

REQUEST FOR EXPRESSION OF INTEREST

(FOR HIRING AUDIT FIRM FOR EXTERSTATUTORY AUDIT)

Name of the Country : India
Name of Project : Uttarakhand Workforce Development Project (UKWDP)
Assignment Title : Appointment of Statutory Auditor for the audit of Project Financial Statements (FY 2020-21) for Uttarakhand Workforce Development Project (UKWDP)
Duration : 40 Calendar Days
Project No : P-154525
Reference No : UKWDP/CONS/AUDIT/20-21 dated 16.04.2021

Expression of Interest:

1. The Project Director, Uttarakhand Workforce Development Project (UKWDP), Government of Uttarakhand has received a loan from the International Bank for Reconstruction and Development (IBRD), and intends to apply part of the loan proceeds to make payments under the contract for Uttarakhand Workforce Development Project.
2. The UKWDP is a Workforce Development Project for improving the comprehensive quality and relevance of 24 priority Govt. ITIs spread across the 13 districts of the state. The period of the project is from 2018 to 2023.
3. The Project Director, Uttarakhand Workforce Development Project (UKWDP) hereby invites Eligible Chartered Accountant Firms to express their interest in providing the Services of Statutory Audit of the Project Financial Statements for the Financial Year 2020-21 for Uttarakhand Workforce Development Project (UKWDP).The Audit Firm is supposed to conduct Statutory audit for all 3 components under the Project.
4. The total duration of the Consultancy assignment is **Forty (40) days**.
5. The Evaluation Criteria for the Selection of the Chartered Accountant Firm is attached as **Annexure-1**.
6. The Terms of Reference (TOR) is attached as **Annexure-2**.
7. Sample audit report format is attached as Annexure-4.
8. The attention of interested consultant firm is drawn to paragraph 1.9 of the World Bank's Guidelines: *Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers (January 2011, revised July 2014)* ("Consultant Guidelines), setting forth the World Bank's policy on conflict of interest. In addition, please refer to the following specific information on conflict of interest related to this assignment: conflict between

consulting activities and procurement of goods, works or non-consulting services; conflict among consulting assignments; and relationship with Borrower's staff.

9. **Consortium or Joint venture** is not allowed for this assignment.
10. All the key experts (as detailed in the Terms of Reference) proposed for this engagement by the firm shall be on the payrolls of the Chartered Accountant firm and will not be sub-contracted to other agencies /3rd parties.
11. An audit firm will be selected in accordance with the **Fixed Budget Selection (FBS) method** specified in the Consultant Guidelines. The maximum budget stipulated for this assignment is **INR 1,50,000/-, (Rupees One lakh fifty thousand only) (Inclusive of all Cost & Taxes)**. Financial Proposal submitted by the shortlisted consultant at a later stage, that exceed the indicated budget shall be rejected.
12. Further information can be obtained at the address below during office hours from 10:00 to 17:00 hours.
13. Expressions of interest (EoI) must be delivered in a written form and should include firm's demonstrated capacity to provide the required expertise. Expressions of interest must be delivered to the address below through post/ speed post/courier/by-hand by till **01.05.2021; 1700 hrs.**

Uttarakhand Workforce Development Project
The Project Director
State Project Implementation Unit (Govt. Girls ITI Campus),
26 EC Road, Near Survey Chowk, Dehradun, 248001, Uttarakhand
e-mail: spiuukwdp@gmail.com

EVALUATION CRITERIA FOR SELECTION OF AUDIT FIRM

(Annexure – 1)

A. ELIGIBILITY CRITERIA

S. No.	Basic Requirement	Specific Requirements	Details/ Documents Required
1.	Legal Entity	Must be a legally constituted entity in India	<ul style="list-style-type: none"> • Copy of the Certificate of Incorporation • Copy of GST Certificate • Copy of PAN Card
2.	CAG Empanelment	The entity should be empaneled with CAG	CAG empanelment number and order copy

