

**Kerala State AIDS Control Society**

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No: 2485/2021/FIN/KSACS

27.10.2022

Separate sealed document for Expression of Interest (Eoi) are invited from Registered Chartered Accountant Firms for the Appointment of Statutory Audits and Internal Audit of Accounts of Kerala State AIDS Control Society initially for One Year, but likely to be extended for three years. The firms may download the Expression of Interest (Eoi) documents from www.ksacs.kerala.gov.in . The firms shall submit their separate Expression of Interest (Eoi) with all applicable relevant documents that should reach the KSACS address on any working day with in the following date and time.

1. Last Date and time for receipt of sealed Eoi document

Date: 23.11.2022, Time: 5.00 pm

2. Date and time for the opening of Eoi document.

Date: 25.11.2022, Time: 11.30 AM

Project Director
02.11.2022

External/Statutory Audit

15.1 Statutory Requirement

The State AIDS Control Society registered under the Societies Registration Act 1860 (21 of 1860) is responsible for the maintenance of proper accounts and other relevant records, as well as preparing annual accounts comprising the receipts and payments accounts and statement of assets and liabilities in such a form as may be prescribed by the Registrar of Societies in keeping with the Rules in force under the said Act. Accordingly, it is mandatory that a Chartered Accountant appointed for this purpose should audit the accounts of the Society annually and submit an annual audit report. SACS shall maintain proper accounts and other relevant records and prepare annual accounts comprising the receipts and payments account and statement of assets and liabilities in such form as may be prescribed by the Registrar of Societies of the State Government in keeping with the Rules in force under the Societies Registration Act, 1860 (21 of 1860), subject to the condition that in respect of grants from the Central Government, the directions of the Central Government shall be adhered to.

15.2 Preparation of Financial Statements

Preparation of financial statements is the responsibility of SACS and not of external auditors. The State Project Director shall cause the annual accounts of the Society to be prepared immediately after the close of the financial year,

after approval by the Executive Committee of the Society, and shall have the accounts audited annually by a Chartered Accountant firm appointed with the approval of Executive Committee. The financial statements must be authenticated by the Project Director, Finance Controller and adopted by the Executive Committee before the same is signed together with the audit report by external auditors.

15.3 Selection and Appointment of External Auditors

In order to ensure that the selection of firms with good audit assurance arrangements, the following procedure for appointment of auditors is to be followed:

- a) Each SACS would give an advertisement in the local newspaper calling for EoI for empanelment from among the list of empanelled CA firms during the year 1 of the programme and whenever changed as normally same auditor should not be continued for more than 3 years. Specimen advertisement format and EoI are given in Annexure IX (a) & (b).
- b) A properly constituted three member selection committee including the Chief Finance Officer of the SACS will evaluate the technical and financial proposals received from the CA firms and place its recommendations before the Executive Committee for final selection and approval.



Consultant Guidelines - II. Quality- and Cost-Based Selection (QCBS)

- 2.1 The Selection Process
- 2.3 Terms of Reference (TOR)
- 2.4 Cost Estimate (Budget)
- 2.5 Advertising
- 2.6 Short List of Consultants
- 2.8 Preparation and Issuance of the Request for Proposals (RFP)
- 2.9 Letter of Invitation (LOI)
- 2.10 Information to Consultants (ITC)
- 2.11 Contract
- 2.12 Receipt of Proposals
- 2.13 Evaluation of Proposals: Consideration of Quality and Cost
- 2.14 Evaluation of the Quality
- 2.19 Evaluation of Cost
- 2.22 Combined Quality and Cost Evaluation
- 2.23 Negotiations and Award of Contract
- 2.27 Rejection of All Proposals, and Reinvitation
- 2.28 Confidentiality

The Selection Process

2.1 QCBS uses a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. Cost as a factor of selection shall be used judiciously. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment.

