



# **Orissa Water Supply & Sewerage Board**

(A Govt. of Orissa Undertaking)

## **REQUEST FOR PROPOSAL (RFP) FOR APPOINTMENT OF INTERNAL AUDITOR FOR ORISSA WATER SUPPLY AND SEWERAGE BOARD**

**Cost of Tender Document: ₹ 6,240/-**

**[Including 4% VAT]**

**AUGUST – 2011**

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Orissa Water Supply & Sewerage Board

(A Govt. of Orissa Undertaking)

Satyanagar, Bhubaneswar – 751007 Phone (0674) 2571341 / 2571178 Fax: 2571348

## NOTICE INVITING BIDS FROM THE FIRMS OF CHARTERED ACCOUNTANTS FOR APPOINTEMENT AS INTERNAL AUDITORS.

**Identification No.OWSSB – 3/2011-12 Dt 12/08/2011**

OWSSB intends to appoint one Chartered Accountant Firm at its HQ as its Internal Auditor for the financial year from 2004-05 to 2010-2011(Stage – I) & 2011-2012 (Stage – II) extendable to 4th and 5th year on satisfactory performance at the discretion of Board. Accordingly, the Board invites proposal from the eligible Firms of Chartered Accountants (hereinafter referred as Bidder) to enable the Board for selection of Internal Auditors. Eligibility criteria are as follows:

Sl. No.	Requirement	Internal auditors for HO and PMUs
1	Experience	10 years
2	Number of full time partners	4
3	Number of Qualified CA in full time appointment including full time CA partners with the bidder	6
4	Minimum annual turnover of the bidder in any of the FY 2009-10 or 2010-11.	□ 25.00 lakhs
5	In any one financial year i.e. FY 2009-10 or 2010-11, the bidder has conducted statutory audit or internal audit of at least one PSU / Private Sector Company with minimum turnover of	□ 50 Crore
6	Number of Companies (Registered under Companies Act) audited in the capacity of statutory auditors and / or Internal auditor.	At least 10 companies including 3 PSUs

Note: Document to be submitted in support of above facts:-

(i) In respect of Serial No. 1, 2 & 3, Certificate issued by The Institute of Chartered Accountants of India as on 1st January, 2010, (ii) In respect of Serial No. 4, copy of Balance Sheet and P & L Account specifying the turnover shall be enclosed. The above must be certified by two partners of the bidder, (iii) In respect of Serial No. 5 list of companies audited and their turnover as on 31st March, 2009 or 31st March, 2010 duly certified by two partners of the bidder, (iv) In respect of Serial No. 6, list of companies audited duly certified in the following format by two partners of the bidder, (v) **Joint venture/ Association of CA firms shall not be pe**

Sl. NO.	Name of the Company	Whether as Internal Auditor or Statutory Auditor	Year of auditing	Turnover of company audited
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Interested and eligible Firms of Chartered Accountants as per eligibility criteria mentioned above, may obtain the RFP from the address of communication given below with a non refundable cost of ₹ 6,240/- (Rupees Six thousand Two Hundred Forty only), in the form of A/c payee Demand Draft drawn in favour of Member Secretary, Orissa Water Supply and Sewerage Board, payable at Bhubaneswar. The RFP can also be downloaded from Orissa Government website [www.orissa.gov.in](http://www.orissa.gov.in) and document fee of ₹ 6,240/- shall be submitted in a separate cover along with the technical proposal. The Technical Proposal and Financial Proposal shall be submitted in separate sealed envelop duly super scribing the nature of proposal.

The RFP along with other documents / information duly signed in each page by two partners of the bidder should be submitted strictly in HARD BOUND form and in SEALED ENVELOPES clearly super-scribing the envelop as RFP for INTERNAL AUDITORS at the address of communication as per following schedule:

Issue of Request for Proposal (RFP) Document	17/08/2011 to 03/09/2011, 5.00PM
Last date and time for submission of proposals	09/09/2011 (Up to 4.00 PM)
Date of opening of Technical proposal	12/09/2011 at 4.00 PM

Orissa Water Supply and Sewerage Board reserves the right to accept or reject any or all the proposals without assigning any reason thereof.

Sd/-12/08.2011

Member Secretary, OWSSB

Memo.3678 dt. 12.08.2011

Copy forwarded to Sobhagya Advertising Service, 179, Sahid Nagar, Bhubaneswar – 751 007 for information with a request to arrange immediate publication of the Tender Call Notice in **1 (One) English National News Paper i.e., The Times of India (Bhubaneswar Edition)**, in addition **two leading Oriya dailies (The Samaj and The Sambad)**. It is requested to ensure the publication of above notice on or before 16/08/2011 Copy of the papers wherein the advertisement is published may please be sent to this office for necessary action.

Sd/-12/08.2011

Member Secretary, OWSSB

Memo.3679 dt. 12.08.2011

Copy submitted to the Commissioner-Cum-Secretary to Govt. in H & U.D. Department, Orissa, Bhubaneswar for kind information.

Sd/-12/08.2011

Member Secretary, OWSSB

**Memo.3680 dt. 12.08.2011**

Copy along with Soft copy of the RFP document forwarded to Head, State Portal Group I.T. Center of State Secretariat, Orissa, Bhubaneswar for display in the Govt. web site. It is requested to display this notice in the website from 17/08/2011 to 03/09/2011 under active category.

**Encl: - As above.**

Sd/-12/08.2011

Member Secretary, OWSSB

**Memo.3681 dt. 12.08.2011**

Copy forwarded to the Chief Engineer, P.H. (Urban) / Chief Engineer, (JICA), OWSSB / Chief Engineer, RWSS / Engineer-in-Chief, Roads / Water Resources / Chief Engineer, Buildings / Rural Works / Minor Irrigation / Managing Director, Orissa Lift Irrigation Corporation, Bhubaneswar/ Commissioner, Bhubaneswar Municipal Corporation, for information with a request to display the Tender Call Notice in their Notice Board for wide circulation.

Sd/-12/08.2011

Member Secretary, OWSSB

**Memo.3682 dt. 12.08.2011**

Copy forwarded to all Project Directors, PMC, OWSSB, / all Project Engineers, PMU, OWSSB for information with a request to display the Tender Call Notice in their Notice Board for wide circulation.

