



**PONDICHERRY MUNICIPALITY  
PUDUCHERRY-5**

No.PM/ESTT./OM/Accts-AUD/2018-1

Puducherry, the 11<sup>th</sup> January, 2019.

**NOTICE INVITING QUOTATION**

**Selection of Chartered Accountant Firm for hiring services for preparation of financial statements for the financial years of 2013-14 to 2017-18 under Double Entry Accounting System**

Pondicherry Municipality invites sealed quotation (Request for proposal) from firms of Chartered Accountants empanelled with C & AG for auditing the accounts of Pondicherry Municipality for the 5 financial years from 2013-14 to 2017-18 in pursuance of Circular No.33039/F2/A3/2014 dt.22-06-2018 of the Under Secretary to the Government, Department of Finance, Puducherry.

The Firms should submit, *inter alia*, the following supporting documents:

- i. Proof of Empanelment with C & AG.
- ii. Certificate issued by ICAI regarding firm status as on 01-01-2018.
- iii. Firm PAN Card
- iv. GST Registration Certificate
- v. Established place of Office in Puducherry

Detailed request for proposal (RFP) can be downloaded from the municipal website [www.pdymun.in](http://www.pdymun.in) The RFP can also be collected from the Office of the Pondicherry Municipality, Kamban Kalai Arangam, Bussy street, Puducherry between 13-01-2019 to 18-01-2019 (09.00 a.m. to 06.00 p.m.)

**Important Dates :-**

- i. Last date of submission of sealed proposal to Office 22-01-2019 upto 04.00 p.m.
- ii. Date of opening of quotation : 22-01-2019 at 05.30 p.m.

**-SD-**

**(M. ADHARSH)  
COMMISSIONER**

Copy forwarded for information:

1. The Secretary to Government, Local Administration, Puducherry.
2. The Director, Local Administration Department, Puducherry.
3. The State Mission Director, AMRUT, Puducherry.
4. The Assistant Examiner, Local Fund Accounts, Puducherry.



## **REQUEST FOR PROPOSAL (RFP)**

**Preparation of financial statements for the financial years of 2013-14 to  
2017-18 under Double Entry Accounting System**

**PONDICHERRY MUNICIPALITY**  
**PUDUCHERRY**  
**Terms of Reference (TOR)**

**Section – I**

**Background**

The Fourteenth Finance Commission was constituted on January 2, 2013 to give recommendation on specific aspects of Centre-State fiscal relations during 2015-20 to release of grant-in-aid to State Government for Rural & Urban Local Bodies. The Fourteenth Finance Commission recommended grant-in-aid to duly constituted Rural Local Bodies (Panchayats) & Urban Local Bodies (Municipalities) in two parts, namely i) Basic Grant and ii) Performance Grant. In case of Municipalities, the division between Basic Grant and Performance Grant is on 80:20 basis. The Municipality will have to submit audited accounts of local bodies to Audit. Section 14 of the Comptroller & Auditor General of India (Duties, Powers & Condition of Service) Act, 1971 states that the accounts of the grantee Institution or Organization shall be audited by the Comptroller & Auditor General of India, if the grants or loans to the institution in a financial year are not less than Rupees twenty five lakhs and also not less than seventy five percent of the total expenditure of the institution. Further, Rule 236(1) of General Financial Rules, 2017 provides that the accounts of all grantee Institutions or Organisations shall be open to inspection by the sanctioning authority and audit by the Comptroller & Auditor General of India under the provision of CAG's (DPC) Act, 1971.

2. Pondicherry Municipality has been following the cash based single Entry Accounting System wherein data for preparation of Balance Sheet is not easily identifiable. In lieu of balance sheet preparation, the Municipality is maintaining records of Assets & Liabilities in various forms. However, in practice, it is observed that many of these records are not updated by ULBs on regular basis & thus available data at any point of time is insufficient to arrive at actual financial position of ULBs. The deficiency of the existing system has therefore; created the need of adoption & implementation of Accrual Based Double Entry Accounting System (ABDEAS). The Municipality expects that ABDEAS would substantially enhance capacity of Municipal Accounting. Adoption & implementation of ABDEAS would enable this Municipality in taking Right decisions, which leads to efficiency, Increased transparency & accountability in utilization of public fund, resultantly it can play its role effectively to better service delivery to the Residents.

