

BID DOCUMENT

EXPRESSION OF INTEREST (EOI) FOR CONDUCTING INTERNAL AUDIT OF BSNL FOR THE FINANCIAL YEAR 2017-18

EOI No. TC/UPE/BSNL/IA/CA/2017-18/Appt/North Zone-B/66



BHARAT SANCHAR NIGAM LIMITED (BSNL)

Nodal Circle: Uttar Pradesh (East)

**Office Address: 3rd Floor, Door Sanchar Sadan,
Laplace, Shahnajaf Road, Hazratganj, Lucknow 226001**

Phone: 91-522-2234902/2234914

Fax : 91-522-2200401

Email : jtoplgupe@gmail.com

Website: www.upe.bsnl.co.in

Regd. and Corporate Office: BHARAT SANCHAR BHAWAN,
H.C. MATHUR LANE, JANPATH
NEW DELHI-110001

Corporate Identity Number (CIN): U 74899 DL2000 G0I 107739

INVITATION FOR EXPRESSION OF INTEREST (EOI) FOR APPOINTMENT OF INTERNAL AUDITORS

EOI No: TC/UPE/BSNL/IA/CA/2017-18/Appt/North Zone-B/66 EOI Date: 02-08-2017	Due date & time of submission : 11-09-2017 (14:00 Hrs.)
<p>The Chief General Manager Telecom, BSNL,UP(East) Circle,Lucknow-226001 invites EOI from Chartered / Cost Accountant firms registered with The Institute of Chartered Accountant of India/ The Institute of Cost Accountant of India, for appointment as Internal Auditors for BSNL Circles grouped under North Zone B for conducting Internal Audit for Financial Year 2017-18.</p> <p>Interested firms which fulfill eligibility conditions may apply by completing the enclosed Annexure - 1 (Technical Bid) and Annexure - 2 (Price Bid) and submitting the same to the office of –</p> <p style="padding-left: 40px;">AGM(MM), BSNL, O/o The CGMT, U.P.(East) Telecom Circle, 3rd Floor, Door Sanchar Sadan, Laplace, Shahnajaf Road, Hazratganj, Lucknow-226001.</p> <p>so as to reach, latest on or before 11-09-2017 (14:00 Hrs.)</p> <p>The venue of Bid Opening will be chamber of AGM(MM), BSNL, O/o the CGMT, U.P.(East) Telecom Circle, 3rd Floor, Door Sanchar Sadan, Laplace, Shahnajaf Road, Lucknow-226001.</p> <p><u>Terms and Conditions:</u></p> <ol style="list-style-type: none">1) Bid should be submitted strictly as per the requirements detailed in 'bid submission' clause. Annexure – 1 and Annexure – 2 should be separately sealed in different envelopes and both the envelopes should be kept in one envelope as detailed below:-<ol style="list-style-type: none">i) Envelop I :- (Main envelop) It should contain envelop II and III duly sealed. The envelope must be sealed and super-scribed with 'EOI for Appointment of Internal Auditors for BSNL Circles grouped under North Zone B for the Financial Year 2017-18.' The name and address of the applicant Firm must also be mentioned on the envelope.ii) Envelop II :- (Eligibility Conditions) - It should be clearly marked 'Technical Bid' and contain all the documents as per Annexure 1. Also the stamped and signed copy of the EOI should be kept in this envelope only. The EOI can be downloaded from our website www.upe.bsnl.co.iniii) Envelop III :- (Financial Bid) - It should be clearly marked 'Financial Bid' and should contain only price bid for one or more circles. Enclosing any other document in this envelope may lead to rejection of the bid.2) Technical Bids will be opened on 11-09-2017 (15:00)3) Price Bids will be opened in respect of only technically qualified bidders and on a date notified later.4) Bids received after due date and time shall not be accepted in any circumstances and shall be returned unopened. No further correspondence on such responses shall be	

entertained.

- 5) Respondents, if so desire, may participate in 'Bid Opening' on production of authorization / Identity certificate. Only one person from each firm will be allowed to participate.
- 6) Bid submitted should be free from correction, over-writing etc.
- 7) **All the information/ details required to be filled in Technical and Price bids must be properly filled and no column should be left blank or should not be filled with ambiguous/ incorrect details.**
- 8) Each page of Bid and EOI (**including Annexure**) should be stamped and signed by the authorized signatory of the firm.
- 9) Canvassing in any form shall render the submitted Bid liable for rejection.
- 10) Disregard of any instructions may result in bid being rejected.

For any query or general correspondence except submission of Bid please contact: DGM (CA) at 0522-2627375.; during office hours or email at caotaupe@gmail.com

Important Note: For the purpose this EOI 'Firm' means a Firm of Chartered Accountants and/ or Cost Accountants and includes Limited Liability Partnerships.

For Bharat Sanchar Nigam Limited

Dy. General Manager(Plg.)

For detailed EOI, Terms and Conditions please visit www.upe.bsnl.co.in

INDEX

S. No.	Description	Page No.
1	Notice Inviting EOI	2 – 3
2	Index	4
3	Formats for submission of EOI - Annexure 1 & 2	5 – 7
4	Detailed EOI	8 – 17
5	Scope of work - Annexure A	18 – 21
6	List of Internal Audit Circle(s) and indicative fees - Annexure B	22
7	TA / DA rates & Rules - Annexure C	23
8	Standard declaration of confidentiality- Annexure D	24
9	Format for offices/ Branches of the Firm- Annexure E	25
10	Format for Earnest Money (Bank Guarantee) Deposit – Annexure F	26-27
11	Compliance Sheet/ Check List- Annexure G	28-29
12	Instructions to Bidders	30-31
Total Pages		31

Format for submission of Expression of Interest

Annexure-1

TECHNICAL BID

Part – I: General Information

S. No.	Particulars	Details
1	Name of the Firm and address of the Registered Office of the Firm	
2	Date of formation (as per the constitution certificate issued by the Institute of Chartered Accountants of India / Cost Accountants of India. Latest certificate issued by the Institute concerned will be considered)	
3	Number of Partners (Enclose copy of constitution certificate issued by the Institute of Chartered Accountants/ Cost Accountants of India. Latest certificate issued by the institute concerned will be considered)	
4	Number of qualified Employees (either CA and/or CMA qualification) along with their names and qualification.	
5	Full Postal Address of Office/ Branches (in enclosed format Annexure E)	
6	Name of the contact person along with landline and mobile numbers	
7	Permanent Account Number (PAN) of the Firm	
8	GSTIN of the Firm	
9.	Email address, phone number and Fax number of the firm of the Head Office	
10	Seal of the Firm	Signature of Authorized Signatory of the Firm

a) Self declaration by CMA Firm and

b) Certificate issued by ICAI by CA Firm for fully qualified CA employees and self declaration for fully qualified CMA employees.