Sd/-12/08.2011

Member Secretary, OWSSB

**Memo.3683 dt. 12.08.2011**

Copy to Notice Board of OWSSB Head Office for information and wide publication.

Sd/-12/08.2011

Member Secretary, OWSSB

## **SECTION-2. INFORMATION TO BIDDERS**

### **1. INTRODUCTION**

1.1 Orissa Water Supply and Sewerage Board, Satyanagar, Bhubaneswar – 751 007 (hereinafter called as Board) will select one Chartered Accountant Firm in accordance with the method of selection indicated in the clause 4.6 of Section 2 of this Document.

1.2 The Firms of Chartered Accountants [hereinafter referred to as Bidder] are invited to submit Technical and Financial Proposals for internal auditing services required for the Assignment of Internal Auditing in the Board for Head Office and all its PMUs. The Proposal will be the basis for contract negotiations and ultimately conclusion of a contract with the selected bidder.

1.3 The Assignment shall be implemented in accordance with the schedule of audit mentioned in TOR. When the Assignment includes several phases, the performance of the contract under each phase must be to the Board's satisfaction before work begins on the next phase.

1.4 The Bidders must familiarize themselves with local conditions and take them into account in preparing their Proposals.

1.5 Please note that (i) the cost of preparing the proposal and of negotiating the contract, including visits to the Board, are not reimbursable irrespective of the outcome of the evaluation process; and (ii) the Board is not bound to accept any of the proposal submitted and reserve the right to reject any or all proposals without assigning any reason thereof.

1.6 The Board would require that selected Bidder provides professional, objective, and impartial advice and at all times hold the Board's interests paramount, without any consideration for future work, and strictly avoid conflicts with other assignments or its own corporate interests. Bidder shall not be hired for any assignment that would be in conflict with its prior or current obligations to other PSUs, or that may place it in a position of not being able to carry out the assignment in the best interest of the Board.

1.7 Bidders would be required to observe the highest standard of ethics during the selection and execution of such contracts. In pursuance of this policy, the Board:

(a) Defines, for the purposes of this provision, the terms set forth below as follows:

(i) "Corrupt practice" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the selection process or in contract execution; and

(ii) "Fraudulent practice" means a misrepresentation of facts in order to influence a selection process or the execution of a contract to the detriment of the Board, and includes collusive practices among Internal Auditor (prior to or after submission of proposals) designed to establish prices at artificial, noncompetitive levels and to deprive the Board of the benefits of free and open competition.

(b) will reject a proposal for award if it determines that the bidder recommended for award has engaged in corrupt or fraudulent activities in competing for the contract in question;

(c) will declare a bidder ineligible, either indefinitely or for a stated period of time, to be awarded a contract if it at any point of time determines that the bidder has engaged in corrupt or fraudulent practices in competing for, or in executing, a contract;

1.8 Bidders shall not be under a declaration of ineligibility for corrupt and fraudulent practices issued by the Board in accordance with the above sub para 1.7 (c).

1.9 Bidders shall be aware of the provisions on fraud and corruption stated in the standard contract under the clauses indicated in clause 2.6.1(d) of Conditions of Contract.

## **2. CLARIFICATION AND AMENDMENT TO RFP DOCUMENTS**

**2.1 Bidders may request a clarification of any of the RFP documents up to seven days before the proposal submission date.** Any request for clarification must be sent in writing by paper mail, facsimile, or electronic mail to the Board's address. The Board will respond by paper mail, facsimile, or electronic mail to such requests.

2.2 At any time before the submission of proposals, the Board may, for any reason, whether at its own initiative or in response to a clarification requested by a bidder, modify the RFP documents by amendment. Any amendment shall be issued in writing through addenda. The amendment will be notified in writing through fax to all bidders who have collected the RFP documents and will be hosted on the website [www.orissa.gov.in](http://www.orissa.gov.in). All amendments will be binding on all participated bidders. The Board may at its discretion extend the deadline for the submission of Proposals.

## **3. PREPARATION OF PROPOSAL**

3.1 Bidders are requested to submit proposals (para 1.2) written in English language.

3.2 Technical Proposal: The Technical proposal shall be submitted in the format prescribed in Section 3 and as per details given at para 4 of this Section.

3.3 Financial Proposal: In preparing the Financial Proposal, Bidders are expected to take into account the requirements and conditions of the RFP documents and the terms of reference. The Financial Proposal shall be submitted in the form specified in Section 3(F) and as per details given at para 4 of this section. It shall include all costs associated with the Assignment, including but not limited to (a) remuneration for staff and (b) reimbursable such as traveling, boarding, lodging, local conveyance, services and office equipment, insurance, printing of documents, surveys; and training, etc. All taxes, duties and levies shall be borne by the firms.

3.4 Bidders should express the price of their services in the Indian Currency.

3.5 The proposals must remain valid for 90 days after the submission date. During this period, the Bidders are expected to keep available the key professional staff proposed for the assignment. The Board will make its best effort to complete negotiations within this period. If the Board wishes to extend the validity period of the proposals, the Bidders who do not agree, have the right not to extend the validity of their proposals.

3.6 The Financial Proposal shall be signed by at-least two (2) Partners.

**4.1(a) ELIGIBILITY:** Eligibility criteria for technical qualification for the assignment is prescribed as under:-

Note: Document to be submitted in support of above facts:-

4.1 The Proposal shall be prepared in indelible ink. It shall contain no inter-lineation or overwriting, except as necessary to correct errors made by the bidder itself. Any such corrections must be initialed by the person or persons who sign(s) the Proposals.

4.2 (a) The Technical proposal together with the RFP and the enclosures required, shall be submitted in Hard Bound Form (Hard bound implies such binding between two covers through stitching or otherwise whereby it may not be possible to replace any paper without disturbing the document) with page numbered serially, indexed and placed in a sealed envelope clearly marked **TECHNICAL PROPOSAL**. Technical proposal together with enclosures shall be signed by two partners. The prescribed form of Technical Proposal shall however be signed by two partners.

