

## Instruction to Bidder

**Name of work:** Internal cum Concurrent Audit of HSCC (I) Ltd. as per Scope of Work (Annexure I) for three Financial years 2014-15, 2015-16 and 2016-17

**Employer :** HSCC (India) Ltd.

HSCC (I) Ltd. invite tender in two bids from eligible firms/companies for Internal cum Concurrent Audit for three financial years 2014-15, 2015-16 and 2016-17.

### **1.0 Minimum Prequalification Criteria for Internal cum Concurrent Audit for Financial year 2014-15 to 2016-17**

- 1.1 CA Firm should be empanelled with CAG. Copy of Registration Number to enclose.
- 1.2 CA Firm should be based in Delhi/NCR.
- 1.3 CA Firm should have been Statutory/Internal Auditor appointed by CAG in any of Navratana /Mini Navratna Company as per list of Department of Public Enterprises. Copy of appointment letters are to be enclosed.

### **2.0 Confirm**

- 2.1 Checking daily basis. Yes /No
- 2.2 100% checking of all type of transaction/bill etc. Yes /No
- 2.3 One Sr. Qualified CA with a team of two to three senior assistant on Permanent basis. Yes /No.
- 2.4 Prop./Partner to visit minimum once in a month for review. Yes /No
- 2.5 Submission of Report on quarterly basis within 30<sup>th</sup> at the end of each quarter. Yes /No.

### **3.0 Submission of applications**

- 3.1 Tender document including Pre Qualification Application complete in all respect must be submitted in sealed envelopes, which must be delivered by hand/ Courier to Sr. Mgr (F&A & CS), HSCC (India) Ltd., E-6 (A), Sector – 1, Noida so as to reach not later than 2.30 P.M. on **14.02.2014** and be clearly marked Tender for Internal cum Concurrent Audit of HSCC (I) Ltd. Prequalification bid along with EMD shall be opened on the same day at 3.30 P.M. i.e. on **14.02.2014** in the presence of bidders.

contd....2/-

- 3.2 The name and mailing address of the Applicant should be clearly marked on the envelope.
- 3.3 All the information asked for pre-qualification and tender shall be answered in the ENGLISH language by all the agencies/firms.
- 3.4 Failure to provide information in the stipulated format enclosed or to provide timely clarification or substantiation of the information supplied (considered essential to evaluate the Applicant's qualifications) may result in disqualification of the bid).

**4.0 The tender shall be opened on two bid system**

- 4.1 Envelop 1 shall contain EMD of Rs.5,000/- in form of Demand Draft/Banker Cheque issued in the name of HSCC (I) Ltd. payable at Delhi/Noida.
- 4.2 Envelop 2 shall contain prequalification criteria document (Sl.No.1.0 & 2.0) as above which shall be opened on fulfillment of requirement of EMD.
- 4.3 Envelop 3 shall contain the price bid which shall be opened for those bidder who fullfills all the essential criteria of prequalification.
- 4.4 Envelop 4 shall contain above three envelops mentioning "Tender for Internal cum Concurrent Audit".

**5.0 EMD of Rs.5,000/- in form of Demand Draft/Banker Cheque is to be enclosed with bids which will be refunded after finalization of the selection of firm to unsuccessful bidders. The bids without EMD shall be liable to be rejected.**

**6.0 Price**

Price to be quoted on all inclusive basis + Service tax as applicable shall remain fixed refer (Annexure II).

**7.0 HSCC reserve the right to rejects any/all bids without assigning any reason.**

**SCOPE OF INTERNAL & CONCURRENT AUDIT**

**1. OBJECTIVES OF AUDIT :**

Objectives proposed to be achieved through Internal & Concurrent audit broadly are as under:

- 1.1 To ensure that the accounting and financial management systems are reliable and effective in design and to assess the extent to which they are being followed.
- 1.2 To review the efficiency, adequacy and application of accounting, financial and operating controls and thereby ensuring the accuracy of transactions/books.
- 1.3 To verify that the system of Internal check is effective in operation in order to ensure the prevention of and early detection of deficiency, misappropriations and misapplications, if any.
- 1.4 To identify areas of significant inefficiencies, if any, in existing systems and to suggest necessary remedial measures.
- 1.5 To confirm the existence of financial propriety in all operational activities and verify compliance to Government and statutory requirements.

**2.0 Scope of work**

- 2.1 Statutory Compliance : Review and recommendations on the system of deduction and timely deposit of statutory dues i.e. P.F., TDS, Service Tax, etc. and timely deposit of relevant returns; Compliance of statutory laws i.e. Income Tax, Service Tax and Companies Law matters etc.
- 2.2 General Accounting: Verification of cash, bank and journal vouchers to ensure that they are approved in accordance with laid down procedures and delegations, on selective basis.

Periodical review of General ledger and Subsidiary ledgers and annual financial results.

- 2.3 Consultancy Fees & Other Income: Verification of records regarding recording of activities completed with reference to raising of consultancy fee bills at SBU's / Functional Department level.

System and procedure and recommendations thereon in respect of tendering /receipt of jobs /orders from clients.

Regular raising of consultancy fee Bills including Service tax thereof on completion of activities/Job by SBU's/Functional Departments as per terms of agreement with clients and TDS by clients.

Income Recognition, Control over billing and system and procedure of accounting to ensure timely and correct recording and compliance with accounting standard /policies.

