

EXPRESSION OF INTEREST (EOI) FOR APPOINTMENT OF EXTERNAL AUDITOR FOR ACCOUNTS OF JJM, SBM(G) AND KSRWSP FOR THE YEAR 2025-26 OF RURAL DRINKING WATER AND SANITATION DEPARTMENT

1. Background

The Rural Drinking Water and Sanitation Department, Government of Karnataka is responsible and nodal agency for implementation of Jal Jeevan Mission (JJM) and Swachh Bharat Mission (Gramin). The Ministry of Jal Shakti in association with Government of Karnataka is implementing Jal Jeevan Mission a Centrally sponsored scheme with the main objective to provide Functional Household Tap Connections (FHTCs) to all rural households. The Swachh Bharat Mission (Gramin) a Centrally sponsored scheme with main objective to saturate the sanitation facilities for achieving the ODF Plus villages.

For the Program funds, the SNA bank account opened at the state level will be used. Central government funds are directly transferred to this account through the PFMS. Once the funds from the GOI are released, a matching share is provided by the state from the state treasury into this bank account. Amounts released by the GOI and state are held in the designated SNA Bank account for Program and support activities. This parent account has link accounts/child accounts, which are zero balance accounts, in which all the division offices are enrolled. This account is registered with the central government portal Public Financial Management System (PFMS) and K-2 PFMS a separate module to track CSS funds and accounting. All payments are made through this bank account.

GoK has signed agreement with World Bank for implementation of the proposed World Bank-funded Karnataka Sustainable Rural Water Supply Program (KSRWSP, 'the Program') which seeks to support state in funding implementation of JJM and improve coverage and sustain O&M of the drinking water infrastructure created under Jal Jeevan Mission through a combination of community ownership, O&M performance criteria, handholding and capacity building, and an advanced monitoring and evaluation (M&E) system focused on O&M and financial sustainability.

For RDWSD, implementation is mainly carried out at the district level, where payments are initiated. SVSs are implemented by RDWSD through contractors. Upon completion, the work is verified by the Executive Engineer and the bill is processed by the division. Divisional accountants validate the bills for payments. Once the bill is ready, it is sent to the district CEO for approval and payment. Payments are made through the SNA bank account and are processed through the computerized K-2 PFMS, and accounting is done automatically. Expenditures are available from the K-2 PFMS. The division office also maintains cash book and check registers. For JJM, expenditure is also booked in the central management information system. The accounting platform has been changed from PFMS to K-2 in the state. While the system is operational, it needs enhancement in terms of report generation and linkage to PFMS portal.

The following Accounting System and applicability of various provisions is for guidance;

Department follows Cash based double entry accounting system and maintains its accounts in Khajne-2, PFMS & Tally accounting software under the generally accepted accounting principles and Accounting Standards prescribed by the ICAI, to the extent they are relevant to the activities of the Department.

Since Department is funded by the GoK, GOI, External aided funds and 100% state funded for its activities, provisions of the Karnataka Financial Code, Manual of Contingent

Expenditure, Budget Manual and Standing Orders or instructions amended from time to time, as applicable to the Departments of Government shall be applicable to the Department as well. In addition, provisions of Karnataka Transparency in Public Procurement Act, 1999 with Rules framed there under and Right to Information Act are also applicable

To ensure independent verification of financial statements, compliance with statutory and program-specific requirements, and to enhance financial transparency, the Department invites Expressions of Interest (EoI) from eligible Chartered Accountant (CA) firms for the appointment of an External Auditor.

2. Objective:

- a) The annual report is a continuous and critical appraisal of the functioning of the Department, with a view to suggest improvements thereto and add value to and strengthen the overall governance mechanism including effectiveness of risk management and internal control systems prevalent in the organization.

The main objective of the external audit is to:

- Express an independent audit opinion on the annual financial statements of RDWSD and relevant implementing units.
- Verify compliance with financial regulations, program guidelines, and donor requirements.
- Provide recommendations for strengthening financial management systems and internal controls.

- b) The essence of the World Bank audit policy is to ensure that the Bank receives adequate independent, professional audit assurance that the proceeds of World Bank loans were used for the purposes intended, that the annual program financial statements are free from material misstatement, and that the terms of the loan agreement were complied with in all material respects.

The objective of the audit of the Program Financial Statement (PFS) is to enable the auditor to express a professional opinion as to whether

- The PFS present fairly, in all material respects, the sources and applications of program funds for the period under audit examination.
- The funds were utilized for the purposes for which they were provided, and
- Expenditures shown in the PFS are eligible for financing under the relevant loan agreement.

