

## **TERM OF REFERENCE FOR APPOINTMENT OF A CHARTERED ACCOUNTANT FIRM FOR STATUTORY AUDIT OF CADA.**

### **1. Introduction:**

Irrigating crops is an agricultural practice that goes back thousands of years in human history. Despite significant advances in technology over time, the basic purpose of irrigation is much the same: to supplement water available through rainfall for the purpose of increasing crop yields and/or crop quality. With rapid growth in global population, agriculture becomes more important to meet the needs of the human race.

India is an agricultural and populous country. About 70 per cent of people depend on agriculture. In order to grow food-crops and agricultural products in large quantities to feed the growing millions, intensive farming and rotation of crops are essential. Extensive irrigation is, therefore, necessary for more production.

The importance of irrigation in the Indian agriculture cannot be overestimated in view of the peculiar nature of rainfall in the country. Irrigation in India has been practised from ancient times and irrigation tanks and wells are a familiar feature of the India landscape to supplement and conserve the rainfall. Artificial lakes and canals that dot the country in hundreds are centuries old and some of them have served for more than thousand years.

The Grand Anicut across the Cauvery in Tamil Nadu built in the second century and the Bhojpur Lake (Bhopal) constructed during the 11th century bear testimony to the skill the Indians had acquired in the development of irrigation works in the ancient times.

During the medieval period, Ferozeshah Tughlaq built a part of the present Western Yamuna Canal towards the middle of the 14th century. Present Bari Doab Canal in Punjab incorporates canal from the Ravi which was built by Ali Mardan Khan in the 17th century. During the pre-independence period, the British using systematic western technology built a network of canals in the country which was remarkable by any standards.

At the time of freedom, there was provision of irrigation only in 17 per cent of the total farm lands. When India entered upon an era of planned development in 1951, it was clearly recognised that the foremost requirement in rebuilding the agricultural economy of the country is large-scale development of irrigation and power.

The rainfall of our country is dependent on the monsoons. Rainfall controls our agriculture. The agriculture of our country is said to be, "the gambling of the monsoon" as the monsoon rainfalls are uncertain, irregular and uneven or unequal.

About 80 per cent of the total annual rainfall of India occurs in four months, i.e. from mid-June to mid-October. The monsoons are uncertain and it does not rain equally in all parts of the country. So irrigation is necessary for agriculture in less rainfall areas So it is essential to provide irrigation for production of crops etc. The pride of place in the Planning era was accordingly given to irrigation and, as a result, the gross irrigated areas in the country increased many fold.

Total irrigation potential before 1951 was 22.6 million hectares which increased to 93.98 mha by the end of the Ninth plan. The country has reduced its dependency on rain-fed irrigation/agriculture to a certain extent.

The irrigation potential created in the country has increased from 102.70 mha during 10th plan period to 109.87 mha at the end of 11th plan. The average annual per capita water availability in the country as per census 2011 is 1545 per cubic metres.

More attention was paid to irrigation in order to make the country self-sufficient in production of food-crops.

## **1.2 Command Area Development Programme**

In early seventies, the food production growth started reaching a plateau causing a concern among the policy makers. Investigation and analysis revealed that there was a big gap between created and utilized potential resulting in stagnation in food production. Also the average yield of food grains under irrigated agriculture area was found to be much lower than other countries. Need was felt to bridge the gap between the created potential and utilised irrigation for boosting Agricultural Productivity.

In order to bridge the gap, a Centrally Sponsored Command Area Development Programme (CADP) was initiated by the Government of India in 1974-75 for systematic development and management of command areas of irrigation projects; improving utilization of irrigation potential and optimizing agricultural productivity and production from the irrigated areas by integrating all functions related with irrigated agriculture.

The Command Area Development Programme is an integrated area development approach towards the command areas of major and medium irrigation projects in the country. The programme is aimed at bridging the gap between created irrigation potential and its utilization in the command area.

Based on the recommendations of the working groups of the Planning Commission on "Command Area Development Programme" and "Private Sector and Beneficiaries Participation in Irrigation Water Management" and the views expressed by the state governments, the existing CAD programme has been restructured and renamed as "Command Area Development and Water Management" (CADWM) Programme and is hence forth called as CADWM Programme.