(b) The Financial Proposal shall be placed in a separate sealed envelope clearly marked **FINANCIAL PROPOSAL**, duly signed by two partners.

(c) Both the envelopes shall be placed into an outer envelope and sealed with " " "



**PROPOSAL FOR APPOINTMENT OF THE INTERNAL AUDITORS IN OWSSB**  
**DO NOT OPEN EXCEPT IN PRESENCE OF EVALUATION COMMITTEE**

4.3 The completed proposal must be delivered at the following address:-

Member Secretary, Orissa Water Supply and sewerage Board, Satyanagar, Bhubaneswar – 751 007.  
The proposal must be submitted by (date) (Time). Any Proposal received after the closing time, shall remain unopened.

4.4 The evaluation committee of the Board shall open the technical proposals first and carryout the evaluation of the technical proposal. The financial proposal of the bidders whose technical proposal has been accepted shall be opened (on a date to be declared by the Board) in presence of the qualified bidders or their authorized representatives who choose to attend.

4.5 After opening the financial proposal, the evaluation committee will determine whether the Financial Proposals are complete. The evaluation will be made based on the all inclusive rate for the year 2011-12.

4.6 The Board will select Internal Auditor who submits the least cost proposal amongst the bidders that are found to be responsive.

## **5. AWARD OF CONTRACT**

5.1. The contract will be awarded following negotiations, if any.

(Negotiations - If required, the Board shall invite the lowest bidder for a discussion on the proposed methodology (work plan), staffing and any suggestions made by the bidder to improve the Terms of Reference. The Board and bidder will then work out final Terms of Reference, staffing, and bar charts indicating activities, staff, periods in the field and in the home office, staff-months, logistics, and reporting. The agreed work plan and final Terms of Reference will then be incorporated in the description of Services and form part of the contract. Special attention will be paid to get the most the bidder can offer within the available budget and to clearly defining the inputs required from the Board to ensure satisfactory implementation of the Assignment. The negotiations will conclude with a review of the draft form of the contract. To complete negotiations the Board and the bidder will initial the agreed contract. If negotiations fail, the Board will invite the next bidder to negotiate a contract.)

5.2. The bidder is expected to commence the Assignment within 15 days of the signing of the contract.

## **6. CONFIDENTIALITY**

6.1 Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the bidders who submitted the proposals or to other persons not officially concerned with the process, until the winning bidder has been notified that it has been awarded the contract.

### SECTION-3

#### PROFORMA FOR TECHNICAL PROPOSAL FOR APPOINTMENT AS INTERNAL AUDITOR – OWSSB

(On the letterhead of the bidder)

From: (Name & address of Bidder)

To:

Member Secretary,  
Orissa Water Supply and Sewerage Board,  
Satyanagar, Bhubaneswar – 751 007

Sir,

Subject: Appointment of Internal Auditor in OWSSB - "TECHNICAL PROPOSAL"

We, the undersigned, offer to provide the internal audit services for the above in accordance with your Request for Proposal. Our Technical proposal is as under-

Eligibility of the bidder for internal auditor in OWSSB:

Sl. No.	Requirement	Internal auditors for HO and PMUs
I	Experience	
II	Number of full time partners	
III	Number of Qualified CA in full time appointment including full time CA partners with the bidder	
IV	Minimum annual turnover of the bidder in any of the FY 2009-10 or 2010-11.	
V	In any one financial year i.e. FY 2009-10 or 2010-11, the bidder has conducted statutory audit or internal audit of at least one PSU / Private Sector Company with minimum turnover of	
VI	Number of Companies (Registered under Companies Act) audited in the capacity of statutory auditors and / or Internal auditor.	

Note: Document to be submitted in support of above facts:-

(i) In respect of Serial No. I, II & III Certificate issued by The Institute of Chartered Accountants of India as on 1st January, 2010, (ii) In respect of Serial No. IV, Copy of Balance Sheet and P&L Account specifying the turnover shall be enclosed. The above must be certified by two partners of the bidder, (iii) In respect of Serial No. V list of companies audited and their turn over as on 31st March, 2009 or 31st March, 2010 duly certified by two partners of the bidder, (iv) In respect of Serial No. VI list of companies audited duly certified by two partners of the bidder

Sl. No.	Name of the Company	Whether as Internal Auditor or Statutory Auditor	Year of auditing	Turnover of company audited
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We hereby certify that above information provided is true and correct to the best of our knowledge and information. We understand and agree to carry out the assignment as per the TOR attached herewith.

Yours sincerely,

Authorized Signatories  
(Two Working Partners of the Bidder)  
Name, Membership No. of ICAI  
Name of Bidder / Address & Seal

Place.....

Date.....

### SECTION 3(F)

#### PROFORMA FOR FINANCIAL PROPOSAL FOR APPOINTMENT AS INTERNAL AUDITOR FOR OWSSB

(On the letterhead of the bidder)

FROM: (Name of Bidder)

To:

The Member Secretary,  
OWSSB, Satyanagar, Bhubaneswar

Sir,

Subject: **Appointment of Internal Auditor in OWSSB- Financial Proposal.**

We, the undersigned, offer to provide the internal audit services for the above in accordance with your Request for Proposal. Our financial proposal (inclusive of all taxes) is as under-

S.No.	Activity	No. of Unit	Unit Rate (In figure & Words) (₹)	Total Amount (₹)
(a)	(b)	(c)	(d)	(c) x (d) = (e)
i.	Audit at HO- FY 2004-05 to 2010 to 11 (Stage – I)			
ii.	Providing qualified chartered accountant for Stage – II.			
iii.	Grand Total			

₹ in words(Rupees.....)

Least cost will be decided on the Grand total as above.

2. This amount is inclusive of all taxes, levies. All the payments shall be made as per clause 6 (i) of the Terms of Reference. Our financial proposal shall be binding upon us subject to the modifications resulting from contract negotiations, up to expiration of the validity period of the proposal, i.e.

3. The rate for item no. (ii) has been frozen.

4. We undertake that, in competing for (and, if the award is made to us, in executing) the above contract, we will strictly observe the laws against fraud and corruption in force in India namely prevention of Corruption Act 1988.