B. QUALIFICATION CRITERIA

S. No.	Basic Requirement	Specific Requirements	Documents Required
3.	Turnover (30 marks)	<p>Should have an Annual Average Turnover of at least INR 25 lakhs during the last three financial years (2017-18, 2018-19, and 2019-20).</p> <ul style="list-style-type: none"> ▪ INR 25 lakhs – 20 marks (minimum) ▪ More than INR 25 Lakh, <i>Additional 1 mark shall be allotted for additional 1 Lakh turnover subject to maximum marks.</i> <p>Example: <i>If any Firm has turnover of Rs. 26 Lakh then marks obtained shall be 21 only.</i></p>	Certified copy of the audited financial statements and certificate from a Chartered Accountant certifying the turnover.
4.	Number of Partners (20 marks)	<p>The firm should have 6 (Six) partners comprising at least 4 (Four) FCA out of the 6 (Six) partners: -</p> <ul style="list-style-type: none"> ▪ Four (4) FCA – 10 marks ▪ Five (5) FCA – 15 marks ▪ Six or Greater than Six (6) FCA- 20 marks 	Copy of latest Constitution Certificate of the firm downloaded from ICAI website.
5.	Local Presence (05 marks)	<p>The applicant firm shall have well-established Head Office/Branch office at Dehradun.</p> <ul style="list-style-type: none"> ▪ 5 marks if the Head Office is located at Dehradun. ▪ 3 Marks if Branch Office is located at Dehradun. ▪ 0 Marks if neither Head Office nor Branch Office is located at Dehradun. 	Copy of latest Constitution Certificate of the firm downloaded from ICAI website indicating location of Head Office/Branch Office of the Firm.
6.	Staff on payroll (05 marks)	<p>The firm should have at least 6 (Six) Semi Qualified staff having minimum qualification of CA Interpass.</p> <ul style="list-style-type: none"> • 5 marks if the criteria is met else 0 mark. 	Self-declaration with list of such staff. Bio data and CA Interpass mark sheet of Semi Qualified Staff to be enclosed.
7.	General experience (30 marks)	<p>Applicant firm should have at least 10 years of experience of conducting audit of Central or State Government/ PSUs.</p> <ul style="list-style-type: none"> ▪ 10 years – 20 marks 	Details to be submitted as per Annexure-3 supported with the copies of Work

Note:-

		<ul style="list-style-type: none"> ▪ More than 10 years additional 1 mark shall be given for each year increase in experience subject to maximum marks. 	order/Contract Agreement.
8.	Specific Experience (10 marks)	<p>Applicant Firm should have conducted audit of at least 01 Externally Aided Project (EAP).</p> <ul style="list-style-type: none"> • 01 EAP - 5 marks • Two or More EAP – 10 marks 	Work orders and work completion certificates from client.

- 1) Firms that does not meet the Eligibility Criteria will be rejected.
- 2) Firms that meets the eligiblity criteria, will be further evaluated as per the Qualification criteria. A maximum of 6 firms (Top 6 Firms) shall be shortlisted for the issuance of the RFP based on the marks obtained as per the Qualification Criteria.

Government of Uttarakhand
Terms of Reference for Appointment of Statutory Auditor for audit of Project Financial Statements of Uttarakhand Workforce Development Project (UKWDP)

I. Background

- a) The development of the skills and training sector in terms of access, quality and relevance is one of the country's top priorities. The Government of Uttarakhand (GoUK) is equally committed to this goal. Backed by robust economic growth, the favourable location of the State within the dynamic northern India economy and the state's investor-friendly industrial policy since 2003, the demand for skilled labour by the industrial and service sectors has been rapidly growing in Uttarakhand. In manufacturing alone, 230 large-scale industries and 42,000 micro, small, and medium enterprises employed 85,000 and 190,000 workers, respectively, in 2011, and the demand is expected to grow to 700,000 workers by 2022 (NSDC 2013). However, with the current quality or capacity of the skills and training sector in Uttarakhand, this demand may be difficult to meet.
- b) The skills development landscape is complex, with some degree of fragmentation. The landscape is characterized by (a) multiple service providers including industrial training institutes (ITIs), polytechnics, engineering colleges, private training providers (PTPs), and industry trainers; (b) a vast spectrum of target audiences, including secondary and postsecondary students, unskilled youth and vulnerable populations, people with previous work experience, and currently employed workers; (c) a wide range of training modalities, including long and short courses, informal training, and on-the-job training; and (d) varied kinds of skill sets (a vast array of industry-specific technical skills, socioemotional skills, and basic numeracy and literacy skills). The GoUK is keen to provide skills training opportunities to various beneficiaries to meet multiple skills demands by establishing a coherent and accessible skills development system in the state.
- c) Keeping this in mind, GoUK has signed a project with the World Bank for Uttarakhand's Workforce Development. The project's development objective is *to improve the quality and relevance of training at priority Industrial Training Institutes (ITIs) and to increase the number of labor-market-relevant workers through short-term training in Uttarakhand.*
- d) The Uttarakhand Workforce Development Project (UKWDP) has three components:
- o Component 1: Improving the Quality and Relevance of ITI Training