- c) In addition, the auditor will express a professional opinion as to whether the books of account that provide the basis for preparation of the PFS are established to reflect the financial transactions of the program and are maintained by the program implementation agency.

- d) Audit shall be done in the month following the annual under audit, by stationing minimum one Audit Assistant to Audit RDWSD Admin and scheme wise accounts of the said expenditure of Rural Drinking Water and Sanitation Department framing to a annual report.
-

3. SCOPE OF WORK

A. Certification of Audit and Utilization Certificate:-

- i. Jal Jeevan Mission (JJM):- The RDW&SD department is receiving fund from Government of India and Government of Karnataka under various heads of accounts which are in turn transferred to 32 divisions of department. The divisions have to audit their books of accounts from the CAG empanelled Chartered accountant as per the JJM scheme guidelines format and submit the same with certification of the auditor to the State Office. Further, in the State Office External Auditor shall review, prepare, consolidate, Auditing consolidation, certify of the same. Auditing of accounts of Central Office Bengaluru and the consolidated audit reports (Divisions & Central Office) for the year 2025-26 is to be submitted.
- ii. Swachh Bharat Mission-(Gramin)(SBM-G) :- The RDW&SD department is receiving funds from Government of India and Government of Karnataka under various heads of accounts which are in turn transferred to 31 districts. The districts have to audit their books of accounts from the CAG empanelled Chartered accountant as per the SBM(G) scheme guidelines format and submit the same with certification of the auditor to the State Office. Further, in the State Office External Auditor shall review, prepare Auditing consolidation, certify of the same. Auditing of accounts of Central Office Bengaluru and the consolidated audit reports (Divisions & Central Office) for the year 2025-26 is to be submitted.
- iii. KSRWSP with World Bank assistance through PforR approach :-
 - Program-for-Results (PforR) is an approach to financing, by World Bank. The primary objective of PforR is to support governments in improving performance in the areas of design and implementation of their programs through program systems and establishing a direct link between accomplishment of results and disbursement of Bank funds. One hundred percent of the Bank's financing is provided according to the achievement of Disbursement Linked Indicators (DLIs) of results as agreed in the Loan Agreement. The Loan Agreement also contains several Program Action Plan (PAP) items, which are also required to be independently verified. In simple words, PforR is a "results-based" instrument, which means disbursements are tied to the achievement of outcomes rather than up-front expenditures, as is the practice with traditional World Bank investment lending.
 - The World Bank PforR Program ("P") is proposed with US\$363 million from the IBRD-supported Karnataka Sustainable Rural Water Supply Program(KSRWSP) as state share towards JJM.
 - The Program will be implemented by the Karnataka Rural Water Supply and sanitation Department (RDWSD), which will act as the overall Program Management Unit (PMU) through its state office and various district offices. The Program will disburse to GoK based on the achievement of Disbursement Linked Indicators (DLIs) which are tied to key results from the Program. The results areas for the Program are detailed in the PAD and other documents.
 - RDWSD should prepare an annual work plan and based on that prepare the budget requirements for that year. The budget requirements of the program should be intimated to the administrative department as per the state budget schedule so that the requirements

can be incorporated in the state budget. The state should provide budget for the entire program in their annual budget based on the annual work plan. The state will prefund the program and receive reimbursements from the Bank on completion of DLI. The agencies will use this budget amount to achieve the DLIs. Once the DLIs are achieved the report will be submitted to the Bank and disbursements will be made as per achievement. The funds will be provided to the state.

B. The scope of the external audit will include, but is not limited to, the following:

- Auditing of Annual Accounts that are received from all the divisions/districts of RDWSD and Head Office.
- Auditing of Consolidated Financial Statement/ reports in respect of Head Office and Divisional Offices. Which should contain audited Trial Balance, Receipts and Payment Account, Income and Expenditure Account, Balance Sheet, BRS and Outstanding advances as per GoI guidelines and format.
- Ascertain that any other evaluation work, as desired by RDWSD.
- Certification of annual Audit and submission of Audited financial Accounts and Utilization Certificates mandated by JJM, SBM (G) and KSRWSP guidelines with Audit Report.

(i) Jal Jeevan Mission (JJM):

Auditing and certifying of:

- JJM funds release & expenditure at State Office.
- The grants released from Central and State Government, funds releases to divisions and expenditure.
- Financial transactions of bank accounts for the year 2025-26 as per rules.
- To prepare & submission of Scheme-wise & Component wise consolidated expenditure statement.
- The District & State Office yearly Audit report statements & UC's as per Government of India guidelines prescribed format (Annexure-16).
- Scheme wise /Component Central and state share wise Utilization Certificate.
- Yearly receipt and payment accounts.
- Yearly Statutory Audit Reports and Financial Statements viz. Receipts & Payment Account, Income & Expenditure a/c. and Balance Sheet with relevant annexure.
- Any additional work as assigned by the department

District level Audit reports

Consolidation on verification, preparation and Certification of Audited reports of Jal Jeevan Mission (JJM) for the year 2025-26 received from 32 Divisions at the Central Office.