Part – II: Specific Information

S. No.	Particulars	Note	Details
1	Name(s) of BSNL Circle(s) for which applying.	a	
2	Address of Firm's office(s) in Circle for which applying		
3	Whether Firm is having Internal Audit/ Statutory Audit experience of ten (10) or more years as on 31.03.2016 or 31.03.2017.	-	
4	Internal Audit/ Statutory Audit experience (in years) of public sector undertaking(s) / Telecommunication Company(ies) having turnover of Rs. 200 crore or more during last five years, as on 31.03.2016 or 31.03.2017 (Attach Proof).	b	
5	Turnover of the firm for the past three consecutive years. (Attach proof).		c

- a) Detail of circle is provided in Annexure 'B'. The firm should mention name and number of circle(s) and corresponding Nodal Circle name(s). Firm is required to mention details of its offices located in the circle(s) for which it intends to apply.
- b) List the name(s) of the Public sector Undertaking(s) / Telecommunication Companies along with year and corresponding turnover. Proof of such assignment and turnover statement of the Public Sector Undertaking / Telecommunication Companies for the year concerned to be attached separately.
- c) Three F.Y. 2013-14, 2014-15 & 2015-16 or 2014-15, 2015-16 & 2016-17 are to be considered.

Signature of the Authorized Signatory
Of the Firm with seal

PRICE BID

Internal Audit for the Circle	Nodal Circle	Indicative fee of the circle concerned as per EOI Annexure B	All inclusive fees p.a. (in figures)@
	U P (East)		

<p>Rupees.....</p> <p>..... (In words).</p>

@All inclusive fees mean fees including TA/ DA and out of pocket expenses but excluding applicable taxes.

(Signature of the Authorized Signatory
of the firm with seal)

Notes:

1. If the firm is applying for more than one circle, separate Price Bid should be given (on separate sheets) for each circle.
2. No correction or overwriting is allowed on Price Bid Format.
3. No additional document should be enclosed in Price Bid.
4. If there is difference in amount quoted in figures and in words, the amount in words will be considered.

INVITATION OF EXPRESSION OF INTEREST (EOI) FOR CONDUCTING INTERNAL AUDIT FOR THE FINANCIAL YEAR 2017-18

1. INTRODUCTION

Bharat Sanchar Nigam Limited (BSNL), A Govt. of India Enterprise, invites EOI / Proposal for appointment of Chartered / Cost Accountant Firms (for the purpose of this EOI the term 'Firm' includes 'LLP' also) for conducting Internal Audit in BSNL for the Financial Year 2017-18 (One year Tenure).

BSNL provides Telecom Services throughout India (except Delhi and Mumbai Metro Districts), through its 24 Territorial Telecom Circles and 2 Metro Districts namely Chennai Phones and Kolkata Phones. Major services provided by BSNL are Landline (Fixed) phones, WLL (fixed and mobile), Leased Circuits, National Long Distance (NLD) including leased circuits; International Long Distance (ILD); Cellular Mobile Telephone Service, V-SAT, Internet (broadband and narrowband); Cable Landing Stations, Tower Hiring etc., as per licenses granted by the Department of Telecommunications, Govt. of India.

Apart from these 24 Territorial Telecom Circles and 2 Metro Districts, there are 21 non-territorial Circles providing training, quality assurance, maintenance and project services to these 26 Circles. These Territorial and non-territorial Circles have been grouped into 7 (seven) zones for the purpose of Internal Audit.

2. MAINTENANCE OF BOOKS OF ACCOUNTS IN BSNL

BSNL maintains its books of accounts in accordance with the Indian GAAP and switch over to Ind AS as per Companies (Indian Accounting Standards) Rule 2015 on going concern basis under the historical cost convention and mercantile system of accounting. The scheme of accounting in BSNL is as follows:

- 1) Each Circle is divided into number of Business Areas (BAs)/ SSAs which is the Primary Accounting units (PAUs). All the units of BSNL which include the Telecom Circles, Projects Circles, Maintenance Circles, Factories, Stores depot etc. prepare their independent books of accounts.
- 2) The Business Areas (BAs)/ SSAs within the Circle submits their monthly trial balances to the Circle office. Circle office consolidates the trial balances received from all BAs/ SSAs including its own trial balance and prepares the trial balance for the Circle as a whole. Presently, final accounts for the Circle are prepared at year end. However, with the implementation of ERP, financial statements will be generated on monthly basis at Circle level.
- 3) The Corporate office receives monthly Trial Balances and prepares monthly MIS details for various purposes and receives final accounts from all the Circles at the year end and compiles them for BSNL as a whole.

3. ACCOUNTING SOFTWARE IN BSNL

Presently BSNL is maintaining its records on SAP in all Circles therefore final accounts are prepared in SAP.

4. INDIAN ACCOUNTING STANDARDS (Ind AS) IN BSNL

BSNL will prepare its books of accounts in conformity with Ind AS from 1st April 2016.

5. INTERNAL AUDIT IN BSNL

Firms which shall be selected and entrusted the work of Internal Audit should maintain highest standards of professional competence and ethics. A thorough professional approach towards work, concisely written Audit Report with concrete suggestions, clear and unambiguous approach towards issues of concern and practical solutions to the issues are highly desirable.

6. SCOPE OF WORK

The Audit should be conducted keeping in the view the 'Scope of Work'. The detailed scope of work is as per **Annexure 'A'**

7. INTERNAL AUDIT CIRCLES(S)

List of Internal Audit Circle(s) is as per **Annexure 'B'**.