The Programme involves execution of on- farm development works like construction of Field channels and Fields drains, land levelling and shaping and conjunctive use of surface and ground-water. Warabandi or

the rotational system of water distribution is undertaken with a view to ensuring equitable and timely supply of water to the farmers.

Adaptive trials, demonstrations and training of farmers are encouraged to disseminate technical know-how among the farmers for establishing suitable cropping patterns and improved farming practices and for maintaining soil health. Preparation of plan of input supply for credit, seeds, fertilizers, pesticides etc; up-dating of land records; construction of roads; promoting ancillary activities like marketing, processing facilities, animal husbandry, farm forestry etc are other features of command area development.

Attention is also given to diversification of cropping pattern so that water is put to optimum use and productivity of land increased. During such diversification, emphasis would be given to the production of oil seeds, pulses etc to eliminate as far as possible their shortage.

Under the CAD programme, the Ministry of Water Resources is also introducing and promoting participatory irrigation management (PIM) in the CAD Projects by creating awareness and providing financial assistance to farmers' associations. Reclamation of waterlogged areas in irrigated commands is also an important component of the Programme.

The Command Area Development and Water Management (CADWM) Programme has to be implemented in a holistic manner so that it not only improves water use efficiency but also increases agricultural productivity and production and brings sustainability in the irrigated agriculture in a participatory environment. All aspects of the CADWM Programme, need be taken up in an integrated and coordinated manner so as to achieve the envisaged objectives of raising food grains production to meet the increasing need of food for growing population.

### **1.3: Implementation of CADP**

The Command Area Development Wing of Ministry of Water Resources headed by a Commissioner (CAD), co-ordinates and monitors the implementation of the Command Area Development Activities. This wing is responsible for gathering physical and financial progress of the On-Farm Development (OFD) Works and other activities implemented by various states in respect of projects covered under the CAD Programme. Examination and approval of projects for reclamation of water logged areas and adaptive trials as received from states is also handled by this wing. Promotion of Participatory Irrigation Management (PIM) and finalization of technical guidelines in respect of various activities is also undertaken by this wing

The CAD programme is implemented by Command Area Development Authorities set up by the respective state governments based on the size of the projects in irrigation projects covered under CAD programme on the basis of recommendation by the Inter Ministerial Sanctioning Committee.

#### **1.4: Command Area Development in Haryana**

Command Area Development Authority was setup in Haryana in the year 1974 to promote optimum utilisation of irrigation potential on selected projects. For implementing CAD Programme, "Command Area Development Authority, Haryana" was established at Hisar in 1974 with the Commissioner, Hisar Division as ex-officio Chairman of the Society and Administrator of the Authority. This society was registered under the Society Registration Act, 1860 on 19th Aug. 1974. Now, to give an impetus to CAD activities, a separate Administrator has been posted by Haryana Govt. w.e.f. 01.04.1983,

The Haryana Irrigation department has primary responsibility for managing state water resources and providing essential services in this sector. The Irrigation Department is responsible for distribution of irrigation water in the main canals, distributaries and minors up-to

watercourses and operates and maintain all related facilities (Except watercourses).

**2. Approximate Expenditure under CADA for the year 01/04/2013 to 31/03/2014 is INR 157.69 crore.**

**3. Implementation Arrangements**

- i) **State Level:** At state level, The CADA has been formed and staffed with a team of dedicated staff. The CADA is headed by the Administrator. The CADA Head Office is responsible for planning and scheduling; coordination with other implementing partners/Divisions wide budget control and financial management; quality assurance and control; monitoring of the project input/output/outcome/process/impacts; and providing timely and quality resources as well as technical assistance to Division.
- ii) **District Level:** At present there are 3 Circles headed by SE's under these circle there are 13 CAD Division offices headed by XEN's with full responsibility of coordinating with their Sub Division for effective implementation. The Divisions are responsible for the implementation of Division programs; achievement of physical and financial milestones; quality assurance; and working closely with communities to achieve the project development of objectives.

**4. Objectives**

The essence of audit policy is to ensure adequate independent, professional audit assurance that the funds received by implementing agencies were used for the purpose intended, that the annual balance sheet are free from material misstatement, and that the terms of funds release were complied with in all material respects.

