

## Terms of Reference for Facilitating

### Indian Institute of Corporate Affairs (IICA)

to Secure an AA1000AS License from Accountability for Being Eligible to Provide Assurance Services to Companies and Other Organizations on their reported Development/Corporate Social Responsibility/Sustainability/SEBI's Business Responsibility/Environmental and Social Governance Performance

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## I. The Need for validation of Corporate Social Responsibility Programme's result:

### Background

Contrary to common belief, adoption of Corporate Social Responsibility (CSR) activities in India is now being seen by stakeholders and primarily the shareholders and boards of companies as not just a legal formality but an integral activity to improve a corporate's bottom line. While CSR Rules in India are facilitating as a catalyst in furthering social development in India, there is also a growing zeal amongst corporates to be a part of the journey and improve their positioning in the business world as a responsible corporate citizen.

Two years have passed since the implementation of the CSR Rules by corporates in India. There is a strong need felt by boards of companies to not only ensure proper compliance with the mandate but also to ensure transparent reporting of the impact accrued for the money spent. While companies have so far been reporting the financials incurred on the CSR projects implemented, a lot of action needs to be seen on the front of detailing and reporting the impacts accrued, with a focus on "impact per rupee spent". With enforcement agencies tightening the implementation of CSR Rules, numerous companies have been issued notices for not reporting and over a hundred of them have been issued notices for wrong reporting. Improper or non-scrutinized wrong reporting becomes a concern for the board of directors, as they directly come under the purview of scrutiny of their role in effective implementation of the mandates of the CSR Rules and thereby the implications that could be arising from the non-compliance with specified requirements. Such concerns and lapses on the part of the management are therefore compelling the board/CSR Committee of the corporates to revisit their system of reporting and get their performance reviewed by individuals or experts from external qualified institutes/agencies.

While companies are comfortable with reporting of financial performance, the challenge however lies in reporting the Impact of the CSR program component. Such needs are therefore increasingly calling for the independent validation of the CSR reports, with an emphasis on the impacts accrued. While a lot of firms in India are providing such services to various organizations, Indian Institute of Corporate Affairs (IICA), at the advice of its Board, also intends to initiate such independent validation of the performance reported by corporates and their associated implementing agencies, as per the international standard AA 1000AS, released by Accountability and therefore intends to obtain a license from Accountability.

There has been a growing concern in various circles on the technical qualifications of the Validators endorsing such program/sustainability performance, as this endorsed data/information eventually makes an entry in the national database, which eventually facilitates in shaping up of macro level national policies. Hence, IICA being an arm of the Ministry of Corporate Affairs see this as an important criterion prior to signing of on any assurance statements. As such, IICA emphasizes on appropriate qualification of validators who would also be taken as partners for signing of an assurance statements to be eventually released by IICA.

## II. Objective of the Engagement

In view of the background stated above, IICA intends to empanel and partner with agencies or an independent expert(s), from its list of empaneled service providers and from market, to serve the following purpose:

1. (a) Obtain the license of AA 1000AS from Accountability, on the basis of relevant and required expertise the resources of such empaneled service providers/individual experts.

and

(b) Conduct training programme in partnership for skill development and for creating a resource pool of validators for conducting validation checks (on behalf of IICA) of performance reported by various companies/organizations approaching IICA for Independent assurance service/validation on the basis of AA 1000AS Standard.

The training to be conducted as per Part 1(b) of the objective of this RFP, should be conducted by the Validator himself/herself.

The Agency/ independent expert shall be responsible for preparing the training material. The Agency/ independent expert will also facilitate in the identification of participants for the training programme.

The Agency/Independent expert needs to abide by all other requirements that could become binding on him/her from regulatory and professional qualification perspective, in the course of his/her association with engagements with IICA.

2. It may be noted that IICA, at present – (i) does not have Validators who are either certified or deemed to be qualified Lead Certified Sustainability/Corporate Social Responsibility Assurance Practitioners (LCSAP), and who are qualified and primarily responsible for formation and signing off on the assurance statements, as per criteria defined for LCSAP and released by Accountability and (ii) lacks possession of some competencies defined in criteria # 3.3.1 of the revised Accountability's AA 1000AS Standard.