8. ELIGIBILITY CONDITIONS (Technical Bid)

The firm should possess following eligibility conditions as on 31st March 2017:

S.No.	Particulars	Documents to be submitted
i	The Firm should be either Chartered Accountants or Cost Accountants Firm (Partnership/Limited Liability Partnership).	Latest constitution certificate issued by the Institute of Chartered Accountants of India / Cost Accountants of India.
ii	The firm should be in existence for at least last 12 years.	
iii	There should be at least 4 partners and total strength of qualified persons (Partners + Assistants) should not be less than 10.	Latest constitution certificate issued by the Institute of Chartered Accountants/ Cost Accountants of India and

		declaration of the firm in case of Assistants are Cost Accountants.
iv	The Firm or any of its partners should not be associated with BSNL in any professional capacity. However any firm fulfilling all other eligibility conditions of this EoI, and currently engaged with any BSNL Circle as Internal Auditor shall be eligible to bid.	Self- declaration by the firm.
v	The Firm should have Internal Audit/Statutory Audit experience of at least 10 years.	Sufficient documentary proofs
vi	The Firm should have Internal Audit/ Statutory Audit experience of public sector undertaking(s)/ Telecommunication Company(ies) having turnover of Rs. 200 crore or more for at least two years out of the latest 5 years.	
vii	The turnover of the Firm for the past three consecutive years i.e. 2013-14, 2014-15 & 2015-16 or 2014-15, 2015-16 & 2016-17 should not be less than Rs. 50 lakh p.a.	Sufficient documentary proofs like audited P&L A/c, ITR etc.
viii	At least one office of the Firm should be located in the circle for which the Firm intends to apply.	Address(es) to be given. (Separate Sheet may be attached)
ix	<i>EMD in the form of Bank Guarantee of Rs. 30000/- (thirty thousand) for each circle.</i>	Bank guarantee is required to be submitted in the format as per Annexure- F

Preference will be given to the Firms having professional associations across India (Branches across India)

9. SELECTION CRITERIA/ EVALUATION

- (i) Firms which will satisfy prescribed eligibility conditions and whose technical bid is accepted shall be selected solely on the basis of fees quoted for the circle concerned. The L-1 Firm will be awarded the work and in case the Firm fails to take up assignment, the work may be offered to L-2 Firm on L-1 rates. Also the Bank Guarantee of defaulting Firm i.e. **L1** who refuses to take up the assignment primarily is liable to be **revoked** by Nodal Circle.
- (ii) In case of tie amongst Firms, the Firms will be evaluated based on the preference conditions detailed under the head 'eligibility conditions'. A tie in this stage also will further lead the evaluation based on the date of registration and the Firm with oldest date of registration will be selected. If there is tie for date of registration also, then the selection of a Firm will be based on the greater number of partners in the Firm. However, BSNL reserves the right to consider/ not to consider the Firm with the

least quote due to any reason. The decision of the BSNL would be final and binding in this regard.

- (iii) Any of the documents, required to be submitted alongwith the technical bid is found wanting, the offer is liable to be rejected at that stage. However, Nodal Circle BSNL at its discretion may call for any clarification regarding the bid document within the stipulated time period. In case of non-compliance to such queries, the bid will be rightly rejected without entertaining further correspondence in this regard.

10. TERMS AND CONDITIONS

- i. The Firms appointed as Internal Auditors will not be allowed to sub-contract the work assigned. In case it is subsequently found at any stage of the appointment process/post appointment that outsourcing has been resorted to, the appointment will be liable for cancellation with immediate effect.
- ii. The appointment, for Internal Audit will be for a period of one year, on the same terms & conditions and the fee as quoted, subject to satisfactory performance. Revision of fee in subsequent years will not be considered in any case.
- iii. It is desirable that the Firms so appointed possess requisite knowledge of ERP/ SAP. While quality of audit must be maintained, BSNL will not impart any formal training to any of the partner / assistant of the Firms.
- iv. The designated team will work in strict confidence and will ensure that the information in respect of the operation of the area/unit is dealt in strict confidence and secrecy. A declaration for maintaining confidentiality should be provided by the firm before commencement of work. Format for standard declaration is given in **Annexure 'D'**.
- v. The Firm should depute 'Audit Team(s)' to complete the work within scheduled time as mentioned in clause 12 of this bid document and each Audit Team should comprise sufficient number of incumbents headed by qualified CA/ CMA. Name of the Qualified CA/CMA to be intimated in writing to BSNL. Any change in such CA/CMA should be with prior intimation and consent of BSNL.
- vi. A Firm can apply for more than one circle. However, maximum 2 circles can be allotted to one firm. The method of award of work shall be as follows:
 - a. **After evaluation, BSNL shall prepare a list of bidders arranged in increasing order of the all inclusive fees quoted starting from the lowest (i.e. L1, L 2, L 3 and so on) for each of the circle(s) separately, for the purpose of awarding work. L1 shall be considered for awarding of work in respective Circle(s).**
 - b. **No firm shall be awarded work in more than two circles for which separate financial bids have been invited. In case any bidder becomes L1 in more than 2 (TWO) circles, the L1 bidder shall be allotted two circle(s) in which the evaluated L1/L2 ratio is the lowest from amongst the circles in which it is L1. Other circle(s) where such firm is L1 shall be awarded to the corresponding L2 bidder at L1 rates.**

- c. **In any circle, the offer to L2 bidder shall be at the L1 evaluated rates. L2 may decline the offer without the risk of forfeiting its bid security.**
 - d. **If the L2 bidder in any circle refuses to accept the work then the offer shall be made to L3 bidder of that zone and so on at L1 rates.**
 - e. **The L2, L3 and so on bidders may decline the counter offer without the risk of forfeiting their bid security.**
 - f. **In the event of L2 and so on bidders refusing to accept Work at L1 rates, BSNL reserve the right to offer the work for more than 2 circles to the L1 bidder. It is mandatory for the L1 bidder to accept such an offer and perform the whole contract as envisaged in this EOI document.**
 - g. **The bid security of L1 bidder for such circles where L2 and other bidders are offered work at L1 rates shall be returned to L1 bidder only after completion of the award of work in such circles where it was L1, but work is offered at its rates to other bidders.**
- vii. The appointed Firm will be debarred from getting, in future, any work in BSNL in the following cases:
- a) If it is found that the Firm has obtained the appointment on the basis of false information, false statements, misrepresentation, unfair means and solicitation.
 - b) If the Firm does not take up the assigned work in terms of appointment.
 - c) If the Firm does not submit the report completed in all respect in terms of appointment.
 - d) If the Firm violates any of the terms and conditions stipulated under this EOI.