2.2 The selection process shall include the following steps:

- (a) preparation of Terms of Reference (TOR);
- (b) preparation of cost estimate and the budget;
- (c) advertising
- (d) preparation of the short list of consultants;
- (e) preparation and issuance of the Request for Proposals (RFP);
 - (i) Letter of Invitation (LOI);
 - (ii) Information to Consultants (ITC);
 - (iii) proposed contract;
- (f) receipt of proposals;
- (g) evaluation of technical proposals: consideration of quality;
- (h) evaluation of financial proposal;
- (i) final evaluation of quality and cost; and
- (j) negotiations and award of the contract to the selected firm.

Terms of Reference (TOR)

2.3 The Borrower shall be responsible for preparing the TOR for the assignment. TOR shall be prepared by a person(s) or a firm specialized in the area of the assignment. The scope of the services described in the TOR shall be compatible with the available budget. TOR shall define clearly the objectives, goals, and scope of the assignment and provide background information (including a list of existing relevant studies and basic data) to facilitate the consultants' preparation of their proposals. If transfer of knowledge or training is an objective, it should be specifically outlined along with details of number of staff to be trained, and so forth, to enable consultants to estimate the required resources.

TOR shall list the services and surveys necessary to carry out the assignment and the expected outputs (for example, reports, data, maps, surveys). However, TOR should not be too detailed and inflexible, so that competing consultants may propose their own methodology and staffing. Firms shall be encouraged to comment on the TOR in their proposals. The Borrower's and consultants' respective responsibilities should be clearly defined in the TOR.

Cost Estimate

2.4 Preparation of a well-thought-through cost estimate is essential if realistic budgetary resources are to be earmarked. The cost estimate shall be based on the Borrower's assessment of the resources needed to carry out the assignment: staff time, logistical support, and physical inputs (for example, vehicles, laboratory equipment). Costs shall be divided into two broad categories; (a) fee or remuneration (according to the type of contract used) and (b) reimbursables, and further divided into foreign and local costs. The cost of staff time shall be estimated on a realistic basis for foreign and national personnel.

Advertising

2.5 To obtain expressions of interest, the Borrower shall include a list of expected consulting assignments in the General Procurement Notice, which shall be updated annually for all outstanding procurement¹³ and shall advertise all contracts for consulting firms in the national gazette or a national newspaper. It may also advertise them on an electronic portal of free access. In addition, contracts expected to cost more than US\$ 200,000 shall be advertised in *UN Development Business (UNDB on-line)*. Borrowers may also advertise these contracts in an international newspaper or a technical magazine, seeking "expressions of interest." A copy of the advertisement shall be sent to those who expressed interest in response to the GPN. The Borrower may also contact embassies, professional organizations, or firms that it knows or that are registered in DACON.¹⁴ The information requested shall be the minimum required to make a judgment on the firm's suitability and not be so complex as to discourage consultants from expressing interest. Sufficient time (not less than 14 days from the date of posting on UNDB on-line) shall be provided for responses, before preparation of the short list.

Short List of Consultants

2.6 The Borrower is responsible for preparation of the short list. The Borrower shall give first consideration to those firms expressing interest which possess the relevant qualifications. Short lists shall comprise three to six firms with a wide geographic spread, with no more than two firms from any one country and at least one firm from a developing country, unless qualified firms from developing countries are not identifiable. For the purpose of establishing the short list, the nationality of a firm is that of the country in which it is registered or incorporated. The Bank may ask the Borrower to expand or reduce a short list; however, once the Bank has issued a "no objection" to a short list, the Borrower shall not add or delete names without the Bank's concurrence. Firms that expressed interest, as well as any other firm that specifically so requests, shall be provided the final short list of firms.

2.7 The short list may comprise entirely national consultants (firms registered or incorporated in the country), if the assignment is below the ceiling (or ceilings) established in the Loan agreement,¹⁵ a sufficient number of qualified firms (at least three) are available at competitive costs, and competition including foreign consultants is prima facie not justified. However, if foreign firms have expressed interest, they shall not be excluded from consideration.