It is very likely that the professionals/experts of the selected agency/ independent expert have/are/deemed to be qualified professionals, who can execute, lead and are authorized to sign-off on CSR and/or Sustainability reports of the corporates. Till the time, IICA takes on board LCSAP(s) for signing off on its assurance statements, against the AA 1000AS license obtained, IICA would like to engage and obtain the

services of such individual qualified professionals from the selected agency/independent experts for the quality review and signing off on the assurance statements on the letter-head of IICA, against the AA 1000AS license secured by IICA. Needless to mention, the relationship of IICA and the selected partner would be defined in every assurance statement.

4. The nature of assurance engagements to be executed would be primarily of Type 1 and Moderate as per AA 1000AS Standard. However, there could be possibility to deliver assurance engagements on the basis of Type 2 and Moderate/High, as per AA 1000AS Standard, if requested by the clients.

### III. The Overall Selection Process and Criteria for selection:

- The assessment would be done on the basis of both technical and financial quotes submitted by the agency/independent expert through Quality and Cost based Selection (QCBS) method. The weightage for technical component would be 70% and for financial component would be 30%. Of the overall financial component of 30%, the weightage of Part 1(a) and Part 1 (b) of the Objective defined in this RFP would be 25% of the 30% and for Part 2 would be 75% of 30%. Details of model evaluation process of bids under Quality and Cost based Selection (QCBS) method is attached for your reference as Annex #3.

The criteria for the empanelment of **an Agency/ies** for the engagement would be on the basis of the following:

- Technical Competency: Annex # 1A, 1B and 1B.1 – The Technical Competency.
  - ✓ Fulfillment of all criteria mentioned in Annex # 1A are not mandatory. However, weightages against every criteria provided in Annex # 1A would be based on submissions by the participating organization(s).

- ✓ Of the overall 70% of the technical component, the weightage of Part 1 of Annex # 1A shall proportionately be 25% of 70% and that of Part 2 shall proportionately be 75% of 70%
- ✓ It is mandatory to submit the documentary evidence for the information provided in Annex # 1A, Annex # 1B and the undertaking as per Annex # 1B.1
- **The Financials: Annex # 2.**
- The empanelment of **Independent Expert(s)** for the engagement would be on the basis of the following criteria:
  - **Technical Competency: Annex # 1C, 1D and 1D.1 – The Technical Competency.**
    - ✓ Fulfillments of all criteria mentioned in Annex # 1C are not mandatory. However, weightage for every criteria mentioned in Annex # 1C would be given by IICA based on submissions by the participating Independent expert(s)
    - ✓ Of the overall 70% of the technical component, the weightage of Part 1 of Annex # 1C shall proportionately be 100% of 70%
    - ✓ It is mandatory to submit the documentary evidence for the information provided in Annex # 1C, Annex # 1D and the undertaking as per Annex # 1D.1
  - **The Financials: Annex # 2.**
- The empanelment & Selection of an Agency (ies)/Independent Expert(s) would be on the basis of a combination of - (i) The Technical Competency and (ii) The Financials. Weightages based on the both the technical and financial criteria, shall be given by IICA and accordingly the agency/independent expert will be selected. Detail of illustrative ranking under QCBS is attached for your reference as Annex 3.

- Of the submitted bids, top two agency(ies)/individual expert(s) who have scored the maximum based on composite score of technical and financial components would be empaneled and ranked as no.1 & No.2 for the job. The job will be awarded only to the agency/individual expert who is declared as number 1 as per QCBS method. However, it is envisaged that in few cases there might be a conflict of interest with the Assurance providing agency/Individual expert and the corporate, if no. 1 agency/individual expert have provided consultancy support or have worked with those corporates in the area of CSR/Sustainability. So, only, in such cases, where the top scoring empaneled agency/individual expert is unable to execute any validation engagement for a particular client of IICA, citing reasons of conflict of interest, such assignments would be awarded to the second ranking empaneled agency/individual expert, in order to save time and prompt response.
- It is clarified that the technical bids will be opened first and evaluated by the Committee. Financial bids of only those Agency(ies)/Independent Expert(s) who have scored a minimum of 30% of the 70% of the technical score, will be opened for financial evaluation.