Also the Internal audit work assigned through this EOI may be withdrawn with immediate effect.

- viii. The quality of the work performed by the Audit Firms will be reviewed quarterly by BSNL Management at C.O. based on the Audit Report submitted.

BSNL Management may, without prejudice to any other remedy available for the breach of any conditions of EOI, by a written notice of 14 days, issued to successful bidder at its registered office, terminate this agreement under any of the following circumstances:

- a. Successful bidder failing to perform any obligation(s) under the EOI;
- b. Successful bidder failing to rectify, within the time prescribed for rectification, any lacuna in performance of obligation as may be pointed out by BSNL;
- c. Performance of the successful bidder is not in conformity with the scope of the work;
- d. Successful bidder going into liquidation or ordered to be wound up by competent authority.

In such a situation, BSNL shall not be responsible for any damage or loss caused or arisen out of aforesaid action.

- ix. It is the sole responsibility of the Firm to comply with the all labour laws and other applicable Laws in relation to the Firm's staff engaged in BSNL for internal Audit assignment.

11. PLACE OF AUDIT

The appointed Firm will depute their 'Audit Team(s)' at Circle Offices and BAs/ SSAs of circle(s) assigned to them. The audit should be conducted at BSNL premises only and no auditor will be allowed to carry Company's documents outside the premises of BSNL office.

12. TIMELINES FOR CONDUCTING AUDIT AND SUBMITTING AUDIT REPORT:

- (A) For the financial years 2017-18 and onwards internal audit will be conducted in following four phases for each financial year:

Phase	Period Covered	Phase	Period Covered
Phase I	1st April – 30th June	Phase III	1st October – 31st December
Phase II	1st July – 30 th September	Phase IV	1st January – 31 st March

- a. In each phase at least 25% of BAs/ SSAs should be physically visited and audited by the Audit Firm. Audit of remaining 75% BAs in each phase will be conducted by Audit Firm in the Circle Office only.
- b. The Audit should start within twenty one (21) days of quarter ending and should complete in twenty (20) working days. For example, audit for the Phase I (Apr – Jun 2017 quarter) should start latest by 21st Jul 2017 and should complete within 20 working days.
- c. Audit Report should be prepared Circle wise considering the performance of all the BAs/ SSAs of the Circle for each quarter and should be submitted within seven (7) days of completion of audit.
- d. The aforesaid report should be submitted in hardcopy to the Chief General Manager of Circle. Soft copy of Audit Report should also be shared invariably.
- e. The Audit Report should be in conformity with the 'Scope of work' as indicated in Annexure A and Auditor may add more meaningful inputs depending on the findings in the course of Audit.

13. FINANCIAL BID

The Firm is required to quote fee for the circle(s) as a whole for one year as per Performa of Financial Bid. The indicative fee for each circle is given in Annexure B. However, the Firm is free to quote higher or lower fee than the indicative fee. All inclusive fees (including TA/ DA and out of pocket expenses) is to be quoted in the EOI in both figures and words in Annexure 2. No conditions should be attached to the all inclusive fees quoted by the Firm. However, taxes and levies shall be paid extra as per the applicable rates. Financial Bid shall be valid for 150 days from the date of bid opening i.e up to 07.02.2018. If there is difference in amount quoted in figures and in words, the amount in words will be considered. If the Firm intends to bid for more than one circle separate sheet should be used for each circle and all the price bids should be kept in single 'Price Bid' envelope only.

14. PAYMENT OF AUDIT FEES

- i. The Audit Fees will be paid by the **Circle concerned** under intimation to its Nodal Circle.
- ii. **Fees will be paid as under:**

For the year 2017-18 twenty percent (20%) of the total annual fees will be paid on submission of Audit Report of each (I, II, III) Phase. However, on completion of Internal Audit for Phase IV, balance 40% fees (25% for phase IV and 5% each of rest three phases) will be paid.
- iii. Bill for Audit Fee should be raised on the Circle concerned.
- iv. The Audit Firm should raise bill with all mandatory details and disclosures on its letterhead and amounts with respect to fees and service tax should be clearly mentioned.
- v. TDS will be deducted as applicable.
- vi. No TA/DA/other expenses will be paid/ reimbursed by BSNL to Audit Firms except when they are called for attending any meeting and the distance travelled is more than 50 kilometers. Bill, if any, for reimbursement of TA/DA should be separately submitted.
- vii. The admissible TA/ DA shall be equivalent to the TA/ DA rates applicable for Statutory and Branch Auditors. **(Annexure 'C')**

15. EARNEST MONEY AND SECURITY DEPOSIT

- i. Firms which are submitting EOI should submit bank guarantee for Rs. 30000.00 (Rupees thirty thousand only) valid for 180 days (from the date of bid opening) as earnest money for each circle applied for, in the format provided in **Annexure 'F'**.

Nodal Circle will hold and manage all the EMD/SD on behalf of all the allotted circles.

- ii. The successful Firms will be to submit performance bank guarantee for not less than one year period and for not less than 5% of total annual fees payable for the circle concerned for ensuring satisfactory performance. The bank guarantee so submitted shall be renewed at least one month before its expiry so as to cover the whole period of Internal Audit plus three months.
- iii. The bank guarantee received towards earnest money will be returned by Nodal Circle in original within one month of the selection of the firms for Audit.
- iv. The format for performance bank guarantee will be notified to the successful bidders later on.
- v. Without prejudice to its rights of any other remedy, Nodal Circle (BSNL) shall encash the BG in case of any breach in terms and conditions of the contract or in case of failure to carry out internal audit work as per the agreed schedule & parameters, on part of bidder. If any firm breaches the term and conditions of the contract or in case of failure to carry out internal audit work as per terms and conditions prescribed under EOI, it shall be the responsibility of the concerned circle to intimate its Nodal Circle of such failure on the part of bidder.
- vi. The bidder shall extend the validity of the BG on yearly basis or as directed by Nodal Circle (BSNL), till the entire internal audit work under specified under the EOI is satisfactorily completed.