4. Accrual based Double Entry Accounting Reform is a mandatory reform for Government of India flag ship programmes, and is one of the conditions stipulated by the 13<sup>th</sup> Finance Commission, 14<sup>th</sup> Finance Commission, AMRUT etc. Government of Pondicherry now

envisions the adoption of Accrual Based Double Entry Accounting Reforms in all ULBs of the Union Territory. Accordingly, the Finance Department, Government of Puducherry has issued Circular No.33039/F2/A3/2014 dt.22-06-2018 of the Under Secretary to the Government, Department of Finance, Puducherry mandating auditing of Accounts for last five years.

5. As a first step towards the adoption and implementation of ABDEAS, Pondicherry Municipality wants to get the books of accounts audited for the last five financial years i.e. from 2013-14 to 2017-18. Hence, for submission of Financial Statement to the Auditor and to the various agencies of the Government of India, books of accounts have to be converted to Double Entry method of accounting.

7. Accordingly sealed proposals/Proposals are invited from experienced and well qualified C.A. firms for preparation of books of accounts on Double Entry System of accounting for the financial years 2013-14 to 2017-18. Interested parties may send their detailed bio-data and financial quote along with the necessary enclosures as sought for in this TOR.

## **Section II**

### **Scope of Work:**

8. Selected CA Firm should prepare Books of Accounts under Double Entry System of Accounting and draw up Financial Statements for five financial years ie. from 2013-14 to 2017-18 for Pondicherry Municipality.

### **Terms and Conditions of work:**

9. The engagement of CA Firm is subject to the following conditions;
- The CA Firm should engage at least five employees for preparing the financial statements of Municipality.
  - All the CA Firm employees should work within the premises of Pondicherry Municipality and they have to liaise with all other sections of Municipality.
  - The Firm should hire or use their own Electronic Equipments, the charges for which shall be inclusive of cost quoted by the firm.
  - The Firm should finish the work within six months period and submit the Books of accounts/financial statements for 5 years from 2013-14 to 2017-18 to the Commissioner of Pondicherry Municipality.
  - The Firm should also submit a report covering qualitative issues emerging on Accounting and related issues on audit other than the financial statements and submit a detailed report and action plan to make the Accounting System of the Municipality in consonance with National and International Standards. The Firm

shall also assist the Municipality for compliance of Tax like GST or any other tax introduced by the Government.

- After submission of statement of Accounts, the same shall be got audited by Pondicherry Municipality by engaging independent Auditor and the selected CA Firm shall furnish all information and answer to queries raised by the independent Auditor.
- The CA Firm shall furnish EMD of Rs.25,000/- as bid security. EMD shall be furnished in the form of DD (or) FDR in favour of "The Commissioner, Pondicherry Municipality". The EMD of the unsuccessful firms shall be returned/discharged immediately after the procurement process. The bids without EMD will be rejected. The EMD of the successful firm shall be returned only after successful completion of the project and after receipt of all deliverables from the Firm.

### **Section – III**

#### **Eligibility Criteria**

10. CA firms fulfilling the following eligibility Criteria only need to apply.
  - a. The CA firm must be in existence since at least 5 years.
  - b. The firm must be having minimum 2 Fellow Chartered Accountants as partner as per certificate of practice from ICAI as at 01.01.2018.
  - c. C.A. Firm (Lead firm and/or associate separately) should have at least 3 years of experience of dealing with Government sector/PSUs/ULB in India.
  - d. The C.A. firm must be CAG empanelled. (CAG empanelment No. to be quoted)
  - e. The Firm must be registered with ICAI (institute of chartered accountants of India) and operational in India since last 5 (Five) years. (Constitution certificate of the firm as on 31.10.2018 to be submitted)
  - f. The Firm must not have been blacklisted or Debarred by any state Govt./Govt. Agency/PSU/Gol during last three years. The firm must submit an affidavit to this effect signed by its Partner.
  - g. The head office/branch office of the C.A firm must be situated in Pondicherry.
  - h. While submitting the Financial Proposal, the Bidder shall ensure that all costs associated with the assignment shall be duly indicated and the proposal should be expressed in INR excluding GST.