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

- (i) The annual balance sheet give a true and fair view of the sources and applications of project funds for the period under audit examination.
- (ii) The funds were utilized for the purpose for which they were provided.
- (iii) The procurement procedure prescribed in the Procurement Manual has been followed: and
- (iv) In addition, where applicable the auditor will express a professional opinion as to whether the Financial Management Reports submitted by project management may be relied upon.

The books of account that provide the basis for preparation of the annual balance sheet of the society are established to reflect the financial transactions of the project/society.

**5. FINANCIAL PATTERN AND COST NORMS FOR CENTRALLY SPONSORED CADWM PROGRAMME DURING THE PERIOD**

Component	Cost Norms and Central Share during 2012-13
1. Survey, Planning and designing of OFD Works	50% of actual expenditure subject to maximum of Rs. 500/- per ha as central assistance (the assumed unit cost is Rs. 1000/- per ha.)
2. On-Farm Development (OFD) works (comprising construction of Field channels and also land leveling/shaping and realignment of field boundaries, where necessary)  i. Special category States/area namely North Eastern States, Himachal Pradesh, Jammu & Kashmir, Uttarakhand and Kalahandi-Bolangir Koraput(KBK) districts of Orissa.	50% of actual expenditure subject to maximum of Rs. 11000/- per ha as central assistance (the assumed cost is Rs. 22000/- per ha.)

<p>ii) Projects in difficult area such as India Gandhi Nahar Pariyojana (IGNP) Sidhmukh NOhar, Amarsingh Jassana and other projects in similar desert area of Rajasthan, Teesta and Damodar Valley Projects of West Bengal, projects benefiting districts of Haryana &amp; Punjab States bordering IGNU and having similar conditions.</p>	
<p>iii) For States/area other than given at item 2(i) and 2(ii)</p>	<p>50% of actual expenditure subject to maximum of Rs. 7500/- per ha as central assistance (the assumed cost is Rs. 15000/- per ha)</p>
<p>3. Construction of Field intermediate and link drains</p> <p>i) Special category States/area namely North Eastern States, Himachal Pradesh, Jammu &amp; Kashmir, Uttarakhand and Kalahandi-Bolangir Koraput(KBK) districts of Orissa.</p> <p>ii) Projects in difficult areas such as Indira Gandhi Nahar Pariyojana (IGNP), Sidhmukh Noahr, Amarsingh Jassana and other projects in similar desert area of Rajasthan, Teesta and Damodar Valley Projects of West Bengal, projects benefiting districts of Haryana &amp; Punjab States bordering IGNU and having similar conditions</p>	<p>50% of actual expenditure subject to maximum of Rs. 2500/- per ha as central assistance (the assumed cost of construction is Rs. 5000/- per ha) (except KBK districts of Orissa)</p>
<p>iii) For States other than given at item 3(i) above</p>	<p>50% of actual expenditure subject to maximum of Rs. 2000/- per ha as central assistance (the assumed cost of construction is Rs. 4000/- per ha)</p>
<p>4. Correction of system deficiencies in systems of capacity up to 4.25 cumec (150 cusec)</p>	<p>50% of actual expenditure subject to maximum of Rs. 3000/- per ha as central assistance (the assumed cost of correction of system deficiencies is Rs. 6000/- per ha)</p>



5. Reclamation of waterlogged areas-for all the States/areas	50% of actual expenditure subject to maximum of Rs. 7500/- per ha for execution of surface drainage bio- drainage etc (total cost assumed @ Rs. 15000/- per ha); and 50% of actual expenditure subject to maximum of Rs. 20,000/- per ha where sub-surface drainage is envisaged (the total cost assumed @ Rs. 40, 000/- per ha.)
6. Software activities namely training, monitoring evaluation demonstration and adaptive	75% of the actual expenditure as central assistance
7. One-time functional grant to registered WUAs	Rs. 1000/- per ha (Rs. 450:450:100 among Centre:State:Farmers)**
8. Establishment Cost	50% of the actual establishment expenditure subject to the maximum limit of 20% of the total central assistance for the items at Sr. No. 2,3,4 and 5

Note:- A minimum of 10% contribution (of the total cost) by the beneficiary farmers, as a part of the State Share, is mandatory for execution of OFD works and reclamation of waterlogged area.