The primary objective of Component 1 is to (a) improve the delivery of labor market - relevant training and (b) increase the number of graduates in labor-market relevant trades from the ITI system. This component will support the improvement of the ITI system in Uttarakhand to address critical constraints through four corresponding subcomponents: Subcomponent 1.1 - Comprehensive improvement of quality and relevance of priority ITIs; Subcomponent 1.2 - Professional development of ITI teachers and staff; Subcomponent 1.3 - Strengthening industry linkages and Subcomponent 1.4 - Institutional capacity development of the skills development system. Subcomponents 1.1 and 1.3 focus on a selected number of priority ITIs while Subcomponents 1.2 and 1.4 will benefit all ITIs.

- Component 2: Increasing the number of Skilled Workers through Short Term Training

The main objective of Component 2 is to increase the number of workers in the labor market who have been trained under nationally recognized market-relevant trades compliant with the NSQF through short-term training conducted by the Skills Development Mission (SDM). The NSQF is a quality assurance framework in India that lays down nationally recognized competency standards for all qualifications. The activity is primarily implemented through the scheme managed by the SDM that provides NSQF-compliant short-term training, including the NCVT affiliated Modular Employable Skills (MES) courses and SSC-affiliated short courses by PTPs engaged in a performance contract with SDM. Partner PTPs, which meet the state's quality requirements, will provide training programs based on the SDM's outcome-linked financing mechanism. Training costs will be reimbursed by the SDM upon satisfactory achievement of outcome milestones, including training completed and certified, employment obtained, and workers remaining in the job for six months.³¹ The component includes measures to incentivize female participation in short-term training and subsequently in the labor force. A needs identification study will be undertaken to determine the instruments for incentives to encourage female beneficiaries. The SDM operationalizes the state's mandate to increase the number of skilled workers in Uttarakhand through short-term training, and this component will scale up the coverage of beneficiaries under this scheme for enhancing the outcome toward the state's goal of training 650,000 workers. The result of this component is monitored by DLI 5: Increasing the number of trainees certified under NSQF-compliant short-term training by UKSDM.

- Component 3: Policy and Institutional Development and Project Management

Component 3 consists of technical assistance (TA) and institutional capacity development activities to support the designing and implementation of Components 1 and 2 activities and to enhance the administrative capacity of the GoUK's skills, including the DSDE, and the overall skills sector profile. The component consists of two subcomponents: Subcomponent 3.1 - Technical assistance for institutional strengthening and Subcomponent 3.2 - Monitoring and evaluation (M&E) and project management. Under Subcomponent 3.1, the Skills Development Policy will be developed, covering the overall skills sector, including ITIs, higher skills (polytechnic and engineering colleges as relevant), short courses, industry-based training, recognition of prior learning (RPL), competency-based training, strategy to increase female students and their employability, and quality professional development policies for ensuring the quality of training. The TA will introduce, among others, a piloting of RPL, enhanced job placement support to students, and increased accountability of ITIs through the introduction of the ITI performance scorecard. It will support the establishment of a job placement system, with introduction of career counselling, soft skills development for job search, and business start-up support to students. The TA will also support diagnostic assessments of female enrolment in the state and their labour market participation.

- e) Financing Instrument: Components 1 and 2 are financed by Result-Based Financing (RBF) and Component 3 uses traditional expenditure-based Financing. Result-based financing components use Disbursement Linked Indicators (DLIs) to guide the results of activities. The complete list of DLIs under the project is provided in Annexure 2 of the Project Appraisal Document (PAD). In the context of results-based financing under Components 1 and 2, project funds will be disbursed against the Eligible Expenditure Program (EEPs) based on achieving the agreed set of DLIs. Component 3 will use the traditional investment project approach.