### **Section-IV**

#### **Documents to be submitted**

11. Agencies are required to submit the proposal as per the guidelines and formats detailed out in the following paragraphs.

12. **Technical proposal** should be submitted in original. Technical Proposal shall be submitted in the proforma given in Annexure I appended herewith. The original Technical Proposal shall be placed in a sealed envelope clearly marked "Technical Proposal". Similarly, the original **Financial Proposal** shall be submitted in the proforma indicated in Annexure II appended with this TOR and placed in a separate sealed envelope clearly marked "Financial Proposal" followed by the name of the assignment. Envelopes containing Technical and Financial Proposal shall be placed into an outer envelope and sealed. This outer envelope shall be addressed to "The Commissioner, Pondicherry Municipality, Jawahar Nagar Main Road, Puducherry" and bear reference number and title of the Assignment. The Firms are required to submit filled in Letter of Transmittal (as given in Annexure III) keep it inside the outer envelope. The Municipality shall not be responsible for misplacement, loss or premature opening, if the outer envelop is not sealed and/or marked as stipulated. These circumstances may be a case for proposal rejection, indicated above, this will constitute ground for declaring the Proposal as non responsive.

13. The prospective CA firm (bidder) shall submit proof for having undertaken preparation of Annual Financial Statements in respect of Local Bodies/Government Agencies/Societies/Boards/Corporation etc., in the form of certificate from the local body/Government Agency/Society/Board/Corpo, etc., concerned. Such "completion certificate" shall clearly indicate that the bidder has taken up the work of preparation of AFS and successfully completed it. Proposals without such certificate shall summarily be rejected.

14. Firms shall not sub-contract this work. Joint venture is not permitted.

15. Bidders are encouraged to visit the offices of Pondicherry Municipality and understand themselves the existing Accounting System, provisions of Municipal Act/Rules for auditing, etc before submitting their proposals. A firm should submit only one proposal. If a firm submits or participates in more than one proposal, all such proposals shall be disqualified. All agencies must comply with the Technical Specification, General Conditions and Format/ Requirements for Technical and Financial Proposal.

16. The Technical Proposal shall be marked "ORIGINAL". Each page, Form, Annexure and Appendices of the Technical and Financial Proposal must be signed by the Authorised signatory of the firm.

17. All blank spaces in the financial proposal must be filled in completely where indicated, either typed or written in ink.

18. The Authority reserves the right to accept or reject any application without giving any explanation and change the evaluation criteria as per its requirements in the interest of the organisation.

19. The financial bid shall be submitted for the Professional (Accounting) Fee to be charged by the firm. This fee shall be inclusive of the wages for persons engaged by the firm (inclusive of EPF/ESI and other charges in compliance with Labour Laws), hiring charges of Electronic Equipments and taxes as applicable shall be indicated separately. The taxes, as applicable (GST), shall be paid by Municipality separately on submission of invoices by the CA firm. All taxes will be deducted from the bill as per Government Rules. The financial bid shall be submitted as per proforma given in Annexure II appended herewith. Financial Proposal shall be placed in a separate sealed envelope clearly marked "Financial Proposal"

### **SELECTION CRITERIA**

20. Selection shall be on the basis of "Least Cost System". The Technical Proposals of the firms shall be evaluated based on eligibility and other conditions mentioned in this RFP and if they satisfy the conditions shall then be admitted for evaluation of Financial Proposals. The work will be awarded to the qualified and successful firm with the lowest financial bid. However, the Commissioner or Designated Authority in this behalf has right to accept or reject offer of any or all agencies without assigning reason thereof. The Authority can ask for the clarification/justification to the L-1 before the award of work, and if authority is not satisfied with the explanation; work cannot be awarded to the L-1 bidder.

