remuneration

Amount (Rs.)

Audit Fee	_____
Consultancy Service Tax @ _____%	_____
Total Fee	_____

Out-of-Pocket Expenses¹ :

Particulars	Units	Unit Rate (Rs.)	Total Cost (Rs.)
a) Per Diem ² :			_____
b) Fares:			_____
c) Accommodation:			_____
d) Local Conveyance:			_____
e) Communication Cost:			_____
f) Lump Sum Miscellaneous Expenses ³ :			_____
	Sub-Total (Out-of-Pocket)⁴		_____

Total Cost _____

1 Reimbursable at cost with supporting documents/ receipts.
2 Per Diem is fixed per calendar day and need not be supported by receipts.
3 To include reporting costs and other expenses as may be necessary.
4 This is the total limit upto which reimbursement would be made by TSG-NACO on production of supporting documents/ receipts.

Letter of Contract

Subject: Audit of (name of Social Marketing Organisation) [SMOs] funded by National AIDS Control Organisation (NACO) for undertaking targeted Condom Social Marketing Program (CSMP) under National AIDS Control Programme (NACP) III in (name of state)

(Name of Consultant)

1. Set out below are the terms and conditions under which (Name of Consultant) has agreed to carry out for Technical Support Group - National AIDS Control Organisation (TSG-NACO) the above-mentioned assignment specified in the attached Terms of Reference.

2. For administrative purposes Mr. _____, Finance Manager of TSG-NACO has been assigned to administer the assignment and to provide (Name of Consultant) with all relevant information needed to carry out the assignment.

3. TSG-NACO may find it necessary to postpone or cancel the assignment and/or shorten or extend its duration. In such case, every effort will be made to give you, as early as possible, notice of any changes. In the event of termination, (Name of Consultant) shall be paid for the services rendered for carrying out the assignment to the date of termination, and (Name of Consultant) will provide TSG-NACO with any reports or parts thereof, or any other information and documentation gathered under this Contract prior to the date of termination.

4. The services to be performed, the time-lines, and the reports to be submitted will be in accordance with the attached Terms of Reference.

5. This Contract, its meaning and interpretation and the relation between the parties shall be governed by the laws of Union of India.

6. This Contract will become effective upon confirmation of this letter on behalf of (Name of Consultant) and will remain effective till the delivery of final deliverable by (Name of Consultant), which is to be completed before the expiry of three (3) weeks, or such other date as mutually agreed between TSG-NACO and (Name of Consultant).

Whenever (Name of Consultant) knows, or reasonably should know, that any actual or potential condition is delaying, or threatens to delay, the timely performance of work under this contract, (Name of Consultant) shall, within three (3) calendar days, provide TSG-NACO written notice thereof, including all relevant information with respect thereto.

7. Payments for the services will not exceed a total amount of Rs. _____ (excluding service tax) including out-of-pocket expenses of Rs. _____, which would be disbursed on submission of actual invoices/ proof of payment. TSG-NACO will pay (Name of Consultant), within ten (10) days of receipt of invoice after submission of final audit report with management comments.

8. In addition to any other available remedies, if, in the opinion of TSG-NACO, (Name of Consultant) fails to perform in accordance with the terms of the contract, TSG-NACO may refuse or limit approval of any invoices for payment, and may cause payments to (Name of

Consultant) to be reduced or withheld until such time as TSG-NACO determines that (Name of Consultant) has met the performance terms as established by the contract.

9. (Name of Consultant) will be responsible for appropriate insurance coverage. In this regard, (Name of Consultant) shall maintain workers compensation, employment liability insurance for their staff on the assignment. (Name of Consultant) shall also maintain comprehensive general liability insurance, including contractual liability coverage adequate to cover the indemnity of obligation against all damages, costs, and charges and expenses for injury to any person or damage to any property arising out of, or in connection with, the services which result from the fault of (Name of Consultant) or its staff. (Name of Consultant) shall provide TSG-NACO with certification thereof upon request.

10. (Name of Consultant) shall indemnify and hold harmless TSG-NACO against any and all claims, demands, and/or judgments of any nature brought against TSG-NACO arising out of the services by (Name of Consultant) under this Contract. The obligation under this paragraph shall survive the termination of this Contract.

11. All final plans, reports and other documents (whether in hard or soft form) submitted by (Name of Consultant) in the performance of the Services shall become and remain the property of TSG-NACO. (Name of Consultant) may retain a copy of such documents but shall not use them for purposes unrelated to this Contract without the prior written approval of TSG-NACO.

12. (Name of Consultant) undertake to carry out the assignment in accordance with the highest standard of professional and ethical competence and integrity, having due regard to the nature and purpose of the assignment, and to ensure that the staff assigned to perform the services under this Contract, will conduct themselves in a manner consistent herewith. TSG-NACO reserves the right to order the removal of any (Name of Consultant)'s personnel performing under this contract for non-performance and/or misconduct. (Name of Consultant) shall comply with any such order by TSG-NACO to remove and suspend the services of any (Name of Consultant)'s personnel under this contract. In the event of non-performance, replacement costs (i.e. travel and transportation, etc.) shall be the responsibility of (Name of Consultant).

