

HINDUSTAN AERONAUTICS LIMITED

Accessories Complex, Lucknow

HAL-AC/EOI/Auditor/1/2015-17

Dt. 01/06/2015

INVITATION FOR EXPRESSION OF INTEREST (EOI) (Appointment of Internal Auditors for HAL Accessories Complex, Lucknow)	
EOI No.: HAL-AC/EOI/Auditor/1/2015-17	DUE DATE: 29/06/2015
EOI DATE: 01/06/2015	BEFORE: 09:00 Hrs (IST)
Total Pages: 16 <ul style="list-style-type: none">• Invitation for EOI – Covering• Format for submission of Expression of Interest – Annexure 1• Evaluation table for Expression of Interest - Annexure 2• Scope of Internal Audit - Annexure 3• Terms and conditions - Annexure 4• Information on Divisions, Complex Office, Liaison Office - Annexure 5	
Dear Sir/ Madam, <p>Accessories Complex, Lucknow is inviting expression of Interest in the enclosed format from Chartered Accountant/Cost Accountant Firms for appointment as Internal Auditors for its Divisions - including Design Centres at Lucknow, Korwa (Distt. Amethi, UP), Kanpur (including Agra Detachment), Hyderabad (including branch factory at Kasargod, Kerala), Accessories Complex Office, Lucknow and Liaison office, New Delhi, for the years 2015 to 2017 (for the period from 1st April 2015 to 31st March 2017). The objective is to appoint the internal auditors through a <i>transparent process providing equal opportunity, and benchmarked against a minimum viable offer</i> determined by the Company(HAL).</p> <p>Interested firms may please complete the enclosed Annexure-1 only and send the same to the following Address:</p> <p>DGM (IMM) Hindustan Aeronautics Ltd. Accessories Division, Faizabad Road, Lucknow - 226016</p> <p>So as to reach, latest on or before 29/06/2015 09 :00 Hrs (IST)</p>	

2. *Expression of Interest (EOI)-Annexure-1 should reach us on or before DUE DATE and TIME in a sealed cover duly **super-scribed with** our “EOI No” and “DUE DATE” and “Appointment of Internal Auditors”. EOI will be opened on the same day at 10:00 Hrs (IST).*

3. *Expression of Interest (EOI)-Annexure-1 should be sent in advance to reach us before the due date & time. Responses received after due date & time shall not be accepted and no further correspondence on such responses shall be entertained. HAL will not be responsible for any loss or delay in receipt of EOI in post.*

4. **LATE EOI SHALL NOT BE OPENED AND SHALL NOT BE CONSIDERED.**

5. Respondent if desire, may participate in EOI opening after producing authorization/identity.

6. EOI submitted should be free from correction, over-writing, erasures etc. Each page should be suitably numbered.

7. Authorized Signatory should sign the EOI submitted indicating the name and designation with official seal.

8. Canvassing by respondents in any form, including unsolicited letters on EOI submitted or post corrections shall render their EOI submitted liable for summary rejection.

9. Disregard of any instructions may result in offer being ignored.

ATTENTION IS DRAWN TO THE FOLLOWING:

1. No Agent/ Agents or third party/ parties are engaged by HAL in this process.
2. HAL is also not responsible for any person/ firm expressing or representing to express himself/ herself/ themselves to be the agent or third party representing HAL in this process.
3. It is advised to deal directly with HAL representative who is the signatory to this document.
4. For general correspondence other than submission of EOI kindly make use of the (E-mail ID): manoj.rastogi@hal-india.com or Fax no 0522-2340347.

For Hindustan Aeronautics Ltd

(Manoj Rastogi)
DGM (IMM)

Format for submission of Expression of Interest

Name of the Firm						
Number of Partners	Sl.No	Name	Qualification	Associate/ Fellowship	Membership No	Certificate of Practice No
(Enclose copy of constitution certificate issued by the Institute of Chartered Accountants/ The Institute of Cost Accounts of India As per constitution certificate issued by the Institute of Chartered Accountants of India/The Institute of Cost Accounts of India, Date of certificate to be after 1st January 2014)						
Number of Qualified employees	Sl.No	Name	Qualification	Associate/ Fellowship	Membership No	Certificate of Practice No
(With either a CA or CMA qualification)						
Date of formation (As per constitution certificate issued by the Institute of Chartered Accountants of India/ The Institute of Cost Accountants of India. Date of certificate to be after 1st January 2014)						
Full Postal Address of Offices / Branch Offices. (This may be given on a separate sheet of paper attached)						
Name of contact person along with landline and mobile numbers						
Permanent Account Number (PAN) of Firm (For Information only)						
Service Tax Registration Number of Firm						

(For Information only)	
<p>I....., authorized partner of the firm certify that the above information is true & genuine. If appointed as internal auditor, my firm will abide by the rules of the company in respect of maintaining secrecy of data/information.</p>	
	<p>Signature of Authorized Signatory of the Firm</p>
<p>Seal of the Firm</p>	

Evaluation table for Expression of Interest
 (To be retained by you for your records)

Number	2 to 5	6 to 10	11 to 20	21 to 40	>40
Marks for number of partners (Copy of constitution certificate issued by The Institute of Chartered Accountants of India/ The Institute of Cost & Works Accountants of India on/after 1st Jan, 2014)	1	8	10	4	3
Marks for number of qualified employees (CA / CMA)	1	8	10	4	3

1 The **percentage** to be worked out for cut off purposes will be as follows:

(Total Marks scored / Maximum Marks) X 100

2 **Minimum** cut off **percentage** will be **50%**.

Scope of Internal Audit

The scope of internal Audit has been considerably expanded over those of the previous years. Also certain aspects related to the scope are covered in the Terms and Conditions. Audit firms are advised to carefully study these documents and submit quotes on this basis. Arguments that a specific activity was not there in the earlier scope will not be accepted.