#### IV. Technical Eligibility Criteria

##### Annexure # 1A - Technical Competency Criteria for Agencies

###### 1. Qualification of Agencies/Organizations:

1.1 Is in possession of a valid license to issue Assurance statements as per AA 1000AS Standard ( license number to be submitted by the agency)

1.2 Have issued a minimum of five assurance statements as per AA1000AS (signed copies of assurance statements need to be submitted)



1.3 Have issued at least one AA 1000AS based assurance statements reflecting CSR project activity's performance in accordance with Government of India's CSR (Policy) Rules of 2014 (signed copies of assurance statements need to be submitted)

**2. Qualification of Validators to be engaged for signing of on the Assurance Statements of the Program component:**

2.1 Validator(s) should be in employment with the Agency submitting the bid

2.2 Validator(s) should have signed off on at least 3 Assurance Statements as per AA 1000AS (Signed copies of the assurance statement need to be submitted)

2.3 Validator(s) should have signed off on at least one AA 1000AS based assurance statement reflecting CSR project activity's performance in alignment with the CSR Policy Rules of 2014 (Signed copy of the assurance statement need to be submitted and the aforesaid clearly highlighted in the assurance statement)

2.4 Validator(s) should possess to the satisfaction of IICA, the technical knowledge and understanding of Sustainability and CSR and related domain areas in combination, should have been employed in any organization for at least a minimum of 5 years (Copies of employment certificates to be furnished)

2.5 Validator(s) should have an established track-record of providing Sustainability and or CSR Assurance services for a minimum of 5 years in his/her combined role as a team member or team leader or signing auditor (A written confirmation from employers or clients, where such services have been provided need to be submitted on the letter-head of the company of the employers or clients)

2.6 It is preferred to have qualified validator(s) as Lead Certified Sustainability Assurance Practitioner (LCSAP) certified by Accountability (and jointly by Institute of Registered Certified Validators) (copy of certificate to be submitted).

## Annexure # 1B - The Technical Competency Criteria for Agencies

### 3. Mandatory qualifications:

3.1 The Agency submitting the technical & financial bid should be registered as a legal entity under Companies Act/Society Registration Act/Indian Trust Act/Partnership firm as applicable in any of the states/Union territory (ies) of India. (Copy of registration certificate to be attached.)

3.2 Must have completed at least three full years of operation on the date of application. Copies of Audited Accounts of last three financial years need to be submitted. Copies of the Annual report of last three years also need to be submitted.

3.3 Copy of the PAN card also needs to be submitted.

3.4 In the absence of a qualified LCSAP Validator, as on the date of submission of the technical bid, the agency should submit an undertaking in Annex # 1B.1 and submit the same along with the technical bid.

3.5 The aforesaid undertaking need to be signed off on the organization's letterhead.

Annexure # 1B.1 – Undertaking for Compliance with Sl. # 2.1 to 2.5 and also NOT with Sl. # 2.6 of the Technical Competency

**(To whomsoever it may concern)**

I, \_\_\_\_\_, designation on behalf of \_\_\_\_\_ do hereby certify that Mr./Ms./Dr. \_\_\_\_\_, is our employee and meets all the criteria, as mentioned in Sl. # 2.1 to 2.5 of the technical eligibility criteria, mentioned in Annexure # 1A. Also as against Sl. # 2.6 of the technical eligibility criteria, I hereby certify that we do not have any such qualified Lead Certified Sustainability/CSR Assurance Practitioner (LCSAP) Validators as on the date of submission of this technical bid. I however undertake that a minimum of one qualified LCSAP auditor would be taken on board within a period of six months in our organization, from the date of signing the agreement with IICA. In the event we are unable to take on board and submit the name of such LCSAP within a period of six months, IICA will be free to nullify and cancel the contractual agreement with us. I also undertake to indemnify IICA for any loss caused on this account.