16. BID SUBMISSION

- a) EOI should be submitted in Annexure -1 & Annexure 2 format only. No other format will be accepted.
- b) The bid should strictly be submitted in the following manner:
 - i) **Envelop I** :- (Main envelop) It should contain envelop II and III duly sealed. The envelope must be sealed and super-scribed with '**EOI for Appointment of Internal Auditors for C BSNL Circles Grouped Under North Zone B for the Financial Year 2017-18**'. The name and address of the applicant Firm must also be mentioned on the envelope.
 - ii) **Envelop II** :- (Eligibility Conditions): It should be clearly marked 'Technical Bid' and contain all the details as per Annexure - 1. The stamped and signed copy of the EOI along with supporting documents should be kept in this envelope.
 - iii) **Envelop III** :- (Financial Bid): It should be clearly marked 'Financial Bid' and contain price bid only.
- c) **Compliance Sheet/ Check list vide Annexure-G below.**

Applicant Firm should submit only one EOI even if it intends to bid for more than one Circle. However, Price Bids must be separately submitted for each Circle applied and all such Price Bids should be included in single envelope only.

Note: If any applicant firm fails to submit the documents as mentioned in compliance/ Check list (Annexure G), his/her bid may be summarily rejected.

17. SELECTION OF THE AUDITOR

A two-stage procedure shall be adopted in evaluating the proposal. Technical bids will be opened first. Financial bids shall be opened only for those Firms whose Technical bid have been found in order and fulfilling all the eligibility conditions. Financial bids of the Firms whose technical bid does not fulfill eligibility criteria shall be returned unopened after the completion of selection process.

18. ARBITRATION

In the event of any question, dispute or difference arising under this EOI or in connection there-with (except as to the matters, the decision to which is specifically provided under this EOI), the same shall be referred to the sole arbitration of the CMD, BSNL or in case his designation is changed or his office is abolished, then in such cases to the sole arbitration of the officer for the time being entrusted (whether in addition to his own duties or otherwise) with the functions of the CMD, BSNL or by whatever designation such an officer may be called (hereinafter referred to as the said officer), and if the CMD or the said officer is unable or unwilling to act as such, then to the sole arbitration of some other person appointed by the CMD or the said officer. The agreement to appoint an arbitrator will be in accordance with the Arbitration and Conciliation Act 1996 as amended from time to time. There will be no objection to any such appointment on the ground that the arbitrator is a Government Servant or that he has to deal with the matter to which the agreement relates or that in the course of his duties as a Government Servant he has expressed his views on all or any of the matters in dispute. The award of the arbitrator shall be final and binding on both the parties to the agreement. In the event of such an arbitrator to whom the matter is originally referred, being transferred or vacating his office or being unable to act for any reason whatsoever, the CMD, BSNL or the said officer shall appoint another person to act as an arbitrator in accordance with terms of the agreement and the person so appointed shall be entitled to proceed from the stage at which it was left out by his predecessors.

The arbitrator may from time to time with the consent of both the parties enlarge the time frame for making and publishing the award. Subject to the aforesaid, Arbitration and Conciliation Act, 1996 and the rules made there under, any modification thereof for the time being in force shall be deemed to apply to the arbitration proceeding under this clause.

The venue of arbitration shall be BSNL CO New Delhi and/or Circle HQ or Nodal Circle HQ or the office of the Arbitrator situated at New Delhi or at the respective Territorial Circle HQ, as the case may be.

19. JURISDICTION OF COURT

- i. The Laws of land as promulgated/modified/amended or replaced from time to time shall govern this EOI.
- ii. Where the Audit Firm has not agreed to arbitration, the dispute/ claims arising out of the EOI shall be subject to the jurisdiction of the competent Court at Delhi only.

20. DISCLAIMER

BSNL reserves the right to accept or reject any or all responses and to request additional submission or clarification from one or more applicant(s) at any stage or to cancel the process entirely without assigning any reason.

Scope of Work for Internal Auditors of BSNL

Internal audit is an important tool of management to keep watch and exercise control over activities of the Company. With the specialized knowledge of professional firms of Chartered Accountants and Cost Accountants, BSNL endeavors to significantly improve not only finance & accounting related performance but also exercise management control over non-financial activities with the help of efficient Internal Audit mechanism.

Companies Act 2013, while giving statutory recognition to the Internal Audit and making it mandatory for certain class of companies vide Rule 13 of the Companies (Accounts) Rules 2014, recognizes the importance and usefulness of Internal Audit by providing that the report of the Board of Directors shall contain the details in respect of adequacy of internal financial control with reference to the Financial Statement (Sub-rules 4 & 5 of Rule 8 of Companies (Accounts) Rules 2014.

Accordingly, to strengthen the control over BSNL's financial and other activities management will rely extensively on the reports submitted by Internal Auditors and hence responsibilities of Internal Auditors are vast and it is expected that the Internal Auditors shall apply their expertise in bringing out the deviations and irregularities and support the concerned unit(s) in streamlining its/ their activities. BSNL management also desires to gather valuable suggestions from Internal Auditors to review modify and enhance professionalism and financial discipline in the Company.

Based upon BSNL's requirements and working following are the broad guidelines for Internal Auditors –

(I) AS PRIME RESPONSIBILITIES THE INTERNAL AUDITOR

- (a) Should ensure that no transaction, agreement, act or commitment of the BSNL Unit is *ultra vires* to the laws prevailing and/ or applicable for the period under audit.
- (b) Should ensure that no transaction is booked in the books of accounts against mandatory accounting standards issued by the Institute of Chartered Accountants of India and/ or as notified by Companies (Accounting Standards) Rules, 2015 as amended from time to time.
- (c) Should ensure that no transaction is booked in the books of accounts of the BSNL Unit against Generally Accepted Accounting Principles (GAAP), fundamental accounting assumptions and accounting concepts unless the GAAP is/ are superseded by Company's Accounting policies.
- (d) Should ensure that while recognizing transactions BSNL's accounting policies are adhered to.
- (e) Should ensure that the circulars, guidance and (accounting) instructions issued from time to time by BSNL Corporate Office to comply with the changes in laws,

business requirements, smoothening of procedures and ease of accounting are being followed properly and correctly. It is also expected that internal auditor should check and ensure that treatment given to transactions is not ultra vires to the circulars, guidance and instructions so issued by Corporate Office.