Preparation and Issuance of the Request for Proposals (RFP)

2.8 The RFP shall include (a) a Letter of Invitation, (b) Information to Consultants, (c) the TOR, and (d) the proposed contract. Borrowers shall use the applicable standard RFPs issued by the Bank with minimal changes, acceptable to the Bank, as necessary to address country- and project-specific issues. Any such changes shall be introduced only through the RFP data sheet. Borrowers shall list all the documents included in the RFP.

Letter of Invitation (LOI)

2.9 The LOI shall state the intention of the Borrower to enter into a contract for the provision of consulting services, the source of funds, the details of the client and the date, time, and address for submission of proposals.

Information to Consultants (ITC)

2.10 The ITC shall contain all necessary information that would help consultants prepare responsive proposals, and shall bring as much transparency as possible to the selection procedure by providing information on the evaluation process and by indicating the evaluation criteria and factors and their respective weights and the minimum passing quality score. The ITC shall not indicate the budget (since cost is a selection criterion), but shall indicate the expected input of key professionals (staff time). Consultants, however, shall be free to prepare their own estimates of staff time necessary to carry out the assignment. The ITC shall specify the proposal validity period (normally 60-90 days). A detailed list of the information that should be included in the ITC is given in Appendix 2.

Contract

2.11 Section IV of these Guidelines briefly discusses the most common types of contracts. Borrowers shall use the appropriate Standard Form of Contract issued by the Bank with minimum changes, acceptable to the Bank, as necessary to address specific country and project issues. Any such changes shall be introduced only through Contract Data Sheets or through Special Conditions of Contract and not by introducing changes in the wording of the General Conditions of Contract included in the Bank's Standard Form. These forms of contracts cover the majority of consulting services. When these forms are not appropriate (for example, for preshipment inspection, procurement services, training of students in universities, advertising activities in privatization, or twinning), Borrowers shall use other contract forms acceptable to the Bank.

Receipt of Proposals

2.12 The Borrower shall allow enough time for the consultants to prepare their proposals. The time allowed shall depend on the assignment, but normally shall not be less than four weeks or more than three months (for example, for assignments requiring establishment of a sophisticated methodology, preparation of a multidisciplinary master plan). During this interval, the firms may request clarifications about the information provided in the RFP. The Borrower shall provide these clarifications in writing and copy them to all firms on the short list (who intend to submit proposals). If necessary, the Borrower shall extend the deadline for submission of proposals. The technical and financial proposals shall be submitted at the same time. No amendments to the technical or financial proposal shall be accepted after the deadline. To safeguard the integrity of the process, the technical and financial proposals shall be submitted in separate sealed envelopes. The technical envelopes shall be opened immediately by a committee of officials drawn from the relevant departments (technical, finance, legal, as appropriate), after the closing time for submission of proposals. The financial proposals shall remain sealed and shall be deposited with a reputable public auditor or independent authority until they are opened publicly. Any proposal received after the closing time for submission of proposals shall be returned unopened.

Evaluation of Proposals: Consideration of Quality and Cost

2.13 The evaluation of the proposals shall be carried out in two stages: first the quality, and then the cost. Evaluators of technical proposals shall not have access to the financial proposals until the technical evaluation, including any Bank reviews and no objection, is concluded. Financial proposals shall be opened only thereafter. The evaluation shall be carried out in full conformity with the provisions of the RFP.

Evaluation of the Quality

2.14 The Borrower shall evaluate each technical proposal (using an evaluation committee of three or more specialists in the sector), taking into account several criteria: (a) the Consultant's relevant experience for the assignment, (b) the quality of the methodology proposed, (c) the qualifications of the key staff proposed, (d) transfer of knowledge, and (e) the extent of participation by nationals

among key staff in the performance of the assignment. Each criterion shall be marked on a scale of 1 to 100. Then the marks shall be weighted to become scores. The following weights are indicative, and may be adjusted for specific circumstances. The proposed weights shall be disclosed in the RFP.

