

EXPRESSION OF INTEREST FOR APPOINTMENT OF INTERNAL AUDITOR FOR MONITORING, EVALUATION OF ACCOUNTS, PREPARATION OF AUDITED FINANCIAL ACCOUNTS (AFA), AUDIT REPORTS, UTILISATION CERTIFICATION OF JJM, SBM(G) and KSRWSP(World Bank Program) 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. and Swachh Bharat Mission (Gramin) a Centrally sponsored scheme with main objective to saturate the sanitation facilities for achieving the ODF Plus villages. 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.

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.

The Department follows Cash based double entry accounting system and maintains its accounts in 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.

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.

2. Objective:

The objectives of the internal audit are to enable the auditor to express a professional opinion on the overall internal controls, financial management, accounting system and procurement arrangements are effective and adequate, commensurate to the nature of the operations, and provide project management with timely information on issues and weakness in internal controls which requires redressal from the management

Concurrent Audit shall be done in the month following the closure of the Financial year under audit, by stationing minimum one Audit Assistant to Audit the accounts of Jal Jeevan Mission (JJM), Swachh Bharat Mission (Gramin) and the Karnataka Sustainable Rural Water Supply Program (KSRWSP, 'the World Bank Program') and the expenditure of Rural Drinking Water and Sanitation Department framing to an annual report.

The periodical 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.

Concurrent audit is contemplated to assess the adequacy of the Departments' financial management system including internal controls and provide feedback to the Department's management on whether the internal controls, both financial and operational, within the system are operating as intended, in order to ensure that corrective measures, wherever necessary, are taken in a timely manner.

3. Scope of work

The Internal Auditor shall be responsible for conducting a comprehensive and risk-based audit of the financial and operational processes of RDWSD. The scope shall include, but not be limited to, the following:

A. Financial Audit-Transaction Testing, Fund Flow & Utilization and Bank Reconciliation

(i) Jal Jeevan Mission (JJM):

The RDW&S 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, State Office's Auditor shall review, prepare, consolidate the audited accounts and Reports of 32 Divisions. Auditing of accounts of Central Office Bengaluru and the consolidated audit reports (Divisions & Central Office) for the year 2025-26 is to be submitted and which shall include the Auditing preparation, Compilation of:

- JJM grants releases & expenditure both Central and State Government, at Head Office and grants releases to divisions
- Financial transactions of bank accounts for the year 2025-26 as per rules.
- Salary to outsourced Consultants/Staffs and statutory deductions including ESI, PF, TDS & GST etc.,
- Scheme-wise & Component wise consolidated expenditure statement.
- Districts and State Office Annual Financial Statements and to verify UC's as per Government of India guidelines/prescribed format (Annexure-16)
- Annual Financial Statement which includes audited Receipts and Payment account, Income and Expenditure account, Balance Sheet, BRS and Outstanding advances with relevant annexure as per Gol guidelines and format.

(ii) Swachh Bharat Mission (Gramin)

➤ The RDW&S department has been receiving the grants from Central and State Government and which are in turn releases to 31 Districts under SNA SPARSH, State Top Up Grant, General Budgetary Support (GBS), Extra Budgetary Resources (EBR), Performance Based Incentive (PBI) (SNA Bank Account) and Swachh Bharath Kosh (SBK) GoI grants. 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, State Office's Auditor shall Audit the accounts of Central Office Bengaluru and to consolidate & submit the audit reports (Divisions & Central Office) for the year 2025-26.

Auditing of SBM (G) funds release & Expenditure at State Office, Preparation and consolidation of Reports includes:

- 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)
- Compilation of Districts & State Office Annual Financial Statements- Scheme wise & Fund wise such as SNA SPARSH, State Top Up Grant, General Budgetary Support Fund (GBS), Extra Budgetary Resources (EBR), Performance Based Incentive Grants (PBI)) and Swachh Bharat Kosh and UC's in a Government of India guidelines prescribed format (Formats enclosed -Annexure-15)
- Preparation of Annual Financial Statements of other project (UNICEF) of SBM(G)
- Preparation and submission of Annexure-1 to 14 as per the prescribed format.
- The consolidation of Annual Financial Statements (AFS) received from the Districts shall be completed within 15 days from the date AFS handed over from State office.
- Audit report & UC of one District each from 4 divisions of the state shall be verified and test checked as per SBM-G guidelines Auditor to ensure.

(iii) Karnataka Sustainable Rural Water Supply Program (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 as US\$ 1,144.91 million, 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 Department (RDWSD), which will act as the overall Project Monitoring 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.
- To audit the claims in the form of Concurrent Audit to be conducted Annually, by stationing minimum one Audit Assistant in the office of RDWSD to Audit the Accounts and Expenditure (Admin and Scheme wise) to be reported in the office of RDWSD.