## 6. Audit standards

The audit will be carried out in accordance with the Auditing Standards promulgated by the Institute of Chartered Accountants of India. The auditor should accordingly consider materiality when planning and performing the audit to reduce audit risk to an acceptable level that is consistent with the objective of the audit. Although the responsibility for preventing irregularity, fraud or the use of credit/loan proceeds for purposes other than as defined in the legal agreement remains with the borrower, the audit should be planned so as to have a reasonable expectation of detecting material misstatement in the project financial statement.

## 7. Audit Scope

In conducting the audit, special attention should be paid to the following:

- All external funds have been used in respect of CADA in accordance with the conditions of the relevant legal agreements and only for the purposes for which the financing was provided.
- Effective project financial management systems, including internal controls, were in operation throughout the period under audit examination. 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, data and financial reports; methods of remedying weak controls or creating them where there are none; verification of assets and liabilities; and integrity, controls, security and effectiveness of the operation of the computerized system; and
- Counterpart funds have been provided and used in accordance with the relevant legal agreements and only for the purposes for which they were provided;
- All necessary supporting documents, records, and accounts have been kept in respect of all project transactions including expenditures reported.
- The CADA accounts have been prepared in accordance with the accounting principles and give a true and fair view of the financial position of the project at the year end and of resources and expenditures for the year ended on that date; and

## **8. PROGRAMME FINANCIAL STATEMENTS**

CADA Financial Statements should include:

(A) Receipts & Payments Account, Income & Expenditure Accounts and Balance Sheet.

(B) Project wise audited statement & accounts for the concerned Year.

(C) All other relevant Statements or Schedules which may include:

## **9. STATEMENTS OF EXPENDITURES AND FINANCIAL MANAGEMENT REPORTS**

An audit report on the balance sheet should be prepared in accordance with the Auditing Standards promulgated by the Institute of Chartered Accountants of India. Those standards require an audit opinion to be rendered related to the financial statements taken as a whole, indicating unambiguously whether it is unqualified or qualified and, if the latter, whether it is qualified in certain respects or is adverse or a disclaimer of opinion. In addition, the audit opinion paragraph will specify whether, in the auditor's opinion, the funds were utilized for the purposes for which they were provided.

#### **10. PERIOD, TIMING AND SAMPLE COVERAGE OF STATUTORY AUDIT**

The statutory audit will be done on Yearly basis for financial year i.e. 2013-2014. You should prepare your financial proposal/balance sheet on the figure based on final accounts of the Divisions as well as Head Quarter.

**Timing:** The audit would be carried out annually and the report should be provided to the CADA Office latest by 30<sup>th</sup> September, 2014, to facilitate approval and placement before the Governing Body or any other committee delegated by the Governing Body.

**Period of Appointment:** The auditor will be appointed for the financial year 1/4/2013-31/3/2014.

**Review of the audit report-** audit report may be reviewed to assess whether auditor delivered all reports and documents specified in the contract, in the form and manner and within the time period as specified; Assess whether the reports and documents are easily understandable or not; Has the auditor satisfied the expectations of service quality, such as adequacy, applicability, effectiveness, innovativeness and impartiality; to examine whether auditors are covering the scope of work and achieving the objectives of assignment set forth in the description of service mentioned.

#### **11. Qualifications & Experience of Consultants for Statutory Audit:**

Qualifications & Experience:

- a. The Firm must be Chartered Accountancy Firm empanelled with the Comptroller & Auditor General of India for last 10 years.
- b. Firm must have an Average Annual Turnover of Rs. 8.00 Lac during last years.
- c. The Chartered Accountancy firm shall have sufficient number of employees to handle the audit of the project.

**General:**

The auditor should be given access to any information relevant for the purposes of conducting the audit. This would normally include all documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. Document, the relevant Agreements, a copy of these Guidelines.