Signature and Name of the Authorized Signatory

Date and Place:

### Annexure # 1C - Technical Competency Criteria for Independent Experts

#### **Qualification of Validators to be engaged for signing of on the Assurance Statements of the Program component:**

- 1.1 Validitor(s) should have signed off at least 3 Assurance Statements as per AA 1000AS (Signed copies of the assurance statement need to be submitted)
- 1.2 Validator(s) should have signed off at least one AA 1000AS based assurance statements reflecting CSR project activity's performance in accordance the CSR Policy Rules of 2014 (Signed copy of the assurance statement need to be submitted and the aforesaid clearly highlighted in the assurance statement)
- 1.3 Validator(s) should have to the satisfaction of IICA, the technical knowledge and understanding of Sustainability and CSR and related domain areas in combination, should have been employed in any organization for a minimum of 5 years (Copies of employment certificates to be furnished)

1.4 Validator(s) should have an established track-record of providing Sustainability and or CSR Assurance services for a minimum of 5 years in his/her combined role as a team member or team leader or signing auditor (A written confirmation from employers or clients, where such services have been provided need to be submitted on the letter-head of the company of the employers or clients)

1.5 It is preferred to have qualified validator(s) as Lead Certified Sustainability Assurance Practitioner (LCSAP) certified by Accountability (and jointly by Institute of Registered Certified Auditors)(IRCA) (copy of certificate to be submitted).

### **3. Mandatory criteria:**

3.1 The Independent Expert submitting the technical & financial bid should submit the proof of his/her being an Indian national and submit a copy of the PAN Card.

3.2 He/She must submit a copy of his/her registration with Service Tax authorities. In the absence of Service Tax registration, he/she should give an undertaking that he/she will get himself/herself registered with Service Tax authorities within three months of empanelment/selection with IICA.

3.3 If the Independent Expert is not a qualified LCSAP auditor, as on the date of submission of the technical bid, he/she should submit an undertaking in Annex # 1D.1 and submit the same along with the technical bid.

3.4 The aforesaid undertaking need to be signed by the Independent Expert.

## Annexure # 1C.1 – Undertaking if in Compliance with Sl. # 1.1 to 1.4 and NOT with Sl. # 1.5 of the Technical Competency

**(To whomsoever it may concern)**

I, \_\_\_\_\_ hereby declare that I, meet all criteria, as mentioned in Sl. # 1.1 to 1.4 of the technical eligibility criteria, presented in Annexure # 1C. Also as against Sl. # 1.5 of the technical eligibility criteria, I hereby declare that I am not a qualified Lead Certified Sustainability/CSR Assurance Practitioner (LCSAP) auditor as on the date of submission of this technical bid. I however undertake that I will obtain the LCSAP auditor certificate within a period of six months from the date of signing the agreement with IICA. In the event I am unable to submit the certificate of LCSAP within a period of six months, IICA shall be free to nullify/cancel the contractual agreement with me..I also undertake to indemnify IICA for any loss caused .

Signature and Name of the Independent Expert:

Date and Place :

## V. The Financials:

### The Background and Process to be followed by Participating Agency/Independent Experts

- **This call for Proposal is based on the principle of “Revenue Sharing of the professional fee for each assignment basis” - as such, no upfront payment will be made to the successful bidder(s) for this engagement by IICA for any assignment. The professional fee sharing ratio should be mentioned by the participating agency/independent expert in Annexure # 2, in the green boxes, which will be the part of selection criteriaas financial bid . Bearing the Operational costs with regard to this engagement would be on actuals/would be the responsibility of IICA. Applicable taxes to be charged in connection to this engagement shall be on actuals.**
- IICA would like to engage and obtain the services of individual qualified professionals from the selected agency/independent experts for the quality review and signing of on the assurance statements on the letter-head of IICA, against the AA 1000AS license secured by IICA.