- f) **Implementation Arrangements:** The project is implemented by the Department of Skills Development and Employment (DSDE) of GoUK through a State Project Implementation Unit (SPIU) and Uttarakhand Skills Development Mission (SDM). The department consists of the Directorate of Training, which is the administrative body for the overall training sector, ITIs, State Vocational Education Board (SVEB), and the SDM. The Steering Committee, chaired by the Principal Secretary/Secretary, Kaushal Vikas avum Sewayojan (KVS) responsible for the department and joined by the Secretary of Finance, representatives of key stakeholders, including the Ministry of Skill Development and Entrepreneurship staff and industry representatives, is the apex body for project guidance and decision making.
- g) **Implementation of the Components 1 and 3** is led by the SPIU under the overall supervision and guidance of the DSDE. The SPIU is located in Dehradun. The SPIU is headed by the Director of Training, ex officio, and is supported by a Joint Project Director (JPD), who is responsible for the day-to-day operation and implementation of the project. The SPIU is structured with five implementation cells: (a) ITI improvement, (b) industry liaison and short-course training, (c) procurement, (d) financial management (FM), and (e) M&E. Each cell is led by a Deputy Project Director (DPD) and staffed with professional staff including Assistant Project Directors (APDs) and project management consultants, as relevant. The team also includes necessary supporting staff. Component 2 is implemented by the UKSDM, headed by the Director of Training, ex officio, under the supervision of the DSDE.
- h) **Project Cost and Financing:** The total project cost is \$84 million out of which US\$67.2 million would be financed by the World Bank and \$16.8 million would be funded by the state government. Project cost by components and financing is provided in the table below -

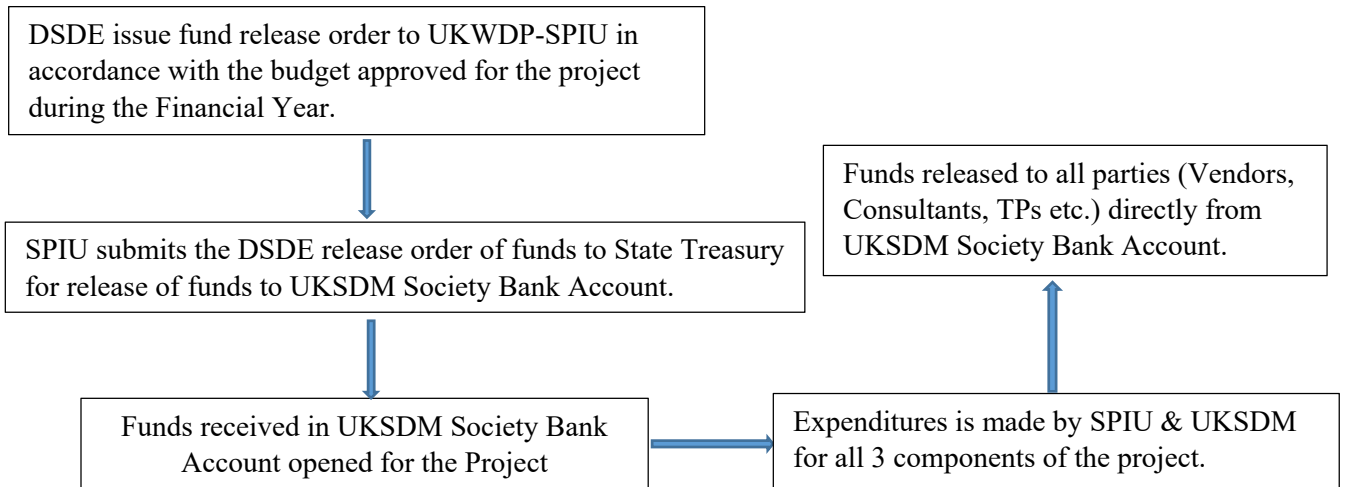
Table: Project cost by Components & Source of Financing: -

Project Components	Project cost	IBRD Financing	% Financing
Improving the Quality and Relevance of ITI	\$ 49.50 million	\$ 39.6 million	80% of EEPs
Increasing the number of Skilled Workers through Short Term Training	\$ 25.00 million	\$ 20.00 million	80% of EEPs
Policy and Institutional Development and Project Management	\$ 9.50 million	\$ 7.60 million	80%
Total Project Costs	\$ 84.00 million	\$ 67.20 million	80%

II. Objective of the Assignment

The objective of this assignment is to provide reasonable assurance that the proceeds of the World Bank loan were used for the purposes intended, that the Audit reports are free from material mismanagement and that terms of the loan agreement are complied with in all material respects by carrying out the statutory audit of the project financial statements of Uttarakhand Workforce Development Project (UKWDP) for financial year 2020-21.