5. We understand clearly that you are not bound to accept any proposal you receive.

Thanking you,

Yours sincerely,

Place.....

Date .....

Authorized Signatories

(Two Working Partners of the Bidder)

Name, Membership No. of ICAI Name of

Bidder / Address & Seal

## Section-4

### **Terms of Reference (TOR)**

Selection of Bidders for Internal Audit of Orissa Water Supply and Sewerage Board, Satyanagar,  
Bhubaneswar – 751 007

#### **1.0 Introduction**

The Orissa Water Supply and Sewerage Board was created as an autonomous organization under the ORISSA WATER SUPPLY AND SEWERAGE BOARD ACT – 1991. OWSSB is working under the administrative control of the Housing & Urban Development Department, Government of Orissa and is primarily responsible for rapid development and proper regulation of water supply and sewerage services in the State of Orissa and for the matter incidental thereto or connected therewith.

In accordance with Orissa Act – 12, 1991, Govt. of Orissa, from time to time by notification in the Official Gazette, has vested in or entrusted to OWSSB various water supply and sewerage projects as specified in such notification for the purpose of execution.

The 'Orissa Water Supply and Sewerage Board' is mandated with implementation of the sewerage projects for Bhubaneswar city covering around 145 sq kms, Cuttack city covering around 42 sq kms, Puri Town covering around 16.84 sq kms, preparation of DPRs for Dhenkanal, Angul, Rourkela, Sambalpur, Jaipur, Berhampur and many other towns in the pipeline. The present level of annual expenditure is ₹ 30.00 crores (approximately).

OWSSB has been receiving funds from GOI, and capital grant / loan for execution of externally aided projects funded by Japan Bank for International Cooperation out of the yearly budgetary allocation for executing various capital works contracts.

On completion of the construction, OWSSB would hand over the asset created to the respective Urban Local Bodies or to an entity as decided by the State Government, who would ultimately be responsible for the O&M of these projects.

OWSSB has its Head Office [HO] at Satyanagar, Bhubaneswar and has six Project Management Units (PMUs) stationed at Puri, Bhubaneswar, Cuttack and Angul districts of the State which are responsible for implementation of water supply and sewerage projects. Three more PMUs are going to be established, one at Bhubaneswar and two at Cuttack for execution of the sewerage project under JICA assistance. OWSSB has a full time Chairman (in the position of Minister, H&UD Deptt., Government of Orissa) and twelve (12) full time Members including two unofficial members. The Member Secretary handles the responsibility of the Chief Executive Officer, (CEO) of the Board and functions in the areas of Finance, Administration and Technical.

For the purpose of development / execution of projects as specified above, OWSSB selects / appoints Contractors [who execute the civil works] and Supervision Consultants, commonly referred to as the 'Engineers' who supervise the execution of the project on a day-to-day-basis on behalf of OWSSB and also certify the bills in respect of quantity and quality. The concept envisages a consortium of financiers, contractors and consultants offering to construct water and sanitation projects which would otherwise consume public money, at their own cost. However, OWSSB does not apply from public and the matter remains under governance policy of the State.

OWSSB follows a decentralized payment & financial accounting procedure. Payments for various projects are handled and the books of accounts are maintained at the PMUs. Each PMU is treated as a separate payment / accounting unit and headed by a Project Engineer [PE] & assisted by an Accounts Officer [AO] and Accountant to handle payment & accounting activities, etc. The PE authorizes all payments, including to the Contractors / Consultants based on the certification made by the Supervision Consultants (Engineers) and subsequent endorsement by the Technical & Accounts Staff. Necessary funds to meet the project expenses are released from HO to all the PMUs on a periodical (on demand) basis.

The financial accounting is made on double entry system of accounting on accrual basis and is generally based on the Accounting Standards issued by The Institute of Chartered Accountants of India (as applicable to OWSSB) and various Significant Accounting Policies adopted by the Board from time to time. Accounts are consolidated at HO based on the trial balances submitted by the PMUs. The financial statements are prepared in the formats prescribed by the State Government.

The Board prepares its budgets on an annual basis. The report on contract-wise expenditure and other MIS reports are compiled on a monthly basis. The total value of capital expenditure [including advances] and the volume of transactions during the last two years are as under-

Sr.	Particulars	As at 31/3/10	As at 31/3/11
1	Value of Capital work-in-progress [□ in crores]	30.00	35.00
2	Approximate no. of Vouchers* at HO	1000/P.M	1000/P.M
3	Approximate average no. of Vouchers* at each PMU (Based on some of the PMUs handling big projects)	300/P.M	300/P.M

\* The number of transactions may vary and the Internal Auditors may make their own assessment for the assignment. There will be no extra payment or reduction on this account if the vouchers increases or decreases.

## 2. Objectives

OWSSB proposes to appoint a suitable firm of Chartered Accountants as its Internal Auditor to conduct internal audit at HO and the PMUs. The appointment shall be made for FYs 2004-05 to 2010-11 for compilation of accounts (Stage – I) & 2011-12 (Stage – II) and Stage – II may be extendable by two more years at the option to be exercised by OWSSB at its sole discretion.

The Internal Auditor at HO and also for the PMUs, would mainly be responsible for the following functions to be appropriately marked under Stage – I and Stage – II:

- To examine and help prepare classified receipt and expenditure statements of PMUs and HO.
- To prepare books of accounts and records for assets and liabilities.
- To examine and advice the M.S / PEs regarding financial authority of officers as per the Board / Government rules.
- To prepare and record IT, ST, VAT, Service Tax, Royalty etc all returns of the Board.
- To examine and report on whether the resources have been deployed economically and efficiently.
- To comply and advice on various statutory rules of State/Central Govt. to the DDO of OWSSB.
- To prepare and help keeping book of accounts of all transactions of the Board (OWSSB)
- To prepare bank reconciliation statement of the HO and PMUs.
- Any other items that are pertinent for the audit work.