(ii) Swachh Bharat Mission (Gramin)

Auditing of SBM (G) funds release & Expenditure at State Office:-

- The grants released from Central and State Government and further released to Districts. Reports will be based on K2, PFMS & SNA bank account statement.

- Expenditure incurred towards IEC, HRD and Administrative expenses out of the fund received from Centre and State share.
- Financial transactions of all bank accounts for the year 2025-26 as per rules.
- Salary to outsourced Consultants and statutory deductions including ESI, PF, TDS & GST etc.,
- The reimbursement claimed from UNICEF for every quarter by submitting FACE form/SOE and all related bank transactions (SBM-G other project Bank Account)
- Scheme-wise & Fund-wise (General Budgetary Support Fund (GBS), Extra Budgetary Resources (EBR), Performance Based Incentive Grants (PBI), SNA-SPARSH and Swachh Bharat kosh consolidated Districts & State Office yearly Audit report statements and UC's in a Government of India guidelines prescribed format (Formats enclosed)
- SBM-G other projects (UNICEF) Audit Report.
- Scheme wise /Fund wise Utilization Certificate
- Statutory Audit Report and Financial Statements viz. Receipts & Payment Account, Income & Expenditure statement a/c. and Balance Sheet with relevant annexure as per Government of India guidelines prescribed format (Annexure-15).
- Annexure-1 to 14 as per the prescribed format.
- Any additional work as assigned by the department

The Reviewing, preparation, Consolidation and Certification of Audited reports of Swachh Bharat Mission (Gramin) for the year 2025-26 received from Districts at the Central Office.

(iii) KSRWSP Audit Reports

- The essence of the World Bank audit policy is to ensure that the Bank receives adequate independent, professional audit assurance that the proceeds of World Bank loans were used for the purposes intended that the program financial statements are free from material misstatement, and that the terms of the loan agreement were complied with in all material respects.
- The objective of the audit of the Program Financial Statement (PFS) is to enable the auditor to express a professional opinion as to whether (1) the PFS present fairly, in all material respects, the sources and applications of program funds for the period under audit examination, (2) the funds were utilized for the purposes for which they were provided, and (3) expenditures shown in the PFS are eligible for financing under the relevant loan agreement. In addition, the auditor will express a professional opinion as to whether the books of account that provide the basis for preparation of the PFS are established to reflect the financial transactions of the program and are maintained by the program implementation agency.
- In conducting the audit special attention shall be paid to the following: -

- a) All external funds have been used in accordance with the conditions of relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided.
 - b) Counterpart Funds have been provided by Government are used in accordance with relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided;
 - c) Reimbursement as per Disbursement linked Indicator in accordance with the relevant financing agreements.
 - d) Goods and Services financed have been procured as per Government procurement rules.
 - e) All necessary supporting documents, records, and accounts have been kept in respect of all program expenditure.
 - f) The program accounts have been prepared in accordance with consistently applied national accounting standards and give a true and fair view of the financial situation of the program at the end of each financial year and the resources and expenditure for the year ended on that date.
- (iv) Audit should be carried out in accordance with the Auditing Standards issued by the Institute of Chartered Accountants of India, to the extent relevant. The audit should include such tests and controls as the Auditor considers necessary under the circumstances. Specific areas of coverage of the audit will include the following:
- That all necessary supporting documents, contracts, records, and accounts have been kept in respect of all the activities of the department, and that clear linkages exist between the accounting records, books of account and Department's Financial Statements.
 - That UC's are verified and signed on annually basis as per JJM/SBM (G)/KSRWSP guidelines
 - Component wise PFMS and IMIS expenditure

4. REPORTING REQUIREMENT :

The financial statements of JJM, SBM (G) and KSRWSP should consist of the following reports:

- Sources and uses of funds
- Schedules for various items shown in the above statements as required

i) Jal Jeevan Mission(JJM)

a) 32 Divisions & State office consolidated Audit Report & Component-wise Utilization Certificate

1. Auditor's Report
2. Receipt and Payment Account
3. Income and Expenditure Account
4. Balance Sheet along with concerned annexure