The authority attached to above instructions is as follows:

1. (a) cannot be superseded,
2. (b) can be superseded by (a)
3. (c) can be superseded by (a) and (b)
4. (d) can be superseded by (a), (b) and (c)
5. (e) can be superseded by (a), (b), (c) and (d)

(II) MAJOR FOCUS AREAS

The Internal Auditor should check and report that whether Unit(s) under audit is satisfactorily discharging their duties with respect to –

1. Finance & Accounts

- (1) Proper and timely maintenance of books of accounts including vouchers and supporting.
- (2) Internal control mechanism for handling of cash and cash transactions.
- (3) Salary, advances, temporary advances and other employees related transactions.
- (4) Timely preparation of monthly Trial Balances/ Final Accounts and notes thereon.
- (5) Timely and correct deposition of taxes and levies (direct and indirect), filing of returns and settlement of disputes as and when arise, if any.
- (6) Budget allotment and utilization of funds against respective budget heads only.
- (7) Proper and timely booking of revenue, expenditures, liabilities and assets.
- (8) Maintenance of Fixed Assets Register and physical verification of assets. Internal Auditors are desired to thoroughly check that assets related to 'Telegram and Telex' services are either decommissioned or transferred to other services.
- (9) Proper record of CWIP, conversion of CWIP into assets and reconciliation.
- (10) Reconciliation of main/ general ledgers with subsidiaries for stores, debtors, creditors, receivables and payables etc. and eliminating differences between main and subsidiary ledgers.
- (11) Recoverable and payables from/ to DoT / CCA/ MTNL and other departments are properly and timely recorded and efficient efforts are being made to settle the transactions.

2. Physical stores and its verification

- (1) Real time recording of inward and outward movement of store items.
- (2) Maintenance of proper registers, bin cards, movement records etc. at the stores.
- (3) Stores receipt vouchers (SRVs) and stores issue vouchers (SIVs) are sent to Store Accounts Section and periodic reconciliation is carried out between store records and financial records.
- (4) Periodicity of physical verification and resolution of discrepancies. Auditor is also expected to carry out Physical Verification on test check basis.

3. Administration and Personnel

- (1) Recording of daily attendance as per BSNL's rules & policies, of incumbents working in the BSNL Unit under audit, custody and supervision mechanism of records.
- (2) Internal control with respect to leaves and their recording, reporting and entry into employees' service records.
- (3) Movement of BSNL's vehicles/ hired vehicle, maintenance of log book and fuel register.
- (4) Expenses on employees welfare, guest entertainment etc.

4. Internal Auditors are desired to put special efforts on following issues

- (1) Payment of late fees/ penalty/ demurrage, fines etc. should be audited in detail and proper approval, steps for avoidance in future etc. should be ensured.
- (2) Settling pending issues with CCA, DoT, taxation and other statutory authorities.
- (3) Timely decommissioning, scrapping, disposal of obsolete, impaired assets/ inventories.
- (4) Resolution of Statutory and C & AG (P&T) audit qualifications. The target in this regard is to bring down qualifications to zero.
- (5) IBTMS – Intra and inter circle remittances should be cleared minimum to the extent of targets conveyed by C.O.
- (6) License fees payable/ paid to DoT should be checked and over/ under payment should be clearly reported.
- (7) Grant/ subsidy received should be strictly accounted for in accordance to the Circular no. CA-304 issued by Corporate Accounts, C.O. read with AS-12.
- (8) Expenses on towers and their performance.
- (9) Bank Guarantees submitted by BSNL Unit(s) should be taken back and cancelled as soon as tenor ends.
- (10) Bank Guarantees received by BSNL Unit(s) should not expire or get renewed to protect BSNL's interest.

- (11) SD/ EMD (deposited as well as received) should also be audited as to safeguard BSNL's interest and there should not be any instance of losing business or exposure to business risk because of lack of procedural efficiency.
- (12) Each segment income and expenses should be booked properly and inter-segment incomes should be properly identified and booked.
- (13) Internal Auditors should check the compliance of GST in the circle.
- (14) All the Internal Auditors should be acquainted with of Ind AS provisions.
- (15) The Internal Auditors should test the risk Control Matrixes relating to Internal Financial Controls circulated to all circles as per instructions contained in F.No. 500-31/2015-16/CA-I/BSNL/356/IFC dated 13.07.2016.
- (16) All the OYT deposits lying under respective G/L to be reviewed and the connections which have completed their life spell of 20 years from the date of its installation; their deposits may be transferred to concerned revenue G/L.

(III) INITIATIVES

- (1) Suggestions for improvement in accounting, following of rules, dealing with taxation matters, awareness about accounting standards, laws prevailing and amendments being introduced by government.
- (2) Suggestion for better accounting practices and business policies based on auditors' experience with practicality of uniform applicability in a pan India environment.
- (3) Suggestions for betterment of processes, capturing of information and improving MIS.
- (4) Suggestion for improvement in internal control system for financial and non financial activities.

(IV) AUDIT REPORT

The Audit Report should be concise, to the point and should be professionally written covering all important aspect. Above guidelines are indicative and not exhaustive. Wherever internal auditor notices issues to report he should clearly report in such a way that shall meaningfully be used by BSNL.

Further, internal auditor is expected to have good working knowledge of '**Standards on Internal Audit' (SIA) issued by ICAI** from time to time and should suitably apply such standards while conducting internal audit and concluding his comments.

The **Management/ Executive summary** should be integral part of audit report and auditor is expected to prepare the same for whole circle on quarterly basis and submit to the concerned Circle IFA with copy to Corporate Accounts section of Corporate Office.

