

CORRIGENDUM-1

CORRIGENDUM TO THE REQUEST FOR EXPRESSION OF INTEREST (REOI) FOR HIRING OF AN INTERNAL AUDITOR FOR VERIFICATION OF UTILIZATION OF GRANTS UNDER THE MATCHING GRANT SCHEME OF HIMACHAL PRADESH INTEGRATED DEVELOPMENT PROJECT

Date of Publishing Corrigendum on Project website: 08-08-2024

An advertisement for Request for Expression of Interest (REOI) for Hiring of an Internal Auditor for Verification of Utilization of Grants under the Matching Grant Scheme of Himachal Pradesh Integrated Development Project was floated and published in The Times of India (English), The Hindu (English) and Amar Ujala (Hindi) newspapers on 1st and 2nd August 2024 and the same was uploaded on the Project website www.hpidp.org on 02.08.2024.

In this regard the following Corrigendum is issued:

- (i) Revised Terms of Reference for Hiring of an Internal Auditor for Verification of Utilization of Grants under the Matching Grant Scheme of Himachal Pradesh Integrated Development Project has been uploaded on project website and can be downloaded from the website www.hpidp.org.
- (ii) Last date for submission of Request for Expression of Interest (REOI) has been extended to 22nd August 2024 till 3:00PM.

All other terms and conditions shall remain same


**Executive Director
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INDIA- Himachal Pradesh Integrated Development Project

Terms of Reference for Hiring of an Internal Auditor for Verification of Utilization of Grants under the Matching Grant Scheme of Himachal Pradesh Integrated Development Project

Selection of Consultants – Firm Selection

1. Background

The Government of Himachal Pradesh (GOHP) is implementing the Integrated Development Project for Source Sustainability and Climate Resilient Rainfed Agriculture (IDP) in the selected Gram Panchayats of the State, with financing from the World Bank. This is a 5-year project which started in the year 2020. IDP carries forward the ideas and Learnings of H.P. Mid Himalayan Watershed Development Project (HPMHWDP). This project started in the year 2005 and completed on 31st March 2017. HPMHWDP exhibited increase in real income by 20.70%, Increase in biomass production by 46.25%, increase in yield of Wheat, Maize & Milk by 25.92%, 28.94% and 10.72% respectively. Under Institutional strengthening a total of 3,098 Self Help Groups (SHGs), 6,977, Users Groups and 5,967 Common Interest Groups (CIG) were established.

The Project is investing in measures in upstream catchment areas to improve sustainable land and watershed management to promote the sustainability of perennial water sources. It will also support continued diversification and commercialization of agricultural value chains in downstream areas by supporting production and value addition including promoting efficient water use thereby increasing the productivity of water in agriculture. It will adopt a spatial approach by (1) applying a landscape approach to individual high-risk micro-watersheds within select river basins in Himachal Pradesh; and (ii) overlaying this with a cluster approach to target value chain investments in specific locations to leverage economies of scale and network externalities. In parallel, the project will develop and demonstrate the application of an analytical evidence base to inform strategic policy choices viz. the trade-offs between alternative water uses and will pilot a new institutional arrangement for addressing complex multi-sectoral concepts such as sustainable landscape management that involves several sectors and multiple Government departments.

The Project is being implemented across 10 districts of HP, viz., Shimla, Solan, Sirmaur, Bilaspur, Hamirpur, Mandi, Kullu, Chamba, Kangra and Una; and cover 428 Gram Panchayats (GP) in 32 Blocks.

The project development objective of the Integrated Development Project for Source Sustainability and Climate Resilient Rain-fed Agriculture (Project) is "To improve upstream watershed management and increase agricultural water productivity in selected Gram Panchayats.

PROJECT COMPONENTS

Component 1: Sustainable Land and Water Resource Management

Component 2: Improved Agricultural Productivity and Value Addition

Component 3: Institutional Capacity Building for Integrated Watershed Management

Component 4: Project Management

2. About Matching Grants

The Project has received financial assistance in the form of a development loan from the International Bank for Reconstruction and Development (IBRD), henceforth referred to as the World Bank; total cost of the Project is INR 700 Crores, of which 80% is loan and 20% is share of the Government of HP. A part of this loan amount will be available as grant to primary stakeholders of the project, the modalities of which are elaborated in the Grants Manual. The total fund set aside for MG under the IDP (including for individuals, groups and OMIF for GPs) is USD 6,428,000 equivalent to INR 46.16 Crores.

According to the LA for the Project, "Matching Grant" means a grant awarded by the PMU/DPO to an eligible Grant Recipient, out of the proceeds of the Loan, in accordance with the selection criteria and procedures set forth in the Grants Manual

A matching grant is a non-reimbursable transfer of funds to a beneficiary to match a specified contribution from the beneficiary to support the planning and implementation of an agreed Intervention leading to a desired outcome.