13. (Name of Consultant) will not assign this Contract or sub-contract or any portion of it without TSG-NACO's prior written consent.

14. (Name of Consultant) shall pay the taxes, duties fee, levies and other impositions levied under the Applicable law and TSG-NACO shall perform such duties in this regard to the deduction of such tax as may be lawfully imposed. However, Consultancy Services tax payable for providing this Consultancy Services shall be paid/ reimbursed by TSG-NACO separately.

15. (Name of Consultant) warrants that:

15.1 (Name of Consultant) and its partners are not presently/ previously debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded for the award of contracts/ held liable for professional misconduct by the Institute of Chartered Accountants of India.

15.2 It is not aware of relevant facts or circumstances which might indicate the existence of or give rise to actual or potential organizational conflicts of interest. Organizational conflict of interest means that because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

15.3 It has all the rights necessary to perform the services and deliver the work products ordered and shall perform its responsibilities under this contract in a professional and highly skilled manner and to standards not less than those generally accepted in the (Name of Consultant)'s industry.

16. (Name of Consultant) also agree that all knowledge and information not within the public domain which may be acquired during the carrying out of this Contract, shall be, for all time and for all purpose, regarded as strictly confidential and held in confidence, and shall not be directly or indirectly disclosed to any person whatsoever, except with TSG-NACO written permission.

No news release, public announcement, denial or confirmation of any part of the subject matter of this contract shall be made without the prior written consent of TSG-NACO. The restrictions of this article shall continue in effect upon completion or termination of this contract for such period of time as may be mutually agreed upon in writing by the parties. In the absence of a written established period, no disclosure is authorized.

17. TSG-NACO has the right to monitor, inspect and evaluate the work performed or being performed under this contract, including the premises where the work is being performed at all reasonable times and in a manner that will not unduly delay the work. If TSG-NACO performs inspection or evaluation on the premises of (Name of Consultant), (Name of Consultant) shall furnish all reasonable facilities and assistance for the safe and convenient conduct of these duties. (Name of Consultant) shall maintain books, records, documents, program and individual service records prepared/ obtained in the performance of this contract. (Name of Consultant) agrees that these records shall be subject at all reasonable times to monitoring, inspection, review or audit by authorized agents of TSG-NACO. (Name of Consultant) shall retain all such records concerning this contract for a period of three (3) years after the completion of the contract. If any litigation, claim or audit is started before the expiration date of this three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.

18. This contract does not bind nor purport to bind the donor or sponsor agency providing funds to TSG-NACO, and NACO. The execution of this contract and performance of the work contracted hereunder shall not (a) create the relationship of principal and agent, employer and employee, joint venture, or partnership between TSG-NACO and (Name of Consultant); and (b) establish any privity of contract between (Name of Consultant) and TSG-NACO's donor that provides funding for this contract or NACO that provides funding to the SMOs.

19. This contract can be terminated:

19.1 For Convenience: TSG-NACO may terminate performance of work under this contract, in whole or in part, for its convenience upon five (5) days notice to (Name of Consultant) without obligation or liability of any nature except to make payments to (Name of Consultant) for services rendered up to the effective date of termination. Upon such notice, (Name of

Consultant) shall use its best efforts to conclude its work and minimize costs up to the effective termination date of the contract.

19.2 For Default: If either party defaults in its obligations under this contract fails to cure the default within five (5) days after receiving written notice specifying the default, the party not in default shall be entitled to immediately terminate the contract upon written notice to the other party. TSG-NACO shall not be liable to (Name of Consultant) for any amount for goods and/or services not accepted by TSG-NACO. The election to terminate shall not be construed to be an election of remedies or a waiver thereof, and the party not in default shall be entitled to each and every other remedy available at law and/or in equity.

19.3 On Bankruptcy: If (Name of Consultant) be declared insolvent or bankrupt, or if any assignment of its property shall be made for the benefit of creditors or otherwise, or if its interest herein shall be levied upon under execution or seized by virtue of any writ of any court, or if a petition is filed in any court to declare (Name of Consultant) bankrupt and not dismissed within sixty (60) days, or if a trustee in bankruptcy, receiver or receiver-manager or similar officer is appointed for (Name of Consultant) or for any of (Name of Consultant)'s assets, then TSG-NACO may, at its option, terminate, without charge, this contract or a portion thereof and shall thereupon be free from all liability under this contract. The ability of TSG-NACO to terminate in such instances shall be subject to the applicable bankruptcy and insolvency statutes.

20. Any dispute arising out of the Contract, which cannot be amicably settled between the parties, shall be referred to adjudication/arbitration in accordance with Arbitration & Conciliation Act, 1996.

Place: New Delhi

Date: (Signature of Authorized Representative
..... on behalf of [Name of Consultant])

.....
..... (Signature & Name of TSG-NACO 's Representative)