### 3. Scope of the Work

#### FINANCE & ACCOUNTS AUDIT

3.1 As part of their role in the overall Internal Audit System of OWSSB, the scope of work of the Internal Auditors would broadly cover (but not limited to) the following areas :-

##### *Internal Audit for Head Office at Bhubaneswar*

Post Audit of all transactions and accounting entries in PFMS (financial transactions, including all cash and bank transactions and related records, procurement, etc.) at the head office on a continuous basis in the following areas:

Area	Sub Area	Associated Risk
Procurement	Tendering process	High
	Award of contract	High
	Payment of mobilization advance	Medium
	Variation in contract	High
	Bank Guarantees- Obtaining of, process of validation and renewal	High
Additions to Fixed Assets	IT	High
	Building	Medium
	Furniture	Medium
	Electrical Appliances	Medium
	Recording of assets acquired	Medium
	Physical verification process	Medium
Services	Housekeeping	Medium
	Repairs & Management	Medium
	Canteen/Catering	Medium
Payments	Contractors	High
	Consultants	High
	Suppliers	Medium
	Employees	Low
Budget	Process of compilation including validity of source information and basis of current evaluation	Medium
	Approval	Low
	Communication to PMUs	Low
Cash & Fund Management	Operations of bank accounts	Medium
	Fixed Deposits – Process	Medium
Miscellaneous		
Compliance of earlier reports	Snapshot of earlier internal audit reports	
Critical Analysis Report	Critical observations of OWSSB as a whole (inclusive of Reports of PMU Auditors) requiring management attention together with suggestions / recommendations.	

The audit of all the processes with associated risk being high and exceeding the following threshold limits would be taken up on monthly basis:

- Post Audit of all transactions and accounting entries of PMUs.
- Comment on draft contracts for award.
- Payments to contractors / consultants exceeding Rs. 1 crore.
- Payments of mobilization advance to contractors exceeding Rs. 1 crore.

#### **Time schedule for Internal Audit functions for Stage – I Only**

The time of completion of Stage – I (compilation and audit) shall be six months from the date of signing of the contract. Extension of time beyond this period shall be solely under the discretion of the Board.

#### **Time schedule for Internal Audit functions for Stage – II Only**

<b>Particulars</b>	<b>Responsibility</b>	<b>Time schedule</b>
Vouchers for payments along with relevant files, note sheets, etc. to be provided to internal auditors	OWSSB	1 <sup>st</sup> day in PMUs and 7 <sup>th</sup> day of the succeeding Month
Files of all contracts awarded during the month exceeding the limit defined in scope of work along with Technical & Financial bid, comparative charts, note sheets, etc. to be provided to internal auditors	OWSSB	As per the requirement
Completion of audit work at HO	Internal Auditors	Within 15 <sup>th</sup> day of succeeding month.
Monthly Report to respective departments	Internal Auditors	Within 7 days of completion of audit work

### **3.2 Internal Audit of Field Units (i.e. PMUs)**

(i) Post Audit of all transactions and accounting entries, financial transactions including all cash and bank transactions and related records, procurement, etc. at the PMUs as listed in Annexure I. However, depending upon actual number of PMUs as may be confirmed by OWSSB before audit (based on the increase and decrease in the number of PMUs), the audit work shall be taken up by the Internal Auditors. The audit team visiting the PMUs for internal audit on a half yearly basis would cover the period till 30<sup>th</sup> September and 31<sup>st</sup> March.

(ii) Recommending the course of actions that OWSSB should consider in various cases and suggestions.

3.3 The major issues to be covered are adherence to the contractual obligation by the concessionaire, consultants, control over the pre-construction activities, payments towards the change of scope, consultants pay out, payment of grant, revenue sharing, operation of escrow account, adherence to completion schedule etc. The concession agreement provides for various obligations of the concessionaire which includes submission of various documents. Internal auditors may verify submission of the relevant documents by the concessionaire at PMUs/HO.

3.4 Monitor the systems and procedures adopted in functioning and provide suggestions on a continuous basis for their improvement.

Follow up previous Internal Audit Reports, while conducting current internal audit and action taken.



Checking of tax deducted at source (TDS), etc., including with-holding tax in respect of the Foreign Firms / tax on foreign contractors, etc., before deposit of the same at HQ as per the due dates. For PMUs, this shall be covered as part of the post audit of the transactions. Any other assignment incidental to above.

Notwithstanding anything mentioned above, all the aspects mentioned in the OWSSB Act / Regulation and Policy guidelines, will be covered during each audit exercise and the Internal Auditor will give its findings on each of the points covered in the manual.

During the course of audit, provide specific advice / guidelines, including updating on accounting and taxation matters, as also advising on the Accounting Standards issued by ICAI that are applicable to OWSSB.

3.5 Training to officers and staff of OWSSB on maintenance of Books of Accounts, Standard Operating Procedures, adherence of Accounting Standard, OWSSB Act, Rules and Regulations, Income Tax, Value Added Tax and Services Tax etc as per training programme fixed by OWSSB. The execution of these items will be at the discretion of OWSSB.

3.6 Specific audit of any particular aspect may also be entrusted by OWSSB to Internal Auditor. In case of such additional work beyond the scope of services specified in this TOR the payment for such additional services shall be derived from the cost of deployment of manpower as quoted by the Internal Auditor in their financial proposal.

#### **4. Reporting Requirements under Stage - II**

i) Separate audit report will be prepared on half yearly basis for HO, PMUs section-wise i.e. Consultants, Contractors, Finance and Administration and others.

ii) The Internal Auditor shall ensure compliance of the observations raised by them pertaining to PMUs and HO. Such compliance shall be made by the respective Nodal Officers i.e., the Project Engineers in the case of PMUs or the concerned Finance & Accounts Officer in the case of HO and shall be recorded as part of the audit report. Such reports shall be retained / maintained by the Internal Auditor which shall be open for inspection by an Authorized member of the Board. A copy of the audit report (hard and soft copy) together with the compliances shall be sent to OWSSB HO. While compiling the audit report unresolved observations of the previous report shall be summarized and annexed. The auditor will submit his half yearly report for the period ending 30<sup>th</sup> September & 31<sup>st</sup> March to OWSSB, HO by 31<sup>st</sup> December and 30<sup>th</sup> June respectively.

iii) The issues such as (a) where no compliance has been made, (b) where an observation of similar nature has been reported in various PMUs, (c) where policy guidelines are required to be issued for taking remedial measures, (d) where the financial impact of an error is very significant, (e) where there are glaring errors and (f) any other important issue that the Internal Auditor may feel as worth reporting, shall be included in the Critical Analysis Report (CAR). The internal auditor will prepare the CAR in respect of each Financial Year by 31<sup>st</sup> July each year.

