AXOM SARBA SIKSHA ABHIJAN MISSION

TERMS OF REFERENCE FOR ENGAGEMENT OF CHARTERED ACCOUNTANTS FIRMS FOR THE STATUTORY AUDIT OF ACCOUNTS OF SSA and KGBV OF ASSAM STATE FOR THE YEAR 2016-17 (FINANCIAL AUDIT)

BACKGROUND

The Axom Sarba Siksha Abhijan Mission is a registered Society which is implementing the centrally sponsored Programme of Sarva Shiksha Abhiyan (SSA) to attain the goal of Universalization of Elementary Education in all the districts of Assam State for which funds are shared between the Government of India and State Government in the ratio of 90:10 w.e.f 01.04.2007.

OBJECTIVES

The objective of the audit of the Programme Accounts {Programme Financial Statement(PFS)} is to enable the auditor to express a professional opinion on the financial position of SSA and KGBV programme at the end of each fiscal year and of the funds received and expenditure incurred for the accounting period ended 31.03.2017, as reported by the Programme Financial Statement.

The programme accounts (books of accounts) provide the basis for preparation of the PFS and are established to reflect the financial transactions in respect of the project, as maintained by the project implementing agency- State Implementing Society and District Implementing Society of SSA Assam.

SCOPE

Expenditure is incurred against various activities approved in the Annual Work Plan & Budget from funds released by the Government of India and the State Government covering the programme cost. A statement of expenditure based on actual amounts spent under various interventions is sent to Government of India. The C.A.firm is required to exercise such tests of accounting records, internal checks and control and other necessary audit of the accounts as per general principles. In conducting the Audit, specific attention should be given to the following:

(a) All funds have been used in accordance with the condition of the relevant financial norms and financial regulations with due attention to economy and efficiency, and only for the purpose for which the financing was provided.

(b) Generally accepted accounting principles are followed by all entities who are authorized to incur expenditure under SSA and KGBV.

(c) Goods, works and services financed have been procured in accordance with relevant provisions of the Procurement Procedure prescribed for the
purpose. Proper documents, namely, purchase orders, tender documents, invoices, vouchers, receipts, pay bills, T A bills etc. including all prescribed books of accounts are maintained and linked to the transactions and retained till the end of the Programme.

(d) All necessary supporting documents, records and accounts have been kept in respect of all programme expenditure including expenditure covered by Statement of Expenditure. Clear linkages should exist between the books of accounts and reports presented to the Government of India and the State Government.

(e) Expenditure incurred under SSA and KGBV is strictly in accordance with the financial norms prescribed in the SSA framework or any other clarifications issued from time to time. The expenditure statements / financial statements included in the statement of expenditure of the relevant period represent a true and fair view or implementation and operations of the programme at the end of the financial year and of resources and expenditure for the year ended on that date.

(f) Expenditure is incurred with reference to the budget allocation approved by the PAB. In case the budget allocation is exceeded proper re-appropriation duly approved by the competent authority is required to be obtained.

(g) SSA/ KGBV funds are used efficiently, economically and effectively to the purpose for which they are intended.

(h) Reconciliation of Bank Statements and accounts is to be regularly carried out on a monthly basis.

(i) The C.A firm appointed for the audit should also look into the position of audit compliance of previous audit objections raised, if any. The audit report should include a separate Para in this regard

(j) The C.A. firm appointed for the audit should be required to give Audit Certificate, utilization certificate and any other certificate required from time to time.

(k) The Lead C.A firm appointed at the state level to consolidate the various district audit reports and other connected accounting documents for the state SSA programme as a whole shall be responsible for:

(i) Review of the audit reports pertaining to the districts received from other C.A firms and suggest modifications, if any;

(ii) Preparation of the consolidated annual audit report and management letter of the State as a whole based on the annual audit reports received from other C.A firms and certification thereof;

(iii) Preparation of the consolidated Annual Financial Statement, Balance Sheet, Income and expenditure Account, Receipt and payment and certification thereof;
(iv) Certification of the consolidated annual utilization certificate for submission to Govt. of India.

(I) The Audit should be covered the accounts of State Implementing Society, all District Project Offices, BRCs, CRCs, SMCs/ VECs (selected) receiving more than Rs.1.00 (lakh) per year(2008-09 to 2016-17) and audit of accounts of KGBV where applicable for the last financial year 2016-17. The total number of SMCs covered in audit should be indicated in the Audit Report.

PROGRAMME FINANCIAL STATEMENTS

Programme Financial Statements should include:

a) A summary of funds received from Government of India and State Government separately;

b) Any other receipt accruing separately;

c) A summary of expenditure shown under the main programme heading both for the current fiscal year and accumulated to date; and

d) A Balance Sheet showing accumulated funds of the programme, bank balances, other assets of the programme, and liabilities, if any.

AUDIT OPINION

The primary audit opinion should include the Programme Financial Statements, and the annual audit report of the Programme Accounts. The Financial statement, including the audit report should be received by the State Implementing Society not later than (three to six) months after the end of the accounting period to which the audit refers. The auditor should submit the report to SPD of the Society well in advance who will take further action to have four copies of the Audit of Accounts and report forwarded to Government of India (E.E.Bureau).

MANAGEMENT LETTER

In addition to the audit reports, the auditor will prepare a ’Management Letter’, in which the auditor will:

a) Give comments and observations on the accounting records, systems, and internal controls that were examined during the course of the audit;

b) Identify specific deficiencies and areas of weakness in systems and internal controls and make recommendations for their improvement;

c) Report on the degree of compliance of each of the financial covenants of the financing agreement and give comments, if any, on internal and external matters affecting such compliance;

d) Communicate matters that have come to the attention during the audit which might have a significant impact on the implementation of the programme; and

e) Bring to the Implementing Agencies’ attention any other matters that the auditor considers pertinent.
KEY PERSONNEL
The key personnel in the audit team, their minimum qualifications, and their anticipated inputs are indicated below:

(a) The audit team should be led by a Chartered Accountant with a minimum 5 years experience in audit.
(b) The audit team should include sufficient number of appropriate staff (Articles/Audit Clerks and other audit staff), commensurate with the size and scope of the assignment.

GENERAL

The auditor should be given access to all legal documents, books of accounts, procurement documents, correspondence, and any other information associated with the programme and deemed necessary by the auditor.

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