A. Mechanism of Funds Flow:



B. Accounting & Financial Reporting under the Project:-

The 3 project Components are as indicated below-

Project Components	Activities for which funds are received	Accounting & Reporting	
Components 1-Improving the Quality and Relevance of ITI Training 1.1 -Comprehensive improvement of quality and relevance of priority ITIs.	1. Civil Works 2. Procurement of tools & equipment, furniture etc. 3. Any other related activity.	Accounting: - The accounting is centralized and maintained in TALLY ERP at UKSDM, Dehradun. Reporting: - - IUFR on half yearly basis. - External auditors shall prepare financial report as per Annexure -4. - The project team will provide the External Auditor PFS which shall comprise of Trial Balance, Balance Sheet, Income & Expenditure available and necessary schedules.	
	1.2 -Professional development of ITI teachers and staff.		1. Training cost to Training Providers. 2. TA DA etc. to staffs undergoing training.
	1.3 -Strengthening industry linkages		
	1.4 -Institutional Capacity Development of the skills development system.		
Component 2- Increasing the number of Skilled Workers through Short Term Training.	Payments are made to Private Training Providers in 3 tranches as per common norms of Ministry of Skill Development and Entrepreneurship (MSDE).	- The project maintained necessary records like -Fixed	

Component 3- Policy and Institutional Development and Project Management 3.1 -Technical assistance for institutional strengthening 3.2- Monitoring and Evaluation and Project Management	1. All consultancy related works. 2. Salary to SPIU staffs. 3. All other expenditure/incremental operating costs etc.	Assets, Stock register and cash book etc.
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UKWDP intends to engage the services of an Auditor Firm for carrying out the statutory audit of the financial statements of the said project (UKWDP), covering all components, to provide reasonable assurance that the proceeds of the World Bank loan were used for the purposes intended, that the Audit reports are free from material mismanagement and that terms of the loan agreement are complied with in all material respects, under these terms of reference.

III. Scope of Assignment:-

- a) The auditor shall:
- (i) Review the project financial statements (PFS) and issue an opinion thereupon;
 - (ii) Review the interim unaudited financial reports (IUFRRs) submitted by the project to the Bank;
 - (iii) Conduct an audit of all recurring and non-recurring expenditures of the Project funds.
 - (iv) Ensure that all expenditures, including procurement of goods, works and consulting services, have been carried out as per the Project Appraisal Document, Project Financing Agreement, and World Bank Procurement and Consultant Guidelines;
 - (v) Carry out a sample physical verification of assets procured under the project, constructions sites and equipment installed in order to verify their cost, possession and status as required by the auditing standards.
- b) The Project Financial Statements shall include: -
- (i) Statement of Sources and Applications of Funds: The formats of PFS are set out in Annex 4.
 - (ii) Statement of Reconciliation of Claims to Total Application of Funds: The PFS include reconciliation between expenditure reported as per the Statement of Sources and Applications of Funds and expenditure claimed from the World Bank through IUFRR. The formats are outlined in Annex 4.
 - (iii) Management Assertion Letter: Management should sign the project financial statements and provide a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements. Further, the management should provide an assertion that project funds have been expended in accordance with intended purposes and are reflected as such in the financial statements. An example of a Management Assertion Letter is shown at Annex 4.
- c) In addition to the audit of the PFS, the auditor is required to audit all Interim Unaudited Financial Reports (IUFRRs) for withdrawal applications made during the period under audit examination.

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 project eligibility by reference to the relevant financing agreements. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted and qualified by the auditor.

- d) The audit will be conducted for Project Financial Statements (PFS) of UKWDP to be prepared by SPIU and location of audit will be Dehradun.