- 2.4 Purchase/Civil/Other works for HSCC: Review and verification of Tendering procedures and placement of work order/Purchase orders/AMC's etc.
- 2.5 Invitation and award of tender on behalf of clients:
- a) To review the Tender process i.e. activities of various SBU's/functional department right from award of jobs to HSCC to award of job to Contractors/Suppliers.
  - b) Tender process i.e. Tender evaluation and award of Civil and other work to Contractor/Suppliers/consultant, Checking of comparative statement through which award of work made, checking of terms and conditions etc. with the job order/work order.
  - c) Bills approval procedures, control on advances to suppliers, system of verification.
  - d) Engagement/empanelment of Architects, Consultants etc.
  - e) Review of suppliers/ contractors selection and their rating and systems.
  - f) Recommendation to Finance for payment of R.A. bills /Architects bills/Supplier bills for release of payments such as mobilization and Secured Advance, EMD, Retention money etc.
  - g) Report on Issue of Purchase order/work orders/job orders and to comment on the purchase process followed by the Company for hiring the service of Consultants and purchases for Project/Company.
  - h) Recommendation duly approved by SBU's/ Functional Department to Finance for payment of extra items/extra quantity not covered by Bill of quantities (B.O.Q.).
  - i) Time Extension and applicability of liquidated damages as per contract.
  - j) Review of project files regarding progress of work, dues to & from contractors/client maintained in Functional Department/SBU's.

- 2.6 Fixed Assets: Procedures/systems for sanctioning, procurement; Assets registers to be verified, physical verification on perpetual basis. Verification of supporting vouchers, etc. on test check basis, but the Quantum of Test check carried out to be indicated.
- 2.7 Loan and Advances: Review of advances i.e. LTC, Tour, Salary, House Building Advances and Vehicle Loans etc. to the employees.
- Systems and procedures of giving imprest to employees (including at Sites) and control thereof.
- 2.8 Cash/Bank: Verification and reconciliation at periodic intervals on test check basis of cash in hand and bank reconciliation statements.
- 2.9 Debtors and Creditors: Review of age wise analysis. Review of old/doubtful debts/advances. Procedure for periodic reconciliation and confirmation of debt by parties etc. to be verified.
- 2.10 Insurance: Adequacy of insurance of fixed assets etc. at Head Office & Sites. Renewal of insurance policies to be periodically reviewed.
- 2.11 Overheads: Review of procedures/systems for expenditure as per sanction. Analysis of expenses prorata with relation to work done/job completed/turnover. Verification of supporting vouchers, etc. on test check basis, but the Quantum of test check carried out to be indicated.
- 2.12 Payroll: Verification of payroll, attendance records, reconciliation of monthly payroll, review of monthly variance, verification of deductions including of Income Tax, compliance with CARO requirements, etc.
- 2.13 Employees Benefits: Verification of statutory requirements of Provident Funds, Compliance with Company's policies on gratuity, superannuation, mediclaim etc. and assistance on selection of optimum schemes.
- 2.14 Fixed Deposits: Verification of FDR/Register, Interest accrued & done on FDR, TDS on Interest.
- 2.15 Client Accounts: Review & Reconciliation of clients Deposits Accounts, Advance fee Accounts, Security deducted, Security deposited etc.
- 2.16 Compliances of Schedule VI and Accounting Standards.

- 3.0 To ensure Internal control.
- 3.1 To ensure Audit as per Internal Audit Manual or projects such as Design, Engineering, Civil, Procurement and Strategies etc. right from pre-tender tie-up Internal from client/to submission of accounts of Utilization of funds statement to the client/account reconciliation to the client.
- 3.2 Reports on submission of utilization statement/Account reconciliation statement to the client on monthly basis.
- 3.3 Check all Income/Expenditure/Assets and Liabilities account.
- 3.4 Check Human Resource Management activities such as Recruitment/Leave record/HBL/Conveyance Loan and other Administrative matters.
- 3.5 100% of Checking of all type of the transactions/Bills etc. with respect to financial and proprietary concepts.
- 3.6 Other requirements, if any.
- 3.7 Report must specify the areas covered during the audit.

**Terms of Reference**

1. Manpower: One Sr. qualified CA with a team of two to three senior assistant on permanent basis. In case full time Chartered Accountant is not provided the audit shall be liable to be suspended. Prop./Partner of firm to visit once in a month to review the Status/ Report.
2. Checking: On daily basis correction wherever required to be get it done simultaneously.
3. Reporting: 1<sup>st</sup> Report will be from April, 2014 to June, 2014 and is to be submitted within one month of the, order. After that report is to be submitted Quarterly within one month of the end of Quarter. Report must Specify the areas covered and to ensure that the areas specified in Scope of work (Annexure-I) are covered.
4. Appointment: The appointment of Internal cum Concurrent Auditor shall be for three financial years. No changes in terms of reference for fee shall be allowed and in case the same is sought it will be considered non compliance of TOR and the performance security shall be forfeited.
5. Payment: Quarter basis after submission of Report.
6. Annual Fee : Rs.....  
Annual out of pocket expenses  
Including conveyance : Rs.....  
Amount Total : Rs.....  
  
In words (.....)
7. Service Tax, Cess on Fee is payable as applicable.
8. In case of Travelling outside Delhi/NOIDA, TA/DA shall be applicable as per HSCC Rules, as under:  
  
For Partners equivalent to G.M. level, for Qualified C.A.s equivalent to Manager level and for others equivalent to Asstt. Mgr. level.
9. No escalation in the fee during three financial years shall be entertained.
10. HSCC reserves the right to accept or reject all the tender received without assigning any reason.
11. The successful bidder shall furnish to HSCC, a performance security equivalent to 5% of the fees quoted within seven days of receiving the letter of appointment in form of demand draft for the difference amount after adjusting the EMD, failing which will result in forfeiture.