### **TERMS OF PAYMENT:**

21. The payment to the firm shall be effected as detailed below :

<b>Sl. No</b>	<b>Description</b>	<b>Payment details</b>
1	Every month of work (Maximum six months) after the Selected Firm has executed agreement and placed its personnel in the Municipal Office and actual commencement of the work	10% of quoted amount every month.
2	Preparation of draft Statement of Accounts of all five years for submission to independent Auditor appointed by the Municipality.	25% of quoted amount
3	Submission of Final version of statement of accounts, and on completion of auditing the Statements of Accounts by an independent Auditor.	15% of quoted amount (final payment)

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## ANNEXURE I

### FORMAT FOR TECHNICAL PROPOSAL

Technical Proposal shall be placed in a separate sealed envelope clearly marked on the cover as "Technical Proposal"

Sl. No	Particulars	Supporting documents required to be submitted along with this Form.
1.	Name of Firm	
2.	Address of the Firm	Phone No: Fax No: Mobile of Head Office In-charge:
3.	Firm PAN No.	Attach copy of PAN card
4.	Firm Service Tax Registration No.	Attach copy of Registration
5.	Firm Registration No. with ICAI	Attach copy of certificate issued by ICAI regarding firm Status as at 01-01-2018.
6.	Empanelment No. with C & AG	Document supporting empanelment with C & AG
7.	No. of year of Firm Existence & Date of Establishment of Firm	Attach copy of certificate issued by ICAI regarding firm status as at 01-01-2018
8.	Turnover of the firm in last three years	Audited financial statement for the last three years in support of the firm fees earnings along with copy of IT return for the respective years
9.	Details of Partners: Provide following details : <ul style="list-style-type: none"> <li>• Number of Full Time Fellow Partners associated with the firm</li> <li>• Name of each partner</li> <li>• Date of becoming ACA and FCA</li> <li>• Date of joining the firm</li> <li>• Membership No.</li> <li>• Qualification</li> <li>• Experience</li> <li>• Whether the partners is engaged full time or part time with the firm</li> </ul>	
10.	Details of experience in undertaking Accounting and preparation of Financial Statements, Balance Sheets. Proof of engagement shall be enclosed separately failing which, the proposal shall be summarily rejected. Proof of having undertaken and completed the work of preparation of Annual Financial Statement of any local body / Government Departments/Agencies /Board Corporation, etc., enclosed in the form of "certificate" from the said agency. Failure to submit such certificate shall lead to rejection of Technical Proposal.	
11.	Whether Affidavit on not being black listed by any Government Department / Agency / Body, etc enclosed and <b>signed by the Authorised Signatory</b> ).	

SIGNATURE

To be signed by the Authorised Signatory of the Firm along with Seal

Note: Please use additional sheets wherever required. Incomplete or inadequate proposals shall be rejected.



**ANNEXURE II**

**FORMAT FOR FINANCIAL PROPOSAL**

Financial Proposal shall be placed in a separate sealed envelope clearly marked on the cover as "Financial Proposal"

Name of the Firm:

<b>Item or Activity</b>	<b>Total Amount (in Rupees)</b>
Cost inclusive of wages for personnel, hiring of Electronic Equipments and taxes as applicable.  <b>Note: <u>Percentage of funds involved shall not be a basis of quoting the Fee.</u></b>	Both in Numeric and in Words. Rs.  (Rupees _____ _____ only)

SIGNATURE

To be signed by the Authorised Signatory of the Firm along with Seal

## ANNEXURE III

### Letter of Transmittal

To  
The Commissioner,  
Pondicherry Municipality  
Kamban Kalai Arangam,  
Bussy street,  
Puducherry – 605 001.

Dear Sir,

We, the undersigned, offer to provide the services for preparation of financial accounting statements for Pondicherry Municipality in accordance with your Request for Proposal dated [Insert Date]. We are hereby submitting our Technical and Financial Proposals in separate sealed envelopes.

2. We hereby declare that all the information and statements made in the Technical Proposal (Annexure I) are true and accept that any misinterpretation contained in it may lead to our disqualification.

3. The prices quoted by the Financial Proposal (Annexure II) are valid till six months from the date of submission of the bid. We confirm that this proposal will remain binding upon us and may be accepted by you at any time before the expiry date.

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

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

6. We understand that Authority of Pondicherry Municipality is not bound to accept the lowest or any proposal or to give any reason for award, or for the rejection of any proposal.

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

Yours faithfully,

To be signed by the Authorised Signatory of the Firm along with Seal.