B. Reporting and Follow-Up

Audit Report:

(i) Jal Jeevan Mission(JJM)

Consolidation of Reports of 32 Divisions & State office which consist of :

1. Receipt and Payment Account
2. Income and Expenditure Account
3. Balance sheet along with concerned annexure
4. Notes Forming Part of Accounts (Reporting about physical output)
5. Auditor’s observations as Annexure
6. Letter issued by O/o CAG in support of empanelment of the Chartered Accounts for the financial year 2024-25 and 2025-26 (year in which the CA conducts audit of the account)
7. Component-wise Utilization Certificate (Centre and State Share)
8. Compare between GoI JJM IMIS and Audited Financial figures

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:

Consolidated Audit Report of Swachh Bharat Mission (Gramin) (Districts + State office) in the prescribed format contain the following:

- a. Auditor’s Report of SBM-G relating to SNA SPARSH, General Budgetary Support Fund (GBS), Extra Budgetary Resources (EBR), Performance Based Incentive (PBI) (PFMS SNA Bank Account), State Top Up Grant & Swachh Bharath Kosh (SBK) GoI grants.
- b. Receipt and Payment Account

- c. Income and Expenditure Account
- d. Balance sheet along with concerned annexure
- e. Notes Forming Part of Accounts (Reporting about physical output)
- f. Auditor's observations as Annexure
- g. Letter issued by O/o CAG in support of empanelment of the Chartered Accounts for the financial year 2024-25 & 2025-26(year in which the CA conducts audit of the account)
- h. Utilization Certificate (Centre and State Share)
- i. Annexure 1 to 14
- j. Other annexure related to Audit report

iii) KSRWSP Audit Reports

The audit would cover the entire program i.e., covering all sources and application of funds. The audit would also cover all consultancies or contracts that may be entered by the implementing agencies. Specific areas of coverage of the audit will include the following:

- (a) An assessment of the adequacy of the program financial management systems, including **internal controls**. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls, and any needs for revision; level of compliance with established policies, plans and procedures; reliability of accounting systems, books of accounts, data, and financial reports; methods of remedying weak controls or creating controls in areas where they are lacking and verification of assets and liabilities.
- (b) Efficiency and timeliness of the funds flow mechanism.
- (c) Whether the SPMU/DPMU is monitoring the receipt of periodic reports (including financial reports), and other documentary evidence against payments.
- (d) Whether the accounts of the project are compiled in a timely manner.
- (e) An assessment of compliance with provisions of legal agreements especially those relating to procurement, accounting, and financial matters.
- (f) Adherence to Government orders, project principles and procedures prescribed in the Project Appraisal Document, Operation Manual, Procurement manual & Financial Management Manual for the Project and the administrative rules and regulations made under the project from time to time.
- (g) Expenditures charged to the program are eligible expenditures and have been correctly classified. This would also include ensuring accuracy of summary statement of expenditures/Trial Balances
- (h) All necessary supporting documents, records, and accounts have been kept in respect of all project activities and that clear linkages exist between accounting records, accounts books and the periodic financial reports. Clear linkages should also exist between the books of accounts and reports presented to Government of Uttarakhand and reports presented to the World Bank.

- (i) Adequate records are maintained regarding the assets created and assets acquired by the project, including details of cost, identification, and location of assets, and ensuring that there is a system of physical verifications of assets
- (j) The auditor is expected to obtain and satisfactorily document sufficient audit evidence to support audit conclusions.
- (k) Report any expenditure incurred which should be disallowed.
- (l) That all necessary supporting documents and records have been maintained with respect to the Project expenditure and that the expenditures are reflected in the accounts of the Divisions in accordance with the accounting rules in place.
- (m) That there are no cases of misappropriations or frauds detected and if there are that these are reported, and appropriate action is taken as per the Bank's Guidelines on fraud and corruption as envisaged in www.worldbank.org
- (n) Physical verification is required to be carried out by the auditor and the scope will be mutually decided between KRDW&SD and the auditor.
- (o) Auditor will visit one/two division every quarter and carry out audit in consultation with the SPMU

iv) Submission of Audit Report:

Quarterly audit report in respect of JJM, Swachh Bharat Mission (Gramin) and KSRWSP (World bank program) is to be submitted.