- IICA may provide external resources for carrying out the audit. Such resources shall work under the leadership and direction of the Validators (or LCSAP) of the selected agency/independent expert. IICA will bear the cost of such resources out of the professional fee charged.
- Should the selected empaneled agency/independent expert and IICA jointly feel the necessity of allowing the empaneled agency/independent expert to engage their own set of resources to carry out the audit – cost for the same could also be mentioned against the same in the financials.
- The Participating organization/Independent Expert need to present the timeline to complete the task pertaining to – (i) assurance engagement of any single project of a client; (ii) obtaining a license of AA 1000AS for IICA and (iii) Training programme
- The arrangement would be for a minimum period of two years and could be extended on mutual consent till the time IICA takes on roll an auditor with LCSAP qualification.
- The copy of financial bid is attached for your reference in Annex 2.

## VI. Other Terms and Conditions:

### APPLICATION FORM

**(To be filled and submitted along with the required documents)**

Name of the Organization/Firm/Institution/ Individual Expert:	
Established (year)/ Date of Birth ( in case of individual expert):	
Registration Details: (Act & Registration Number) (if applicable)	
Date of Registration: (if applicable)	
Contact Address:	
Phone Nos:	
Fax	
E-mail	
Website	
Office Address:	
Phone Nos:	
Fax	

**Mandatory documents required to be submitted with Application:**

The following documents are required to be submitted to the IICA at the time of submitting the application form:

**(i) For Organizations/Institutions:**

<b>Name/Type of Documents</b>	<b>Yes</b>	<b>No</b>
Registration Certificate		
Audited Accounts of last three financial years		
Acknowledgement of Income Tax Return along with IT Return filed (last three financial years)		
Copy of the Pan Card		
Annual Reports of last 3 financial years		

**(ii) For Individual subject matter experts:**

<b>Name/Type of Documents</b>	<b>Yes</b>	<b>No</b>
Service tax registration certificate (if applicable) or an undertaking to get registered with Service Tax authorities within three months of empanelment		
Copy of the PAN card		
List of assignments handled in the last three financial years		



**Mandatory Undertaking (to be filled in by the applicant Organizations/  
/Institutions)**

I, \_\_\_\_\_, designation \_\_\_\_\_ on behalf of \_\_\_\_\_ do hereby solemnly affirm and declare that the information given above is true to the best of my knowledge and belief and is based on the information provided to me by my organization and I hereby agree and accept that if any part of the information is found to be false or misappropriate, shall be liable to disqualification from associating with the IICA as an empaneled expert organization/institution.

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Contact Details: \_\_\_\_\_

Organisation: \_\_\_\_\_

**Name & Signature of the Head of the Organisation (with Organisation Seal)**

**Date/Place: \_\_\_\_\_**

**Mandatory Undertaking (to be filled in by the applicant Individual experts)**

I, \_\_\_\_\_, designation \_\_\_\_\_ do hereby solemnly affirm and declare that the information given above is true to the best of my knowledge and belief and I hereby agree and accept that if any part of the information is found to be false or inappropriate, I shall be liable to disqualification from associating with the IICA as an empaneled/selected expert.

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Contact Details: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Place: \_\_\_\_\_

All queries pertaining to this bid shall be submitted in writing, by the 23<sup>rd</sup> October 2016 to:

**Mr. Mukesh Kumar, Chief Programme Executive-CSR,**

**Room no. 212, Indian Institute of Corporate Affairs**

**P-6,7&8, Sector-5, IICA, Manesar.**

**Email id: <mukesh.iica@gmail.com>**

- All clarifications shall be provided in writing by the 31<sup>st</sup> of October 2016.
- Interested participants may submit their technical and financial bid separately sealed and put in a common envelope latest by the 7<sup>th</sup> of November 2016. The cover envelop should be clearly superscripted

“Proposal for facilitating IICA for Impact Assessment of CSR/Sustainability”. The name and address of proposal sending organization and Contact person should be clearly mentioned.