Annexure – B

Details of BSNL Circles under UP (East) Nodal circle and Indicative fees

Circle Name	Circle HQ Location	Business Areas (Primary Accounting Unit) under the Circle	All Inclusive Indicative I.A. Fees P.A. for 2017-18
1	2	3	5
BSNL HQ (CA,PAO & Banking)	Delhi		2 00 000
NFS, New Delhi	Delhi		16 000
Northern Telecom Project	Delhi	NTP Circle Office, NTP- Jalandhar, GMTP Lucknow, GMTP New Delhi, GM NFS New Delhi.	3 84 000
Northern Telecom Region	Delhi	Circle Office, NTR Agra, Ambala, Dehradun, Delhi, Jaipur, Jalandhar, Jammu & Kashmir, Kanpur, Lucknow, Shimla.	8 00 000
Data Networks	Delhi	BBNW Circle Office New Delhi, BBNW Bangalore.	2 00 000
NCES	Delhi	NC NGN Circle New Delhi.	1 00 000
U.P.(East) Telecom Circle	Lucknow	Circle Office Lucknow, SSAs- Allahabad, Azamgarh, Basti, Deoria, Faizabad, Farrukhabad, Gorakhpur, Jhansi, Kanpur, Lakhimpur, Lucknow, Mirzapur, Sultanpur, Varanasi.	15 00 000
U.P.(West) Telecom Circle	Meerut	CTSD Meerut, SSAs- Agra, Aligarh, Bareilly, Bijnore, Bulandshahar, Ghaziabad, Mathura, Meerut, Moradabad, Muzaffarnagar, Noida, Saharanpur	13 00 000
ALTTC, Ghaziabad	Ghaziabad	Ghaziabad.	1 00 000
Uttarakhand Telecom Circle	Dehradun	Circle Office Dehradun, SSAs- Almora, Dehradun, Haridwar, Nainital, Srinagar, Uttarkashi.	8 00 000

Note: Internal Audit fees shall be paid as mentioned in the clause 14 of the bid document.

TA / DA Entitlement

Mode of Conveyance / Stay	Group			Remark
	Partner	Qualified Assistants (CA, ICWA, CS)	Other Than Qualified Assistants	
Taxi - For distances beyond eight (8) Kms.	Rs.8 /- per Km.	Rs. 8/- per Km.	Rs. 8/- per Km.	Subject to production of receipt
Own Car - For distances beyond eight (8) Kms.	Rs.6/- per Km.	Rs. 6/- per Km.	Rs.6/- per Km.	In case one or more audit staff is going to same destination on same day only Only one Taxi /Own car fare will be admissible.
Travel by Train	Equivalent to JAG	Equivalent to STS	Equivalent to Sr. A. O.	On production of Railway Tickets
Travel by air	Equivalent to JAG and if the distance involved is more than 500 Kms. and the journey cannot be performed overnight	Not entitled	Not entitled	On production of Air Tickets
DA (if Stay in Hotel)	Equivalent to JAG Officers	Equivalent to STS Officers	Equivalent to Sr. A. O.	Subject to production of receipt
DA (If own arrangement is made)	Equivalent JAG Officers	Equivalent to STS Officers	Equivalent to Sr. A. O.	

Note: The above rates are effective as on date and any revision in the rates will be notified separately.

Declaration of Confidentiality

Subject to conditions contained in this EOI, Firm shall take all necessary steps to safeguard the privacy and confidentiality of any information about BSNL during the audit and shall use its best endeavors to secure that:

- a) No person acting on behalf of Firm divulges or uses any such information except as may be necessary in the course of providing services to BSNL;
- b) No person seeks such information other than is necessary for the purpose of internal audit works as specified in the EOI; and
- c) The Firm shall bind its employees to terms of confidentiality clause and shall take all action reasonably necessary to secure the confidentiality of such information against theft, loss or unauthorized disclosure.

This clause shall survive the termination or expiry of the assignment as Internal Auditor of BSNL.

**Signature of the Authorized Signatory
of the Firm with seal**

Annexure – E

Details of the Offices / Branches of the Firm

Name of Firm:

S. No.	Name of the Office In charge	Office Address	State	Mobile / Landline No.	Email id

**Signature of the Authorized Signatory
of the Firm with seal**

(Use separate sheet if required)

Format for Earnest Money (Bank Guarantee) Deposit

To

The CGMT,
BSNL
UP (East) Circle, Hazratganj,
Lucknow.

Whereas..... (Name of the bidding firm) (hereinafter called "the Firm") has submitted its bid dated.....for conducting Internal **Audit of BSNL Circles grouped under North Zone B vide EOI No. dated**

KNOW ALL MEN by these presents that we (Name of the bank) having our registered office at..... (hereinafter called "the Bank") are bound unto the Bharat Sanchar Nigam Limited (hereinafter called "the BSNL") for the sum of Rs..... (Rupees (in words) only) for which payment shall and truly to be made of "the BSNL", the Bank binds itself, its successors and assigns by these presents:

THE CONDITIONS of the obligation are:

1. If the Firm withdraws its bid during the period of bid validity specified by the BSNL in the Bid form

Or

2. If the Firm, having been notified of the acceptance of its bid by the BSNL during the period of bid validity:
 - (a) Fails or refuses to accept and/ or perform obligations; or
 - (b) Fails or refuses to furnish the Performance Security in form of Bank Guarantee, in accordance with the instructions to the Firm.

We, (Name of the bank) undertake to pay to the BSNL up to the above amount upon receipt of its first written demand, without the BSNL having to substantiate its demand, provided that in its demand, the BSNL shall note that the amount claimed by it is due to it owing to the occurrence of any one or both of the two conditions, specifying the occurred condition or conditions.

This guarantee shall remain in force till2017 as specified in clauses 15 of the Bid Document and any demand in respect thereof should reach the Bank not later than the specified date/dates.

In case BSNL demands for any money under this bank guarantee, the same shall be paid through banker's Cheque in favour of "AO (Cash),BSNL,O/o CGMT,UP(East) Telecom Circle,Hazratganj,Lucknow." payable at Lucknow.

The Bank guarantees that the below mentioned officer who have signed it on behalf of the Bank have authority to give this guarantee under its delegated power.

Signature of the Bank Authority.

Name :

Signed in Capacity of :

Signature of witness :

Full address of Branch :

Name & Address of witness :

Tel No. of Branch :

Fax No. of Branch :

Bank details of BSNL:

Name of Bank : ICICI Bank.
Branch : Hazratganj, Lucknow.
Collection Account No. : 628105031760
IFSC : ICIC0006281

Note: This EOI document is the property of BSNL and cannot be reproduced wholly or partially in any circumstances without prior written approval of BSNL.