In HPIDP, Matching grants are a financing tool, used to finance "social and economic infrastructure, productive assets and income generating and livelihood-diversification activities. It has been designed as an additional financial assistance mechanism for GPs, eligible community members, and project instituted community organizations (WUGS, PGS, and FPOs). Although the phrase 'matching grant implies that the grant will be equivalent (matching) to the beneficiary contribution that will not always be the case, as we will see in the following sections.

There are three windows under which potential beneficiaries can avail of benefits of MG under the HPIDP-Individual, user group, and GP. All the grant proposals, across all categories of grants, would need to align with the project objectives and be in accordance with the activities set forth in GPRMPs. The grants will be disbursed based on the budget allocation for the respective fiscal year of the project.

Matching Grants will be available to project GPs, WUGS, PGS and Individual farmers if they fulfill the eligibility criteria as per provisions contained in the Grants Manual during the project period on a quarterly basis. The matching grants would be provided under Component 1.B(c) and Component 2 of the project.

A detailed Matching Grant Manual has been developed under the Project. The objective of this manual is to outline the nature, objectives, and disbursement mechanisms for different types of matching grants under the project in a clear and transparent manner. The manual includes information on eligibility, timelines, application process, selection criteria, financial management and procurement procedures, verification, utilization certificate, and closure of grant windows. It also sets forth the roles and responsibilities of concerned entities at various stages of the application, evaluation, and closure procedures. Lastly, the manual contains sections complying with statutory requirements, viz., data protection and grievance redressal mechanisms. The intended primary users of this manual are project staff, community organizations instituted under the project, and other members of the community. In case of any discrepancy between the Grants Manual and provisions of the Legal Agreement, the latter shall prevail.

The 1st version of Matching Grant Manual was approved by the World Bank on 12th Sept, 2022 for its implementation in the field. The first cycle of matching grant was rolled out in the month of January 2023 (FY 2022-23). The implementation guidelines as documented in the 1st version of manual were followed/adhered to during the 1st cycle, and an amount of Rs. 95 Lacs has been disbursed and utilized during the year 2022-23.

After the 1st cycle, the Matching Grant Manual was revised as per the implementation feedback received from the field functionaries. The revised manual was approved by World Bank after thorough deliberations with PMU on dated 28th July, 2023. The 2nd cycle of Matching Grant Scheme has been rolled out on 1st August, 2023 (FY-2023-24) in all the ten project districts and an amount of Rs. 11,49,29,936 Cr has been disbursed and utilized during the year 2023-24. Presently, the implementation guidelines as documented in the revised version of the manual are being followed/adhered to in the field for the implementation of the scheme.

The status of Matching Grants given under the project is as follows:

Matching Grants given by Category of Person

FY	OMIF	WUG	Individuals
2022-23	NIL	Nil	787
2023-24	NIL	2	6701

Matching Grants given by District

FY2022-23

District	No. of Beneficiaries receiving MG	Total Amount of MG disbursed
Sirmaur	40	499915
Chamba	24	624700
Una	339	2922255
Solan	210	3072428

Kangra	115	1047115
Shimla	59	1398700
Total	787	9565113

FY2023-24

District	No. of Beneficiaries receiving MG	Total Amount of MG disbursed
Sirmaur	590	11076512
Chamba	460	8998784
Una	556	6468061
Solan	828	18982176
Kangra	1583	22535760
Shimla	322	8516697
Hamirpur	508	6763658
Bilaspur	1077	16263728
Mandi	423	10507959
Kullu	354	4816601
Total	6701	11,49,29,936

Further, the Manual will also be referred for implementation of the matching grant scheme under IDP in subsequent cycles as well. It may also be noted that Manual may undergo minor need -based revision as per the feedback received from field post the closure of each cycle.

3. Objective(s) of the Assignment

The project now intends to appoint an independent internal auditor for verification of utilization of grants so disbursed during FY2022-23 and FY2023-24.

The objective of the assignment is to determine the following:

- a. Whether the process of grant award and utilization follow the requirements laid down by the Matching Grants Manual.
- b. Whether procurements undertaken with the Grants represent value for money and have been carried out in accordance with procedures/arrangements laid down in the Matching Grants Manual.
- c. Whether adequate records have been maintained by both the project as well as the beneficiaries wrt the Grants.
- d. All in all, whether Grants have been utilized for the intended purpose.