Consultant's specific experience: 5 to 10 points

Methodology: 20 to 50 points

Key personnel: 30 to 60 points

Transfer of knowledge:¹⁶ 0 to 10 points

Participation by nationals:¹⁷ 0 to 10 points

Total: 100 points

2.15 The Borrower shall normally divide these criteria into subcriteria. For example, subcriteria under methodology might be *innovation* and *level of detail*. However, the number of subcriteria should be kept to the essential. The Bank recommends against the use of exceedingly detailed lists of subcriteria that may render the evaluation a mechanical exercise more than a professional assessment of the proposals. The weight given to experience can be relatively modest, since this criterion has already been taken into account when short-listing the Consultant. More weight shall be given to the methodology in the case of more complex assignments (for example, multidisciplinary feasibility or management studies).

2.16 Evaluation of only the key personnel is recommended. Since key personnel ultimately determine the quality of performance, more weight shall be assigned to this criterion if the proposed assignment is complex. The Borrower shall review the qualifications and experience of proposed key personnel in their curricula vitae, which must be accurate, complete, and signed by an authorized official of the Consultant and the individual proposed. When the assignment depends critically on the performance of key staff, such as a Project Manager in a large team of specified individuals, it may be desirable to conduct interviews. The individuals shall be rated in the following three subcriteria, as relevant to the task:

(a) general qualifications: general education and training, length of experience, positions held, time with the consulting firm as staff, experience in developing countries, and so forth;

(b) adequacy for the assignment: education, training, and experience in the specific sector, field, subject, and so forth, relevant to the particular assignment; and

(c) experience in the region: knowledge of the local language, culture, administrative system, government organization, and so forth.

2.17 Borrowers shall evaluate each proposal on the basis of its responsiveness to the TOR. A proposal shall be considered unsuitable and shall be rejected at this stage if it does not respond to important aspects of the TOR or it fails to achieve a minimum technical score specified in the RFP.

2.18 At the end of the process, the Borrower shall prepare an evaluation report of the "quality" of the proposals. The report shall substantiate the results of the evaluation and describe the relative strengths and weaknesses of the proposals. All records relating to the evaluation, such as individual mark sheets, shall be retained until completion of the project and its audit.

Evaluation of Cost

2.19 After the evaluation of quality is completed, the Borrower shall notify those consultants whose proposals did not meet the minimum qualifying mark or were considered nonresponsive to the RFP and TOR, indicating that their financial proposals will be returned unopened after completing the selection process. The Borrower shall simultaneously notify the consultants that have secured the

minimum qualifying mark, and indicate the date and time set for opening the financial proposals. The opening date shall not be sooner than two weeks after the notification date. The financial proposals shall be opened publicly in the presence of representatives of the consultants who choose to attend. The name of the consultant, the quality scores, and the proposed prices shall be read aloud and recorded when the financial proposals are opened, and a copy of this record shall be promptly sent to the Bank. The Borrower shall prepare the minutes of the public opening.

2.20 The Borrower shall then review the financial proposals. If there are any arithmetical errors, they shall be corrected. For the purpose of comparing proposals, the costs shall be converted to a single currency selected by the Borrower (local currency or fully convertible foreign currency) as stated in the RFP. The Borrower shall make this conversion by using the selling (exchange) rates for those currencies quoted by an official source (such as the Central Bank), or by a commercial bank, or by an internationally circulated newspaper for similar transactions. The RFP shall specify the source of the exchange rate to be used, and the date of that exchange rate, provided that the date shall not be earlier than four weeks prior to the deadline for submission of proposals, nor later than the original date of expiration of the period of validity of the proposal.