5. Notes Forming Part of Accounts (Reporting about physical output)
6. Auditor's observations as Annexure
7. Letter issued by O/o CAG in support of empanelment of the Chartered Accounts for the financial year 2025-26 & 2024-25(year in which the CA conducts audit of the account)
8. Component-wise Utilization Certificate (Centre and State Share)
9. Compare between GoI JJM IMIS and Audited Financial figures

c) JJM State Office – Audit Reports requirement

1. There are 3 Bank Accounts & Khajane-2, K2-PFMS operated at State Office.
2. Receipt and Payment Accounts
3. Income and Expenditure Account
4. Balance sheet along with concerned annexure

ii) Swachh Bharat Mission (Gramin) - SBM-G:

- a) Consolidated Audit Report of Swachh Bharat Mission (Gramin) (Districts + State office) must contain the following:

1. Auditor's Report of SBM(G) in respect of General Budgetary Support Fund (GBS), Extra Budgetary Resources (EBR), Performance Based Incentive (PBI), SNA SPARSH and Swachh Bharat kosha fund separately.
2. Receipt and Payment Account
3. Income and Expenditure Account
4. Balance Sheet along with concerned annexure
5. Notes Forming Part of Accounts (Reporting about physical output)
6. Auditor's observations as Annexure
7. Letter issued by O/o CAG in support of empanelment of the Chartered Accounts for the financial year 2025-26 & 2024-25(year in which the CA conducts audit of the account)
8. Utilization Certificate (Centre and State Share)
9. Annexure 1 to 14
10. Other annexure related to Audit report

b) SBM-G State Office – Audit Reports requirement

1. There are 4 Bank Accounts operated at State Office.
2. Fund-wise (GBS, EBR, PBI, Swachh Bharat kosha & SBM-G other projects fund) Auditor reports separately
3. Receipt and Payment Account
4. Income and Expenditure Account
5. Balance sheet along with concerned annexure.

iii) KSRWSP-World Bank Program

The Program Financial Statements should include-

- a) Statement of Sources and Applications of Funds and schedules (annexure 17)
- b) Notes to accounts (annexure 19)

- c) Management Assertion: Management should sign the program financial statements and provide a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements and an assertion that program funds have been expended in accordance with the intended purposes as reflected in the financial statements. (annexure 18).
- d) Independent Auditor's Report. (annexure 20).

5. AREAS TO BE COVERED

- Continuous review of terms of contract with any agency, adherence to deliverables as per the stipulated timeline and verification of payments under the contract.
- Verification of all other receipts, including scheme advance/working capital from the Govt. etc., their utilization and payments under all other heads.
- Statutory compliance including deduction of tax at source and remittance, filing of periodical returns and related aspects.
- Maintenance of records relating to assets acquired/received by the Department, their upkeep, physical verification & reconciliation with books at regular intervals and segregation of unserviceable assets.

6. CHECKLIST OF AREAS TO BE COVERED

a. The auditor is required to cover the following as a part of the audit:

- The audit activities should include payment audit as well as independent appraisals of the financial, operational and control activities of the scheme.
- Funds have been used in accordance with the condition of the relevant financial norms and regulations with due attention to economy and efficiency, and only for the purpose for which it was provided.
- Whether there is adequate segregation of duties and controls?
- Applicable accounting principles have been followed while incurring expenditure.
- There is a proper financial & administrative delegation and expenditure incurred/advances paid are properly authorized, as per the existing delegation. If need be, comment on the adequacy or otherwise of the delegation of powers at various levels.
- Goods, works and services including procurement of assets are in accordance with the accepted procurement procedures - compliance with KTPP Act, 1999 and rules framed there under and where funds of other external agencies have been utilized for such procurement.
- Adequate and proper supporting documents viz. tender documents, purchase orders, invoices, vouchers, receipts, pay bills, TA bills, vouchers etc., are maintained in respect of all the procurement of goods & services, expenditure booked/incurred and properly linked to the transactions.
- Whether Bank accounts are reconciled regularly and timely action taken to reconcile the differences/unlinked debits & credits and confirmation is being obtained from Bank/s on a regular basis.
- Monitoring and maintenance of accounts in double entry system.
- Accounting is as per standards of ICAI and GOI.

b. Specific areas shall include but not limited to the following:

i) Bank Balance

Bank accounts are reconciled at monthly intervals and list of outstanding entries shall be prepared and followed up for timely clearance.

ii) Vouchers

All the vouchers have to be scrutinized and verified to check whether proper sanction/approval is there for all the payments, payment has been properly authorized and expenditure is correctly booked in the accounts.