4. Scope of Services, Tasks (Components) and Expected Deliverables

The firm needs to undertake the following activities:

Planning:

1. *Develop the verification protocol/methodology.* The verification is to be undertaken against the funds disbursed during FY2022-24 and likely to be disbursed in the following years during the Project period.
2. *Sample determination:* The verification is to be undertaken for a sample of grants for each FY. The basis of sampling needs to be provided by the consulting firm (Consultant), which should be statistically relevant.
3. *Prepare the verification work plan* including conducting desk review and field review to the eligible beneficiaries.*Execution:*

4. *Verification* is to be undertaken so as to meet the objective of the assignment. It shall include review of :
 - a. Project activities using Grant monies.
 - b. Compliance with grant matching manual.
 - c. Adequacy and quality of records and accounts.
 - d. Field visits to beneficiaries for verification of the identity of the recipient & assets.
 - e. Procurement procedures, compliance therewith and veracity thereof.
 - f. Review of monitoring activities undertaken by the PMU.

Reporting:

5. The Agency will submit a report with their opinion, observations and recommendations related to the verification undertaken, ensuring reporting on the objectives.

5. Timeline and Deliverables

The independent auditor's report shall be divided into five parts:

1. Audit opinion and certification of expenditures.
2. Key findings and suggestions for improvement (first 1-10 pages).
3. Annex A: Unique Findings for WUG/PG and for Individuals
4. Annex B: GP wise findings (should include a Table classifying GPs with No Notable Findings and Notable Findings)
5. 'Adequacy and Effectiveness of Internal Controls, Observations relating to Procurement and Suggestions to Improve the Matching Grants Manual'.
6. Any other Annexes and Notes may be added as per the auditor's view.

The report shall be required to bring out both areas of strength and weakness under Sections 2-5.

The report should be easy to read and actionable. A needlessly lengthy report with repetitions shall be judged from a performance perspective.

Sr. No.	Deliverable	Timeline	Payment
1.	Inception Report including sampling methodology and workplan acceptable to the PMU, HPFD	Within 15 days of contracting (T1)	15%
2.	Draft Report with audit opinion and annexes acceptable to the PMU, HPFD	(T2) =(T1) + 60 days	50%
3.	Final report with audit opinion and annexes acceptable to the PMU, HPFD	(T3) =(T2) + 45 days	35%

6. Team Composition and Qualification Requirements for the Key Experts

The Firm will be expected to deploy key experts and additional manpower to successfully deliver the task within the time frame given above. An indicative manpower requirement for the assignment must include Key Experts of suitable qualifications and experience for the key positions tabulated below:

Key Position Number*	Key Position Title and Expected Role	Nos. Required	Minimum Qualification and Professional Experience	Indicative Man-Days
K1	Team Leader Expected Role: Will Co-ordinate the assignment on behalf of the Firm and Issue/Sign the Final Report certificate	1	Chartered Accountant having more than 15 years of professional experience has overseen a minimum of 7 assignments of grant audit GP audit and WUA audit (in total). The person should have experience of conducting audits of projects funded by the government or development partners.	3 man-days
K2	Senior Team Member Expected Role: Will serve as Manager and Executive of the	2	Chartered Accountant having more than 7 years of professional experience, should have managed and executed a minimum of 4 assignments of grant	30 man-days in total

Key Position Number*	Key Position Title and Expected Role	Nos. Required	Minimum Qualification and Professional Experience	Indicative Man-Days
	assignment on behalf of the Firm		audit, GP audit and WUA audit. The persons should have experience of conducting audits of projects funded by the government or development partners. Experience of carrying out procurement audit is mandatory.	
K3	Junior Team Leader Expected Role: Will scrutinize and authenticate the relevant record of Matching Grants so released during each year through District Project Officers and utilized by various eligible beneficiaries under HPIDP	2	Semi qualified Chartered Accountant/ Graduate in Finance, should have conducted at least 2 assignment of grant audit, GP audit and/or WUA audit. The person should have experience of conducting audits of projects funded by the government or development partners. Experience of carrying out procurement audit is desirable.	40 man-days in total
TOTAL KEY EXPERT MONTHS/DAYS				73 Days

7. Location of work, Clients Input and Counterpart Personnel

The team is expected to spend 50% of its time (man-days) on-field, 30% off-field for report compilation and 20% may be allocated flexibly as per need. Off-field work can be executed out of the auditor's own offices. The project shall provide office space to the auditor's during field visits. All other arrangements (travel, stay, food) need to be made by the auditor. Deputy Controller (F &A) shall be the Counterpart Personnel including contract Manager responsible for overseeing day to day implementation of this contract.

8. Review Committee and Review procedure to monitor consultancy work

- (1) Review Committee consisting of the following officers has been constituted under the Chairmanship of Executive Director, IDP Solan to monitor the consultancy work-

- i. Deputy Director, Administration, IDP.....Member
- ii. Assistant Director (C & B).....Member
- iii. SMS AH).....Member
- iv. Deputy Controller F & A, IDPMember
- Secretary

(2) Review Procedure –

- i. Review Committee will Review the Inception Report including the sampling Methodology and Work plan.
- ii. Review Committee will Review the Draft Audit Report and Final Audit Report.
- iii. Review Committee will co-ordinate with the field team for facilitating the Auditors.