## 5. Audit Arrangement & Key Personnel

Audit shall be conducted in two stages. Stage – I shall comprise of audit for the years 2004-05 to 2010-11. Stage – II of the audit shall be for the current financial year i.e. 2011-12. Both the stages shall be taken up simultaneously from the date of signing of the contract. The auditor is required to submit the audit plan / arrangement for Stage – I and Stage – II in advance for approval of OWSSB. OWSSB would require the internal auditor to coordinate the entire audit operations and interact with the Designated Officer of OWSSB on a regular basis.

OWSSB would require the Internal Auditor to associate the following types of personnel for the audit activities at HO & PMUs. The requirements indicated below are the minimum and the Internal Auditor may associate adequate personnel and set the groups with assignments for completion of the audit for stage – I and stage – II.

Type of activity	Personnel	Qualifications & Experience	No.
Overall Supervision (both for HO and PMUs)	Senior Level personnel	Partner of the firm [A qualified Chartered Accountant with at-least 15 years of experience)	1
For Audit work at Head Office and PMUs (Stage – I & II) [A team of 4]	Middle Level personnel	A qualified Chartered Accountant in full time employment under the Internal Auditors with at-least 3 years of experience.	1
	Jr. staff	Pass in the intermediate/PE- II / PCC / IPCC examination of the Institute of Chartered Accountants of India with at-least 1 year of experience.	5

In respect of audits at a PMU, a provision of at least 3 working days should be made for audit at each PMU on each occasion and provision for man-months may be made accordingly. Before deployment of the personnel, the CVs shall be got approved from OWSSB. Replacement of personnel will be at the sole discretion of OWSSB.

## 6. Obligation of OWSSB

OWSSB would provide the following:-

- i. Pay an all-inclusive fee in local currency for the services rendered as stated in the Terms of Reference. No other reimbursements, payments, facilities, etc., shall be admissible. A fixed rate of escalation @ 5% on the fees shall be admissible after one year on an annual basis. The payment shall, however, be subject to the following:-
  - (a) For HO, the payment shall be made on a half-yearly basis subject to completion of audit, submission of report and a certificate to this effect by the designated officer. For PMUs, the payments shall be made on a half-yearly basis by Head Office subject to completion of audit submission of report and attendance certificate to this effect by the concerned Project Director.

(b) Payments for the PMUs shall be made on the basis of the actual number of PMUs audited by the Internal Auditor. The number indicated in the TOR is tentative and may undergo change. OWSSB reserves the right to increase or decrease number of PMUs covered under the Internal Audit assignment and payment of fees shall be adjusted accordingly.

ii. Office working space at the OWSSB Office at Bhubaneswar.

iii. Information / documents / records / books of accounts, etc., that would be required by the Auditors during the course of the Audit. Auditors shall verify the records in the concerned branch and photocopies, if needed, could be provided on special requisition and at OWSSB's discretion.

## **Annexure -I**

### **PMUs to be audited**

S.No.	Name of PMUs
1.	P.M. Unit No-I, Bhubaneswar
2.	P.M. Unit No– II, Bhubaneswar
3.	P.M. Unit No– I, Puri
4.	P.M. Unit No– II, Puri
5.	P.M. Unit, Cuttack
6.	P.M. Unit, Angul

**Section-5. Standard Form of Contract**

**CONTRACT FOR INTERNAL AUDIT**

**between**

**ORISSA WATER SUPPLY AND SEWERAGE BOARD**

**and**

**[Name of The Internal Auditor]**

**Dated :**

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**SECTION-5. (A) FORM OF CONTRACT  
(Lump Sum Remuneration)**

This CONTRACT (hereinafter called the "Contract") is made the \_\_\_\_\_ day of the month of \_\_\_\_\_, 2011, between, on the one hand, Orissa Water Supply and Sewerage Board (hereinafter called the "BOARD") and, on the other hand, \_\_\_\_\_ (hereinafter called the "Internal Auditor").

**WHEREAS**

(a) The BOARD has requested the Internal Auditor to provide certain services as defined in the Conditions of Contract attached to this Contract (hereinafter called the "Services");

(b) The Internal Auditor, having represented to the BOARD that he has the required professional skills, and personnel and technical resources, has agreed to provide the Services on the terms and conditions set forth in this Contract;

NOW THEREFORE the parties hereto hereby agree as follows:

1. The following documents attached hereto shall be deemed to form an integral part of this Contract:

(a) The Conditions of Contract (hereinafter called "CC");

(b) The following Appendices:

Appendix A: Terms of Reference containing inter-alia, the description of the services, reporting requirement and qualification requirements of the personnel

Appendix B: Technical Proposal; and

Appendix C: Financial proposal

2. The mutual rights and obligations of the BOARD and the Internal Auditor shall be as set forth in the Contract, in particular:

(a) The Internal Auditor shall carry out the Services in accordance with the provisions of the Contract;

and

(b) The BOARD shall make payments to the Internal Auditor in accordance with the provisions of the Contract.

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be signed in their respective names as of the day and year first above written.

WITNESS

FOR AND ON BEHALF OF OWSSB

WITNESS

(Authorized Representative)  
FOR AND ON BEHALF OF  
[NAME OF INTERNAL AUDITOR]

## SECTION-5 (B) CONDITIONS OF CONTRACT

### 1. GENERAL PROVISIONS

#### 1.1 Definitions

Unless the context otherwise requires, the following terms whenever used in this Contract have the following meanings:

- a. "Applicable Law" means the laws and any other instruments having the force of law in India, as they may be issued and in force from time to time;
- b. "Contract" means the Contract signed by the Parties, to which these Conditions of Contract (CC) are attached, together with all the documents listed in Clause 1 of such signed Contract;
- c. "Contract Price" means the price to be paid for the performance of the Services, in accordance with Clause 6;
- d. "CC" means these Conditions of Contract;
- e. "BOARD" means Orissa Water Supply and Sewerage Board, Orissa, Bhubaneswar.
- e. "Government" means the State Government of BOARD's country;
- f. "Party" means the BOARD or the Internal Auditor, as the case may be, and Parties means both of them;
- g. "Personnel" means persons hired by the Internal Auditor as employees and assigned to the performance of the Services or any part thereof;
- h. "Services" means the work to be performed by the Internal Auditor pursuant to this Contract.