iii) Verification of Registers

Audit should verify and comment on the up to date maintenance of relevant registers and records in connection with the activities & expenditure of the Department, including Fixed Assets Register Physical verification of cash, assets and other items

- iv)** Physical verification of assets shall be undertaken at regular intervals during the course of the audit followed by comparison of the physical balance with book balance and commenting upon variations, if any, as also segregation of unserviceable/damaged assets from sound assets.

c) Suggestions and recommendations

Audit should review existing systems internal control, their efficacy/effectiveness and come up with suggestions/recommendations for improvements in the system of internal controls, MIS and related aspects leading to more effective functioning and achievement of the Department objects.

e) Contents of yearly report :

- i. Findings** - Under each head of Account and Bank Accounts, comments of the Auditors along with Management replies/explanations/clarifications in relation to the audit observations.
- ii. Issues and Suggestions** - Auditor should identify specific issues/areas of weaknesses, which need to be addressed and suggest steps & strategies to overcome them.
- iii. Recommendations** - Overall opinion on the audit conducted shall be given under this head. Lack/inadequacy of systems of internal control can be highlighted under this chapter along with recommendations and best practices followed, elsewhere.

7. Penalty for Non-performance/Non-Satisfactory:

If the services were not performed as per the ToR/Scope of work, the fees to such portion of non-carrying / non-performance of work may be deducted from the contract value. If there any professional negligence is observed by the department on carrying out of the work by the Chartered Accountant firms, the name of such firms will be referred to Central Govt, State Govt and ICAI for taking suitable disciplinary actions against the firms.

8. Duration of Engagement of Contract and Fees

- The audit fees for this audit would be payable by the RDWSD. The auditor should submit his audit report within six (06) months from the end of the financial year before September 30th to the RDWSD. The contract with the Audit firm will be for a period of one year extendable by another year based on performance at the end of each year for continuation of the contract.
- The program (KSRWSP) audit report needs to be submitted within six months from end of the financial year before September 30.
- The Reports should be submitted in 4 physical copies and scanned soft copy

9. ELIGIBILITY CRITERIA

CA firms submitting EoIs must meet the following minimum criteria:

- The Chartered Accountant firm should be empanelled under C& AG
- The firm should have registered Head office at Bangalore
- Registered with the Institute of Chartered Accountants of India (ICAI) and in practice for at least 10 years.
- Minimum 5 years of experience in auditing Government departments, PSUs, or donor-funded projects.
- At least two statutory/external audits of similar size and scale completed in the last five years.
- Must not have been blacklisted by any Government agency or funding agency.
- Adequate qualified and semi-qualified staff for state-wide coverage.

SUBMISSION OF EOI

Interested CA firms must submit their EoI along with the following documents:

- Firm Profile Year of establishment, office locations, number of partners, and total staff strength (qualified and semi-qualified personnel).
- Areas of specialization and major clients served (if any).
- ICAI Registration Certificate Copy of valid registration with the Institute of Chartered Accountants of India (ICAI).
- Letter issued by O/o CAG in support of empanelment of the Chartered Accounts for the financial year 2024-25 and 2025-26
- Experience Details of similar assignments undertaken in the last five years, particularly internal audits of government departments.
- Include name of the client, project title, scope of work, duration, and contact details for reference.
- PAN and GST Registration Copies of the firm's Permanent Account Number (PAN) and GST registration certificate.
- Declaration of Non-Blacklisting Self-declaration on firm letterhead stating that the firm has not been blacklisted or debarred by any central/state government agency, public sector undertaking, or multilateral/donor agency.

- CVs of Key Personnel Curriculum Vitae of partners and team members proposed to be deployed for the assignment, indicating their qualifications, professional experience, and relevant expertise in internal audit.
- Financial Cover (Service Charges) A separate sealed envelope indicating the professional fees (excluding GST) for conducting the internal audit assignment for one financial year.
- The quoted fees should be all-inclusive, covering manpower, travel, documentation, report preparation, and any other incidental costs.

10. EVALUATION CRITERIA

The selection will be based on the Least Cost-Based Selection (LCS) method.

11. SUBMISSION OF RESPONSE

The EoI along with relevant documents must be submitted in sealed envelopes clearly marked "Expression of Interest for External Audit – RDWSD" at the following address on or before 10.11.2025, to Office of the Chief Accounts Officer, Rural Drinking Water Supply & Sanitation Department, 2nd Floor, KHB Complex, Cauvery Bhavan, E Block, KG Road, Bangalore.

For any clarifications, the queries can be sent to E-mail-id: caordwsd@gmail.com


Chief Accounts Officer,
RDW&SD, Bengaluru.