CERTIFICATE IN RESPECT OF AUDITED STATEMENT OF ACCOUNTS FOR WJC-VI CADWM PROJECT FOR THE YEAR 2012.13, BEFORE 2013-14 (LFY) FOR GRANT					
Certified that the audit of the accounts of the State Government/CAD pertaining to the State sector Command Area Development Programme for the year 2012-13 before 2013-14 (LFY) been conducted of the State A.G. and audited statement of account					
Certificate to be submitted projects-wise & State-wise WJC-VI					
Sr. No	ITEM of work	Expenditure incurred during year before 2013-14 (LFY) (All amount in Rs. Lacs)			Remarks
		Centre + State Share)			
		Grant		Total (State & Central Grant +Loan)	
		State Share	Central Share		
1	Establishment				
2	Survey, Planning & Design				
3	Field Channels				
4	Full Package OFD				
5	Field, Intermediate and Link drains				
6	Subsidy to marginal and small farmers				
7	Adaptive trials				
8	Demonstration				
9	Action Research				
10	One-time Functional Grant for WUAs (Institutional Support)				
11	Training				
12	Crop compensation				
13	Monitoring and Evaluation studies				
14	Reclamation of waterlogged areas				
15	Renovation and de-silting of existing tanks and control structures within irrigated commands				
16	Correction of system deficiencies above outlet upto distributaries of 4.25 Cumecs(150 ceseecs)				
17	Any other				
	Total Expenditure				

CERTIFICATE IN RESPECT OF AUDITED STATEMENT OF ACCOUNTS FOR BCC Ph-II CADWM PROJECT FOR THE YEAR 2012.13, BEFORE 2013-14 (LFY) FOR GRANT					
Certified that the audit of the accounts of the State Government/CAD pertaining to the State sector Command Area Development Programme for the year 2012-13 before 2013-14 (LFY) been conducted of the State A.G. and audited statement of account					
Certificate to be submitted projects-wise & State-wise BCC Ph-II					
Sr. No	ITEM of work	Expenditure incurred during year before 2013-14 (LFY) (All amount in Rs. Lacs)			Remarks
		Centre + State Share)			
		Grant		Total (State & Central Grant +Loan)	
		State Share	Central Share		
1	Establishment				
2	Survey, Planning & Design				
3	Field Channels				
4	Full Package OFD				
5	Field, Intermediate and Link drains				
6	Subsidy to marginal and small farmers				
7	Adaptive trials				
8	Demonstration				
9	Action Research				
10	One-time Functional Grant for WUAs (Institutional Support)				
11	Training				
12	Crop compensation				
13	Monitoring and Evaluation studies				
14	Reclamation of waterlogged areas				
15	Renovation and de-silting of existing tanks and control structures within irrigated commands				
16	Correction of system deficiencies above outlet upto distributaries of 4.25 Cumecs(150 cesecs)				
17	Any other				
	Total Expenditure				

CERTIFICATE IN RESPECT OF AUDITED STATEMENT OF ACCOUNTS FOR JLN CADWM PROJECT FOR THE YEAR 2012-13, BEFORE 2013-14 (LFY) FOR GRANT					
Certified that the audit of the accounts of the State Government/CAD pertaining to the State sector Command Area Development Programme for the year 2012-13 before 2013-14 (LFY) been conducted of the State A.G. and audited statement of account					
Certificate to be submitted projects-wise & State-wise JLN Ph-II					
Sr. No	ITEM of work	Expenditure incurred during year before 2013-14 (LFY) (All amount in Rs. Lacs)			Remarks
		Centre + State Share)			
		Grant		Total (State & Central Grant +Loan)	
		State Share	Central Share		
1	Establishment				
2	Survey, Planning & Design				
3	Field Channels				
4	Full Package OFD				
5	Field, Intermediate and Link drains				
6	Subsidy to marginal and small farmers				
7	Adaptive trials				
8	Demonstration				
9	Action Research				
10	One-time Functional Grant for WUAs (Institutional Support)				
11	Training				
12	Crop compensation				
13	Monitoring and Evaluation studies				
14	Reclamation of waterlogged areas				
15	Renovation and de-silting of existing tanks and control structures within irrigated commands				
16	Correction of system deficiencies above outlet upto distributaries of 4.25 Cumecs(150 ceseecs)				
17	Any other				
	Total Expenditure				