IV. Conduct of Audit & Audit Report:

- a) The audit will be carried out in accordance with the Accounting & Auditing Standards promulgated by the ICAI. The auditor shall 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 loan proceeds for purposes other than as defined in the legal agreement remains with the project, the audit should be planned to have a reasonable expectation of detecting material misstatements in the project financial statements.
- b) These 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 is adverse or a disclaimer of opinion.” In addition, the audit opinion paragraph will specify whether, in the auditor’s opinion, (a) with respect to IUFRs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to the audit report, expenditures are eligible for financing under the Loan Agreement.
- c) In addition to the audit report on the Project Financial Statements, the auditor may prepare a management letter containing recommendations for improvements in internal control and other matters coming to the attention of the auditor during the audit examination. Where a management letter is prepared by the auditor, a copy of the same will be supplied to the Bank.

V. Support from the Project

The auditor should be given access to any information relevant for the purposes of conducting the external audit. This would normally include all legal documents, correspondence, contracts, approved annual work plans, financial reports and any other information associated with the project 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 Project Appraisal Document, the Bank’s Procurement Guidelines, the Bank’s Disbursement Manual, Loan and Financing Agreements of the Project and the Bank’s Financial Management Assessment of the project’s implementing entities. It is highly desirable that the auditor become familiar with the Bank’s policies and guidelines on Financial Management that include financial reporting and auditing requirements for Bank financed projects. These documents will be provided to the auditor by the Project staff.

VI. Qualifications & Responsibilities of the Experts

- a) A Firm of Chartered Accountants, empanelled with the CAG, with demonstrated experience in auditing of externally-aided projects may apply for this assignment. The Chartered Accountant (Firm) should demonstrate that it has sufficient key and non-key-experts (support staff) to undertake the proposed assignment.
- b) The list of key experts required for this assignment is mentioned as below:-

Table-A

Sr . No	Key Experts	Description of Services to be provided	Experience	Total Man Days
1.	Partners (1 Nos.)	Overall Audit, including coordination, planning, team leadership, reporting, liaison with the project	Qualified Chartered Accountant with an overall experience of 10 years and at least 5 years' experience as a partner with expertise in statutory audit	2 days
2.	Article (2 Nos.)	Onsite audit	CA Final with Article Assistant enrolled in ICAI.	10 days
3.	Audit Assistant (1 Nos.)	Onsite audit	Semi-Qualified, having minimum qualification of CA interpass with at least five years work experience.	4 days

Serial No 1, 2 & 3 are key experts.

VII. Submission of Audit Report & Terms of Payment

- a) The PFS will be provided by the project to the auditor at the commencement of the assignment. The external audit report should be submitted to the Project Director within the duration of the assignment. The Audited Project Financial Statements and Audit Report should be received by the Bank not later than 6 months after the end of the fiscal year.
- b) The auditor should submit two copies of the audit report together with the audited financial statements and management letter to the Project Director, UKWDP (SPIU, Dehradun)
- c) 100% payment shall be made to the auditor on submission of the Audit Report and Audited Project Financial Statements along with Invoice in duplicate to the Project Director, UKWDP (SPIU, Dehradun), subject to it being in the prescribed format and being submitted in accordance with the above mentioned timelines.

VIII. Period of the Assignment and Indicative Fees

- a. The expected duration of the assignment is 40 days with an expected time input of all the experts is mentioned in **Table-A** above. The audit firm will be selected in accordance with the **Fixed Budget Selection (FBS) method** specified in the Consultant Guidelines. The total budget stipulated for this assignment is **INR 1,50,000/-(Rupees One lakh Fifty thousand only) (Inclusive of all Cost & Taxes)**.
- b. The assignment maybe extended for a further period, on a yearly basis, based on mutual agreement and performance of the Chartered Accountant Firm.

Details of Completed Project

Annexure – 3

Sr. No	Period	Name of the Assignment with Details thereof	Name of the client	Contract Value (in Rs.) and Duration in Month	Date of Award / Commencement of assignment	Date of Completion of Assignment	Remarks if any
A	B	C	D	E	F	G	H
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

Authorized Signatory [In full and initials]: _____

Name and Designation with Date and Seal: _____

Note: Consultants are requested to furnish the list of the similar assignments undertaken/completed as per the above prescribed format only. Information not conforming to the above format will be treated as non-responsive. Copies of the Work order/ Contract Document/ Completion Certificate from the previous Clients need to be furnished along with the above information.