C. Other Compliance

- 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 UC's are verified and signed on quarterly/annually/semi-annually basis as per JJM/SBM (G)/KSRWSP guidelines
 - That MPIC reports are verified.
 - Review of all accounting transactions including receipts and payments of all Division Offices
 - Verification of supporting documents, approvals, and compliance with delegation of financial powers in the Head Office.
 - To enter all transactions relating to Receipts and Payments of all grants in respect of Division Offices and Head Office in Double entry system through Tally Software based on the monthly data provided by the Division Office and Head Office of JJM, SBM (G) and KSRWSP (World Bank).
 - Concurrent Audit of the expenditure, including administrative expenditure on a yearly basis, by stationing minimum one Audit Assistant to Audit the said expenditure of RDWSD;

- Consolidation of accounts on yearly basis that are received from all the divisions of RDWSD and Head Office.
- Ascertain whether the systems of internal checks and control operating are effective;
- Ascertain the extent to which systems are in place to monitor efficient use of Department funds/assets;
- Verify that the system of Statutory check is effective in design and operation in order to ensure the prevention of and early detection of defalcations, frauds, misappropriations and misapplications;
- Identify areas of significant inefficiencies in the existing systems and suggest necessary remedial measures;
- Review the efficacy, adequacy and application of accounting, financial and operating controls and thereby ensure the accuracy of the books of accounts;
- Ascertain that the financial rules and procedures as laid down in the Manuals/ Department Deed/applicable Govt. Orders/Rules/Regulations and generally accepted accounting principles are followed;
- Ascertain the reliability and authenticity of the accounting records maintained and the financial reports/statements generated there from;
- Ascertain timely filing of Income tax, GST, PT and TDS corrections if any as per the mandate of the respective Acts and Rules so that the outstanding demand is nil.
- Guiding issues related to statutory payments of earlier periods.
- Conduct test audit in at least one (01) division and one (01) district for both the schemes in each quarter (one division/districts in each circle), totally four (04) divisions and four (04) districts for both schemes in a year, additional TA and DA as per the prevailing Government Orders will be paid.
- The Program accounts have been prepared in accordance with accepted accounting principles and give a true and fair view of the financial position of the program at the year end and of resources and expenditures for the year ended on that date.
- That all the amounts realized/received towards EMD/SD / Bank Guarantee, refunds out of advance, realization under any other head including excess payments, if any, have been properly receipted, accounted for and remitted to Bank on time
- 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.
- Component wise PFMS and IMIS expenditure
- Attend Training Programme of Accounts Staff of Divisions/District/Head office to guide for maintenance of Accounts wherever required.

- Conduct special audits or investigations as instructed by the Department including: Misappropriation or suspected fraud , Audit of specific schemes or projects
- Ascertain that any other evaluation work, as desired by RDWSD,
- Any additional work as assigned by the department

D. Key personnel:

Key personnel in the audit team, their minimum qualifications, and anticipated inputs are indicated below:

- Audit team should be led by a CA with a minimum of 5 years of post-qualification experience in the accounts and audit of PSUs with good exposure to social sector schemes, Govt. system of budgeting and accounting under Govt. sponsored schemes.
- Day to day management of the audit should be the responsibility of one Audit Assistant having qualification of B.com and more than 5 years of post-qualification experience in accounts and at least 3 years' experience in the audit of Govt. system or PSUs social sector schemes.

E. General:

- The Auditor would be given access to all documents, correspondence, and any other information relating to the Department and deemed necessary by the Auditor. Auditor should also become familiar with the relevant policies and guidelines of the GoK, Gol and World Bank including related financial management & reporting requirements. Auditors should obtain satisfactorily documentary evidence to support their conclusions.
- To prevent conflict of interest, auditors or any of their associates (including associates of the firm's partners) would not be eligible to be appointed to carry out any other assignment in the Department.

F. Review Committee

The audit reports will be reviewed by Commissioner/Director, RDWSD in consultation with Chief Accounts Officer.

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

b) 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.

c) 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 assets and other items

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.

d) 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.

H. 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.

4. Duration of Engagement

The initial engagement will be for one l year, renewable annually based on performance and requirements, for a maximum of three (3) years with mutual consent and satisfactory report form the Department.

5. Eligibility Criteria

- The Chartered Accountant firm should be empanelled under C& AG
- The firm should have registered Head office at Bangaluru

- The firm should have audited experience of minimum 5 year for Schemes Government of Karnataka/ Centrally sponsored Schemes.
- The firm should not be blacklisted and should not have any litigation/negative feedback from any Government/Private firm during the period of service.
- JJM and SBM-G schemes audit at District/division level auditor will not be applied or considered in Technical proposal evaluation.

Note : Supporting documents against the qualification criteria above must be submitted along with the technical proposal.

6. Submission of EoI

Eligible Chartered Accountant (CA) firms are invited to submit their Expression of Interest (EoI) in a sealed envelope clearly marked “Expression of Interest for Internal Audit – RDWSD”, along with the following supporting document

- 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:
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.

7. Evaluation Criteria

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

8. Submission of Response

The EoI along with relevant documents must be submitted in sealed envelopes clearly marked "Expression of Interest for Internal 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.