2.21 For the purpose of evaluation, "cost" shall exclude local taxes, but shall include other reimbursable expenses, such as travel, translation, report printing, or secretarial expenses. The proposal with the lowest cost may be given a financial score of 100 and other proposals given financial scores that are inversely proportional to their prices. Alternatively, a directly proportional or other methodology may be used in allocating the marks for the cost. The methodology to be used shall be described in the RFP.

Combined Quality and Cost Evaluation

2.22 The total score shall be obtained by weighting the quality and cost scores and adding them. The weight for the "cost" shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. Except for the type of services specified in Section III, the weight for cost shall normally be in the range of 10 to 20 points, but in no case shall exceed 30 points out of a total score of 100. The proposed weightings for quality and cost shall be specified in the RFP. The firm obtaining the highest total score shall be invited for negotiations.

Negotiations and Award of Contract

2.23 Negotiations shall include discussions of the TOR, the methodology, staffing, Borrower's inputs, and special conditions of the contract. These discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected. Major reductions in work inputs should not be made solely to meet the budget. The final TOR and the agreed methodology shall be incorporated in "Description of Services," which shall form part of the contract.

2.24 The selected firm should not be allowed to substitute key staff, unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment.¹⁸ If this is not the case and if it is established that key staff were offered in the proposal without confirming their availability, the firm may be disqualified and the process continued with the next ranked firm. The key staff proposed for substitution shall have qualifications equal to or better than the key staff initially proposed.

2.25 Financial negotiations shall include clarification of the consultants' tax liability in the Borrower's country (if any), and how this tax liability has been or would be reflected in the contract. Proposed unit rates for staff-months and reimbursables shall not be negotiated, since these have already been a factor of selection in the cost of the proposal, unless there are exceptional reasons.

2.26 If the negotiations fail to result in an acceptable contract, the Borrower shall terminate the negotiations and invite the next ranked firm for negotiations. The Borrower shall consult with the Bank prior to taking this step. The Consultant shall be informed of the reasons for termination of the negotiations. Once negotiations are commenced with the next ranked firm, the Borrower shall not reopen the earlier negotiations. After negotiations are successfully completed, the Borrower shall

promptly notify other firms on the short list that they were unsuccessful.

Rejection of All Proposals, and Reinvitation

2.27 The Borrower will be justified in rejecting all proposals only if all proposals are nonre-sponsive and unsuitable either because they present major deficiencies in complying with the TOR, or because they involve costs substantially higher than the original estimate. In the latter case, the feasibility of increasing the budget, or scaling down the scope of services with the firm should be investigated in consultation with the Bank. Before all the proposals are rejected and new proposals are invited, the Borrower shall notify the Bank, indicating the reasons for rejection of all proposals, and shall obtain the Bank's "no objection" before proceeding with the rejection and the new process. The new process may include revising the RFP (including the short list) and the budget. These revisions shall be agreed upon with the Bank.

Confidentiality

2.28 Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the consultants who submitted the proposals or to other persons not officially concerned with the process, until the award of contract is notified to the successful firm.

(next section: III. Other Methods of Selection)

Footnotes

13. The General Procurement Notice is prepared by the Borrower and submitted to the Bank, which will arrange for its publication in United Nations Development Business (UNDB) (refer to Appendix 4, paragraph 5).
14. See paragraph 1.15.
15. Dollar ceilings shall be included in the Loan Agreement and determined in each case, taking into account the nature of the project, the capacity of national consultants, and the complexity of the assignments. The ceiling (or ceilings) shall not in any case exceed the amount defined in the Country Procurement Assessment Report (CPAR) for the Country of the Borrower. The dollar ceilings for each borrowing country is located here.
16. Transfer of knowledge may be the main objective of some assignments; in such cases, it should be given a higher weight to reflect its importance.
17. As reflected by nationals among key staff presented by foreign and national firms.
18. Defining realistic proposal validity periods in the RFP and carrying out an efficient evaluation minimizes this risk.

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