Format of the Project Financial Statements

UKWDP PROJECT

Statement of Sources and Application of Funds (Amount in INR lacs)

Particulars	Expenditure	Non-claimable	Eligible Expenditure	Reimbursement %	Reimbursable amount
	for the year	for the year			
Sources of Funds	1	2	(3) = (1) - (2)	4	5=3x4
<i>Opening Bank Balance</i>					
Add: Amount received during the year					
Add: Interest					
Total Funds Available (A)					
Application of Funds					
<i>Component 1: Improving the Quality and Relevance of ITI Training</i>					
Sub-component 1.1: Comprehensive improvement of quality and relevance of priority ITIs					
Sub-component 1.2: Professional development of ITI teachers and staff					
Sub-component 1.3: Strengthening Industry linkages; and					
Sub-component 1.4: Institutional capacity development of the skills development system					
Component 2: Increasing the number of Skilled Workers through Short-term Training					
Component 3: Policy and Institutional Development and Project Management					
Sub-component 3.1 – Technical assistance for institutional strengthening; and					

Sub-component 3.2 – Monitoring and Evaluation(M&E) and Project Management					
<i>Total Funds Expended (PROJECT EXPENDITURE) (B)</i>					
<i>Closing Bank Balance</i>					

Finance Controller

Project Director

Notes:

1. This financial statement is prepared onbasis of accounting.
2. Any other project specific Note.

Format of the Statement of Reconciliation of Claims to Total Applications of Funds

UKWDP PROJECT

(INR lacs)

Particulars	Schedule s	Current Year	Previou sYear	Project todate
Bank Funds claimed (A)	I			
Withdrawal claims for 1 st half year as per IUFR				
Withdrawal claims for 2 nd half year as per IUFR				
Total Bank funds claimed				
Total expenditure made during the year (B)				
Expenditure as per books of account				
<i>Less:</i>				
<i>Ineligible expenditure (C)</i>	II			
<i>Expenditures not claimed (D)</i>	III			
Total eligible expenditure claimed (E)=(B)-(C)-(D)				
World Bank Share @ 80% of (E)=(F)				
Excess/ Shortage of claims over expenditure(A)-(F)				

Finance Controller

Project Director

Notes:

1. Total expenditure made during the year (B above) must be the same as the Total Project Expenditure (A) shown on the Statement of Sources and Applications of Funds.
2. Expenditures not claimed (D above) may reflect timing differences for eligible expenditures incurred during the year but claimed after the year end.

Format of the Management Assertion Letter

To,

XXXXXXXX

This assertion letter is provided in connection with your audit of the project financial statements of UKWDP for the year ended _____. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the **cash/accrual** basis of accounting, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

1. The project financial statements are free of material misstatements, including omissions.
2. Project funds have been used for the purposes for which they were provided.
3. Project expenditures are eligible for financing under the Loan agreement.
4. 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 project financial statements.
5. We have made available to you all books of accounts and supporting documentation relating to the project.
6. The project has complied with the conditions of all relevant legal agreements, including the Financing Agreement, the Project Appraisal Document and the Minutes of Negotiations.

[Project Director(s)]

(Finance Controller)

Format of the Audit Report

Sample Audit Report—Unqualified Opinion

Independent Auditor's Report

To,

<appropriate addressee e. g. the Board of Directors/Governing Body or the Project Director>

Report on the Audit of the Project Financial

Statements Opinion

We have audited the accompanying special purpose financial statements of *Uttarakhand Workforce Development Project (P154525)* financed by the International Bank for Reconstruction and Development (IBRD) Loan No. 8877-IN and implemented by *Uttarakhand Workforce Development Project(UKWDP) SPIU, 26 E.C Road, Near Survey Chowk, Mahila ITI Campus, Dehradun.* These financial statements comprise of the *<mention the financial statements that have been audited as per terms of reference>*¹, and notes to these financial statements, including a summary of significant accounting policies (collectively referred to as the “Project Financial Statements”).