1.2 Law Governing the Contract: This Contract, its meaning and interpretation, and the relation between the Parties shall be governed by the Applicable Law.

1.3 Language: This Contract has been executed in the English Language, which shall be the binding and controlling language for all matters relating to the meaning or interpretation of this Contract.

1.4 Notices: Any notice, request or consent made pursuant to this Contract shall be in writing and shall be deemed to have been made when delivered in person to an authorized representative of the Party to whom the communication is addressed, or when sent by registered mail, or facsimile or by courier with delivery acknowledgment to such Party at the address of OWSSB HO at Bhubaneswar.

1.5 Location: The Services shall be performed at HO and at such locations as are specified in Annexure-1 and where the location of a particular task is not so specified, at such locations, as the BOARD may approve.

1.6 Authorized Representatives: Any action required or permitted to be taken, and any document required or permitted to be executed, under this Contract by the BOARD or the Internal Auditor may be taken or executed by the officials specified below;

For the OWSSB : Member Secretary, OWSSB

For the Internal Auditor : -----

1.7 Taxes and Duties: The Internal Auditor and the personnel shall pay the taxes, duties, fees, levies and other impositions levied under the existing, amended or enacted laws during life of this contract and the BOARD shall perform such duties in regard to the deduction of such tax as may be lawfully imposed.

## **2. COMMENCEMENT, COMPLETION, MODIFICATION AND TERMINATION OF CONTRACT**

2.1 Effectiveness of Contract: This Contract shall come into effect on the date the Contract is signed by both Parties.

2.2 Commencement of Services: The Internal Auditors shall begin carrying out the Services fifteen (15) days after the date the Contract becomes effective.

2.3 Expiration of Contract: Unless terminated earlier pursuant to Clause 2.6, the period of contract shall be Three [3] years or after all the obligations under this contract have been fulfilled by the Internal Auditor or such other period as the parties may agree in writing. However the initial appointment will be for one year, which can be extended to 2/3 years solely at the discretion of the BOARD.

2.4 Modification: Modification of the terms and conditions of this Contract, including any modification of the scope of the Services or of the Contract Price, may only be made by written agreement between the Parties. In case of additional work beyond the scope of services specified in the TOR the payment for such additional services shall be derived from the cost of deployment of manpower as quoted by the Internal Auditor in their financial proposal.

### **2.5 Force Majeure:**

2.5.1 Definition: For the purposes of this Contract, "Force Majeure" means an event which is beyond the reasonable control of a Party, and which makes a Party's performance of its obligations under the Contract impossible or so impractical as to be considered impossible under the circumstances.



2.5.2 No Breach of Contract: The failure of a Party to fulfill any of its obligations under the contract shall not be considered to be a breach of, or default under this Contract insofar as such inability arises from an event of Force Majeure, provided that the Party affected by such an event (a) has taken all reasonable precautions, due care and reasonable alternative measures in order to carry out the terms and conditions of this Contract, and (b) has informed the other Party as soon as possible about the occurrence of such an event.

2.5.3 Extension of Time: Any period within which a Party shall, pursuant to this Contract, complete any action or task, shall be extended for a period equal to the time during which such Party was unable to perform such action as a result of Force Majeure.

## **2.6 Termination:**

### **2.6.1 By the BOARD**

The BOARD may terminate this Contract, by not less than thirty (30) days' written notice of termination to the Internal Auditor, to be given after the occurrence of any of the events specified in paragraphs (a) through (e) of this Clause 2.6.1:

- (a) if the Internal Auditor does not remedy a failure in the performance of his obligations under the Contract, within thirty (30) days of receipt after being notified or within such further period as the BOARD may have subsequently approved in writing;
- (b) if the Internal Auditor becomes insolvent or bankrupt;
- (c) if, as the result of Force Majeure, the Internal Auditor is unable to perform a material portion of the Services for a period of not less than sixty (60) days; or
- (d) if the Internal Auditor, in the judgment of the BOARD has engaged in corrupt or fraudulent practices in competing for or in executing the Contract.

For the purpose of this clause: 'Corrupt practices' means the offering, giving, receiving or soliciting of anything of value to influence the action of a public official in the selection process or in contract execution.

'Fraudulent practice' means a misrepresentation of facts in order to influence a selection process or the execution of a contract to the detriment of the BOARD and includes collusive practice designed to establish prices at artificial non-competitive levels and to deprive the BOARD of the benefits of free and open competition.

- (e) if the Internal Auditor violates clause 3.1 of Condition of Contract and BOARD decides to terminate the contract.
- (f) if the BOARD, in its sole discretion and for any reason whatsoever, decides to terminate this Contract.

### **2.6.2 By the Internal Auditors:**

The Internal Auditor may terminate this Contract, by not less than thirty (30) days' written notice to the BOARD, such notice to be given after the occurrence of any of the events specified in paragraphs (a) and (b) of this Clause 2.6.2:

(a) if the BOARD fails to pay any monies due to the Internal Auditors pursuant to this Contract and not subject to dispute pursuant to Clause 7 hereof within forty-five (45) days after receiving written notice from the Internal Auditor that such payment is overdue; or

(b) if, as the result of Force Majeure, the Internal Auditor is unable to perform a material portion of the Services for a period of not less than sixty (60) days.