CONSOLIDATED CERTIFICATE IN RESPECT OF AUDITED STATEMENT OF ACCOUNTS FOR CADWM PROJECT FOR THE YEAR 2012-13, BEFORE 2013-14 (LFY) FOR GRANT						
Certified that the audit of the accounts of the State Government/CAD pertaining to the State sector Command Area Development Programme for the year 2012-13 before 2013-14 (LFY) been conducted of the State A.G. and audited statement of account						
Sr. No	ITEM of work	Expenditure incurred during year before 2013-14 (LFY) (All amount in Rs. Lacs)			Remarks	
		Centre + State Share)				
		Grant		Total (State & Central Grant +Loan)		
		State Share	Central Share			
1	Establishment					
2	Survey, Planning & Design					
3	Field Channels					
4	Full Package OFD					
5	Field, Intermediate and Link drains					
6	Subsidy to marginal and small farmers					
7	Adaptive trials					
8	Demonstration					
9	Action Research					
10	One-time Functional Grant for WUAs (Institutional Support)					
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12	Crop compensation					
13	Monitoring and Evaluation studies					
14	Reclamation of waterlogged areas					
15	Renovation and de-silting of existing tanks and control structures within irrigated commands					
16	Correction of system deficiencies above outlet upto distributaries of 4.25 Cumecs(150 ceseccs)					
17	Any other					
	Total Expenditure					



## Engagement of Chartered Accountant

Sealed quotations are invited from Chartered Accountants firms for statutory audit for the financial year 2013-14 who are continuously empanelled with CAG in Chandigarh/Panchkula from last 10 years including current year established in Chandigarh/Panchkula in conducting the Statutory Audit of books of accounts of Boards/Corporations/ Government Autonomous Bodies/Public Sector Undertakings /Banks. The detailed information about the introduction & TOR can be seen at the Website of CADA [www.cadaharyana.nic.in](http://www.cadaharyana.nic.in). The application form & TOR may be downloaded from our website. The eligible firms may send the application form and quote the rate of audit fees in sealed envelopes super scribed as "Quotation for Engagement of Chartered Accountant". Application form complete in all respect must reach to the **Officer On Special Duty, CADA Bays 39-40, Sector- 4, Panchkula** not later than 4:00 pm on 5<sup>th</sup> August, 2014. Applications received thereafter will not be entertained.

-Sd-

Officer On Special Duty  
CADA Haryana Panchkula

**PROFORMA FOR SHORT LISTING CHARTERED ACCOUNTANT FIRM FOR THE  
STATUTORY AUDIT OF COMMAND AREA DEVELOPEMENT AUTHORITY,  
HARYANA PANCHKULA**

**PART – A**

<b>1. Status of the Firm Partnership Sole Proprietorship</b>		
(a)	Name of the firm (in Capital letters)	
(b)	Address of the Head Office	
(c)	Office Telephone No.	
(d)	Office Fax No	
(e)	PAN No. of the firm	
2(a)	ICAI Registration No.	
(b)	Region Name	
(c)	Region Code No.	
3	Empanelment number with C&AG	
4 (a)	Date of constitution of the firm	
(b)	Date since when the firm has a full time FCA	
5	Whether the firm is engaged in any internal or external audit or providing any other services to any Govt. Company/ Corporation or co-operative institution etc. If 'yes', details may be given on a separate sheet alongwith the firm Profile.	Yes/No
6	Whether the firm is implementing quality control Policies and procedures designed to ensure that all audit are conducted in accordance with Statements on Standard Auditing Practices(If yes, a brief note on the procedure adopted is to be enclosed)	Yes/No
7	Are there any court/arbitration/legal cases against the firm (If yes, give a brief note of the cases indicating its present status)	Yes/No
8	Financial Bid for this work inclusive of all taxes	

## **PART – B**

### **UNDERTAKING:**

I/We the sole proprietor/partners of M/s \_\_\_\_\_ Chartered

Accountants do hereby jointly and severally verify and declare:-

- (i) that the particulars given are complete and correct and that if any of the statements made or the information so furnished in the application form is later found not correct or false or there had been suppression of material information, the firm would not only stand disqualified from the allotment, but would be liable for disciplinary action under the Chartered Accountants Act, 1949 and the regulations framed thereunder; &
  
- (ii) that the firm proprietor or partners have not been debarred or cautioned by ICAI during the last five years ( if cautioned give details);

Place :

Date :

Encls.: \_\_\_\_\_ Pages

Signature of Proprietor/Sole Partner  
(Seal of the firm)