In our opinion, the aforesaid Project Financial Statements give a true and fair view of the *<financial position of the Project as at March 31, 20XX, in case a Statement of Financial Position is prepared>*, income and expenditure statement (**where applicable**), receipts and disbursements of the Project for the year ended on March 31, 20XX and the expenditure of the Project for the year ended on March 31, 20XX, in accordance with the financial reporting provisions of Section 5.09 of the General Conditions of the World Bank read with the Financing /Loan Agreement *<select as applicable>* and Project Agreement both dated *<insert date of the agreement>* described in Note *XXX*.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India (ICAI). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the implementing agency in accordance with the ICAI's Code of Ethics for undertaking this assignment, and we have fulfilled our ethical responsibilities in accordance with ICAI's Code of Ethics². We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

¹ For example - (i) Statement of Sources and Uses of Funds, (ii) Statement of Expenses by Project Components/Sub- Components, (iii) Statement of reconciliation of claims, and (iv) Receipts and Payments account. A statement of Financial Position may be included.

Emphasis of Matter³

We draw attention to Note XXX to the PFS describing the basis of accounting. The PFS is prepared to assist the **Uttarakhand Workforce Development Project** to meet the financial reporting requirements of the Project's Financing Agreements <select as applicable> for Investment Project Financing dated _____ in respect of preparation of the Project Financial Statements in a manner to reflect the operations, resources and expenditures related to the Project. As a result, these special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and those charged with Governance for the Project Financial Statements

The Management of the implementing agency is responsible for the preparation and fair presentation of the Project Financial Statements in accordance with the financial reporting framework⁴ described in Note XXX to these financial statements, and for such internal control as management determines is necessary to enable the preparation of Project Financial Statements that are free from material misstatement, whether due to fraud or error. The Management and those charged with governance are responsible for overseeing the implementing agency's financial reporting process.

Auditor's Responsibilities for the Audit of the Project Financial Statements

Our responsibility is to provide reasonable assurance about whether the Project Financial Statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standard of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Project Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,

² In case the implementing agency is a company, mention that ethical requirements of the Companies Act, 2013 have been complied, as illustrated in the Standard of Auditing 700

³ The auditor may add other points on which it wishes to draw emphasis

⁴ Refer to Standard on Auditing 700 (revised), para 7(b)

and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Project Financial Statements, including the disclosures and whether these financial statements present the Project's operations and underlying transactions and events in a manner that achieves fair presentation in accordance with the financial reporting provisions described in Note XXX to the Project Financial Statements.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

<where a separate entity report is required to be issued, this para may be inserted> The implementing agency <name of the implementing agency/s> has prepared a separate set of entity financial statements for the year ended March 31, 20xx on which we *<OR write the name of the audit firm which issued the audit report>* have issued a separate auditor's report to the Governing Body/Shareholders <select as applicable> dated <date of the audit report> and expressed an unmodified/modified <select as applicable> audit opinion.⁵

Report on Other Legal and Regulatory Requirements <select/modify the below as applicable per the terms of reference >

Further to our opinion on the Project Financial Statements we further report that:

⁵ This para may be modified in case separate audit report has been issued for the year other than the year of current audit. The auditor is also expected to consider the key qualifications made by the auditors on the entity financial statements and decide if these affect the opinion of the auditor on the Project Financial Statements.

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of accounts have been kept by the implementing agency for Project purposes so far as appears from our examination of those books;
- c) the Project Financial Statements dealt with by this report is in agreement with the books of accounts;
- d) the Project funds were utilized for the purposes for which they were provided;
- e) expenditures, including assets created under the Project, shown in the PFS are eligible for financing under the Project Financing Agreements;
- f) Interim Financial Reports (IFR) submitted by the Project management can be relied upon to support applications for withdrawal of the Loan, and adequate supporting documentation has been maintained to support these claims;
- g) Procurement has been carried out in line with the agreed procedures as detailed in the Operations Manual/Procurement Manual/Project Implementation Plan/Legal Agreements; and
- h) the Project has an adequate internal financial control system (including IT controls) and such controls were operating effectively as at March 31, 20XX and the Project complies with the provisions on financial management contained in the Operations Manual/ ProjectImplementation Plan/ Financial Management Manual, in all material aspects.

For XYZ & Co

Chartered Accountants

<Firm's Registration No. XXXX>

Signature

< name of CA signing the audit report>

<Proprietor/Partner>

(Membership No. XXXXX)

Place of Signature:

Date:

UDIN⁶: (UDIN number to be provided for the certificate)

⁶ The auditor should enter the total project expenditure during the year and additionally select from the following for entering in UDIN Portal: total funds received during the year; closing balance in project bank account; cumulative project expenditure.