**2.6.3 Payment upon Termination:** Upon termination of this Contract pursuant to Clauses 2.6.1 or 2.6.2, the BOARD shall make payments to the Internal Auditors on account of remuneration pursuant to Clause 6 for Services satisfactorily performed prior to the effective date of termination;

## **3. OBLIGATIONS OF THE INTERNAL AUDITOR.**

### **3.1 General:**

The Internal Auditor shall perform the Services and carry out his obligations hereunder with all due diligence, efficiency and economy, in accordance with generally accepted professional techniques and practices and shall observe sound management practices and employ appropriate advanced technology and safe methods. The Internal Auditor shall always act in respect of any matter relating to this Contract or to the Services, as faithful adviser to the Board and shall at all times support and safeguard the Board's legitimate interests in any dealings with third parties.

Under any circumstances, Internal Audit of two financial year should not be clubbed together and it will be obligatory on the part of Internal Auditor to ensure the above. In the event the Internal Audit of two financial years is clubbed together, the same will be treated as the violation of this contract.

### **3.2 Conflict of Interests:**

#### **3.2.1 Internal Auditor Not to Benefit from Commissions, Discounts, etc.:**

The remuneration of the Internal Auditor pursuant to Clause 6 shall constitute the Internal Auditors' sole remuneration in connection with this Contract or the Services, and the Internal Auditor shall not accept for his own benefit any trade commission, discount or similar payment in connection with activities pursuant to this Contract or to the Services or in the discharge of his obligations under the Contract, and the Internal Auditor shall use his best efforts to ensure that the Personnel, any Sub-Internal Auditor, and agents or either of them, similarly shall not receive any such additional remuneration.

### 3.2.2 Internal Auditor and Affiliates Not to Be Otherwise Interested in Project:

The Internal Auditor agree that, during the term of this Contract and after its termination, the Internal Auditor and his affiliates shall be disqualified from providing goods, works or services (other than the Services and any continuation thereof) for any project resulting from or closely related to the Services.

### 3.2.3 Prohibition of Conflicting Activities:

Neither the Internal Auditor nor his Personnel shall engage, either directly or indirectly, in any of the following activities:

(a) during the term of this Contract, any business or professional activities in the Government's country which would conflict with the activities assigned to him under this Contract;

### 3.3 Confidentiality:

The Internal Auditor and his Personnel shall not, either during the term or within two (2) years after the expiration of this Contract, disclose any proprietary or confidential information relating to the Project, the Services, this Contract, or the Board's business or operations without the prior written consent of the OWSSB.

### 3.4 Insurance to be taken out by the Internal Auditor:

The Internal Auditor (a) shall take out and maintain, at his own cost but on terms and conditions approved by the Board, insurance against the risks, and for the coverage, the Professional Liability Insurance, with a minimum coverage equal to total contract value for this consultancy for the period of contract plus two years beyond the contract period and (b) at the Board's request, shall provide evidence to the Board showing that such insurance has been taken out and maintained and that the current premiums have been paid.

### 3.5 Internal Auditor's Actions Requiring OWSSB's Prior Approval:

The Internal Auditor shall obtain the Board's prior approval in writing before taking any action for entering into a subcontract for the performance of any part of the Services.

### 3.6 Reporting Obligations:

The Internal Auditor shall submit to the Board reports and documents specified at clause- 4 of TOR.

### **3.7 Documents Prepared by the Internal Auditor to be the Property of the Board:**

All reports, manuals and other documents submitted by the Internal Auditor in accordance with Clause 3.6 shall become and remain the property of the OWSSB, and the Internal Auditor shall, not later than upon termination or expiration of this Contract, deliver all such documents to the Board, together with a detailed inventory thereof. The Internal Auditor may retain a copy of such documents. The Internal Auditor shall not use these documents for purposes unrelated to this contract without prior and written approval of the OWSSB.

## **4. INTERNAL AUDITOR PERSONNEL**

### **4.1 Removal and / or Replacement of Personnel:**

(a) Except as the OWSSB may otherwise agree, no changes shall be made in the Senior Personnel. If, for any reason beyond the reasonable control of the Internal Auditor, it becomes necessary to replace the senior Personnel, the Internal Auditor shall forthwith provide as a replacement a person of equivalent or better qualifications and experience.

(b) If the Board finds that any of the Personnel have (i) committed serious misconduct or has been charged with having committed a criminal action, or (ii) have reasonable cause to be dissatisfied with the performance of any of the Personnel, then the Internal Auditors shall, at the Board's written request specifying the grounds therefore, forthwith provide as a replacement a person with qualifications and experience acceptable to the OWSSB.

(c) The Internal Auditor shall have no claim for additional costs arising out of or incidental to any removal and / or replacement of Personnel.

## **5. OBLIGATIONS OF THE OWSSB**

### **Services and Facilities**

The Board shall make available to the Internal Auditor the Services and Facilities as per clause 6 of TOR.

## **6. PAYMENTS TO THE INTERNAL AUDITOR.**

### **6.1 Lump Sum Remuneration:**

The Internal Auditors' total remuneration shall not exceed the Contract Price and shall be a fixed lump sum including all staff costs, printing, communications, travel, accommodation, and the like, and all other costs incurred by the Internal Auditors in carrying out the Services as per the contract. The Contract Price may only be increased above the amounts stated in clause 6.2 if the Parties have agreed to additional payments in accordance with Clause 2.4.

### **6.2 Contract Price:**

The contract price shall be as indicated in Letter of Acceptance and payal

### 6.3 Payment for Additional Services:

The remuneration due for additional services as provided in clause 2.4 of Contract Conditions will also include the payment for additional services as provided in clause 3.7 of TOR.

### 6.4 Terms and Conditions of Payment:

Payment shall be made within 45 days of receipt of the invoice and within 60 days, in the case of the final payment, on satisfactory completion of the assignment by the Internal Auditor and having submitted an invoice to the Board specifying the amount due.

### 6.5 Interest on Delayed Payments:

If the Board has delayed payments beyond fifteen (15) days after the due date stated above, interest shall be paid to the Internal Auditor for each day of delay at the rate of 6% p.a.

## **7. SETTLEMENT OF DISPUTES**

### 7.1 Amicable Settlement:

The Parties shall use their best efforts to settle amicably all disputes arising out of or in connection with this Contract or its interpretation. Any dispute arising out of the Contract, which cannot be amicably settled between the parties, shall be subject to the outcome of the court of law within the jurisdiction of the Board.