Compliance Sheet/ Check List

s.no.	Particulars	<u>Documents required to be attached/furnished by the bidder(s)</u>	whether documents attached Y/ N
i	The Firm should be either Chartered Accountants or Cost Accountants Firm (Partnership/Limited Liability Partnership).	A latest constitution certificate issued by the Institute of Chartered Accountants of India / Cost Accountants of India is required to be furnished by the firm.	
ii	The Firm or any of its partners should not be associated with BSNL in any professional capacity.	A self- declaration certificate is required to be furnished by the firm.	
iii	The firm should be in existence for at least last 12 years.	A self- declaration certificate is required to be furnished by the firm.	
iv	There should be at least 4 partners and total strength of qualified persons (Partners + Assistants) should not be less than 10.	Latest Copy of constitution certificate issued by the Institute of Chartered Accountants/ Cost Accountants of India is required to be furnished by the firm.	
v	The Firm should have Internal Audit/Statutory Audit experience of at least 10 years.	Firm is required to furnish the proof.	
vi	The Firm should have Internal Audit/ Statutory Audit experience of public sector undertaking(s)/ Telecommunication Company(ies) having turnover of Rs. 200 crore or more for at least two years out of the latest 5 years.	Firm is required to furnish the proof.	
vii	The turnover of the Firm for the past three consecutive years i.e. 2013-14, 2014-15 & 2015-16 or 2014-15, 2015-16 & 2016-17 should not be less than Rs. 50 lakh p.a.	Firm is required to furnish the proof.	
viii	At least one office of the Firm should be located in the circle for which the Firm intends to apply.	A self- declaration certificate is required to be furnished by the firm.	

ix	<i>Preference will be given to the Firms having professional association across India (Branches across India).</i>	A self- declaration certificate is required to be furnished by the firm.	
x	Formats for submission of EOI i.e. Technical Bid and Price Bid	Annexure- 1 & 2	
xi	Declaration of confidentiality	Annexure- D	
xii	Details of offices/ Branches of the Firm	Annexure-E	
xiii	EMD (Bank Guarantee) of Rs. 30000/- for each circle	Under the format stated in Annexure-F	
xiv	Stamped & signed copy of the Bid document (EOI) with Technical Bid	Firm is required to furnish Bid Document	

INSTRUCTIONS TO BIDDERS

Bharat Sanchar Nigam Limited (BSNL), A Govt. of India Enterprise, invites EOI / Proposal for appointment of Chartered / Cost Accountant Firms (for the purpose of this EOI the term 'Firm' includes 'LLP' also) for conducting Internal Audit in BSNL Circles grouped under North Zone B for the Financial Years 2017-18.

BSNL provides Telecom Services throughout India (except Delhi and Mumbai Metro Districts), through its 24 Territorial Telecom Circles and 2 Metro Districts namely Chennai Phones and Kolkata Phones. Major services provided by BSNL are Landline (Fixed) phones, WLL (fixed and mobile), Leased Circuits, National Long Distance (NLD) including leased circuits; International Long Distance (ILD); Cellular Mobile Telephone Service, V-SAT, Internet (broadband and narrowband); Cable Landing Stations, Tower Hiring etc., as per licenses granted by the Department of Telecommunications, Govt. of India.

Apart from these 24 Territorial Telecom Circles and 2 Metro Districts, there are 21 non-territorial Circles providing training, quality assurance, maintenance and project services to these 26 Circles. These Territorial and non-territorial Circles have been grouped into 7 (seven) Zone for the purpose of Internal Audit.

1. DEFINITIONS

- a. "Agreement" means the terms and conditions agreed between the Chartered / Cost Accountant firms registered with The Institute of Chartered Accountant of India/ The Institute of Cost Accountant of India and Bharat Sanchar Nigam Ltd.
- b. "The Bidder" means the Chartered / Cost Accountant firms registered with The Institute of Chartered Accountant of India/ The Institute of Cost Accountant of India which is invited to participate in the tender and submits its bid.
- c. "The BSNL" means the Bharat Sanchar Nigam Limited (BSNL).
- d. "Chartered / Cost Accountant firms" means the firms registered with The Institute of Chartered Accountant of India/ The Institute of Cost Accountant of India which enters into contract with BSNL to provide Professional Services under the tender.
- e. "Partners" means Chartered Accountant or Cost Accountants having membership certificate and certificate of practice from The Institute of Chartered Accountant of India/ The Institute of Cost Accountant of India.
- f. "The Contract Price" means the price payable to the Chartered / Cost Accountant firms under the agreement for the full and proper performance of its contractual obligations.

- g. "The Circle" means territorial, and other functional (non-territorial) circles of BSNL.
- h. "Nodal Circle" means Circle(s) authorize to float EOI on behalf of allotted circles as mentioned in Annexure-B.
- i. "Zone" means Circle(s) and Nodal Circle(s) as mentioned in Annexure-B.
- j. "The DDO" means Drawing and Disbursing Officer responsible for collecting revenue and releasing payments, disbursing salaries and wages etc. of any of the SSAs/PAUs of BSNL.
- k. "The Circle IFA" means Internal Financial Advisor of a Circle.
- l. "The Business Areas (BAs)/ SSA" means Secondary Switching Area which is also called Telecom District and includes Primary Accounting Units (PAUs) like Civil, Electrical, Maintenance, Project Circle offices/Divisions as the case may be.
- m. Bidders are required to go through all the clauses of the bid document and before submission the Bid in BSNL it should be ensured that all the documents/ Annexure and EMD (Bank Guarantee) as mentioned under the bid document (vide compliance sheet/ check list- Annexure-G) are attached/enclosed properly.
- n. The Bidder is expected to examine all instructions and clauses, forms, terms and BSNL requirements in the Bid Document. Failure to furnish any information required as per the Bid Document or submission of the bids not responsive to the Bid Document in any respect shall be at the bidder's risk and may result in rejection of the bid.
- o. At any time, prior to the date of submission of Bids, UP(East) Circle, BSNL may, for any reason, whether at its own initiative or in response to a clarification requested by a prospective bidder, modify bid document by amendments.
- p. The amendments shall be notified in writing or by Fax or e-mail to all prospective bidders at the address/ Fax number/ e-mail ID, intimated at the time of obtaining of the bid document from the UP(East) Circle and also be posted on the website. These amendments shall be binding on all prospective bidders.
- q. In order to afford prospective bidders a reasonable time to take the amendment into account for preparing their bids, the UP(East) Circle may, at its discretion, extend the time for the submission of bids suitably.