1. To ensure that quarterly and Annual Accounts are a fair representation of the state of affairs and the profit and loss in relation to the data reflected in the accounting transactions of the Company.
2. To provide suggestions for corrections/additions required in the presentation of financial statements, if any.
3. To perform adequate test checks of transactions recorded so as to obtain a reasonable degree of assurance on the quality, and integrity of accounting data generated apart from authenticity of payments.
4. To ensure that the Division obtain confirmation of balances from vendors/contractors.
5. To carry out stock verification on a continuous basis and issue stock certificates in respect of store verified during a year, and ensure that attractive items and others of High unit value are completely covered. Internal Auditors are expected to prepare Stock Verification Notes in accordance with prescribed formats to enable alignment of balances in the computer records with physical quantities in inventory.
6. Physical evaluation of Work-in-progress to be done in the first week of April of every financial year. Further quarterly examination, of review of the cost ledger done by the Division, to be carried out and commented upon.
7. Carry out physical verification of Fixed Assets in the Division over the financial year and to certify the same. A report on the fixed verification is to be submitted at the end of each financial year

8. To comment whether the adequate internal financial controls are in place as well as the operating effectiveness of such controls as per Section 143(3) of the Companies Act, 2013 and in terms of Rule 10 & 10A of the Companies (Audit and Auditors) Rules, 2014. The auditor is to evaluate the extent and implementation of internal controls with specific reference to transactions having an impact on the financial issues and comment on the same.
9. To cover identification of frauds, if any, happening in the division. To alert the top management of the Division, if necessary through confidential reports, against suspicious transactions that could indicate Frauds.
10. The Internal Auditors are required to develop a suitable checklist to ensure examination of all the above aspects and to keep sufficient working papers as evidence of the Audit done.
11. Adequate test check of reported Rejection on shop floor and comment thereon.
12. The C&AG have introduced a system of three phase audit as follows:

Phase I: After half yearly results consisting of Review of accounting system, internal control assessment, analysis of accounting policies, notes to accounts with respect to applicable laws & disclosures in conformity with Accounting Standards.

Phase II : At the end of the financial year consisting of actual audit of units, review of systems of verification of inventories, Cash & bank balances and other items, compliance of instructions issued & highlight deviations.

Phase III: Pertains to actions after receipt of certified accounts and comprise of actions such as verification of compliances against phase I and Phase II, checking of compliances etc.

Accordingly the internal Auditors will have to ask the Division for the Phase I and Phase II reports issued by Govt. Audit, the assurances given in the previous years and check compliances so as to ensure that Phase III comments are minimized. The aspects related to Phase 1, Phase 2, and phase 3, of Govt. Audit have to be examined and commented upon.

Terms and conditions

These terms and conditions are applicable to expression of interest, technical bid, and commercial bid and the scope of work.

In the interest of Equity of treatment, Expression of Interest, technical bid, and commercial bid will be processed strictly as per Standard prescribed format enclosed. Non-adherence to the formats shall lead to rejection of such bids. Further correspondence in respect of nonstandard bids will not be entertained.

1. CA/CMA firms, appointed, will have to do the Audit themselves and not resort to any kind of outsourcing whatsoever. In case it is subsequently revealed at any stage of the appointment process / post appointment that outsourcing has been resorted to, the appointment is liable to be summarily cancelled with immediate effect.
2. The appointment, For Internal Audit, is for a period of two years, on the quoted audit fees subject to satisfactory performance in the first year.
3. The scope of the Internal Audit is as indicated at Annexure-3.
4. The Internal Audit is expected to be based on sufficient verification of the aspects covered in the scope of audit and not be on mere confirmations obtained from the Finance and other related departments.
5. It is expected that the Audit will be undertaken in accordance with the Internal Audit Standards issued by the ICAI to the extent they are applicable to the given scope.
6. The Internal Audit report is to be submitted within one month (specific end dates will be given in the appointment letter) following the close of each quarter. The Internal Auditor is expected to draw up the Audit Program in consultation with the Divisional Finance Chiefs for this purpose in order to stick to the prescribed date for the submission of the report.
7. The report is to be submitted In four hard copies. Additionally, soft copy of the report would be required. The distribution will be indicated later. Soft copy may be either in Word or PDF files and may have tables in Excel on a CD.
8. The efficacy of the Internal Audit will be judged on the basis of the following parameters:
 - A. Number of points raised by the Statutory Branch/Main Auditors of the Company.
 - B. The number of points raised by Govt. Audit.
 - C. Quality of the Accounts during reviews by the Corporate Office.
9. The Audit Reports would be addressed to the General Manager / in-charge of the Office with a copy to Head of Complex Finance and General Manager (Systems Audit), Corporate Office would have an executive summary highlighting the important points requiring the action / attention of the Divisional Management. The Executive

Summary should be cross referenced to the paragraphs in the Internal Audit report containing the elaborate details.

10. Financial information on the Divisions is given at Annexure-5. However this is wholly and solely for the purpose of helping you assess the workload for the Audit and is confidential and cannot be used for any other purpose whatsoever.
11. Internal Audit Fees should be quoted per annum and payment would be on quarterly basis as calculated from the annual fees.
12. Taxes on the Audit Fees will be treated as follows:
 - a) TDS on Income Tax at applicable rates will be deducted from the Quoted Fees invoiced.
 - b) Service Tax will be paid additionally upfront, as invoiced, at the applicable rates.
 - c) Levy of taxes not existing in the legislation so far will be reimbursed / paid additionally from the date they come into effect.
13. Payment of Audit Fees will be against submission of the Quarterly Audit report and invoice pertaining to the same, whichever is later.
14. Audit Fees per annum should be quoted separately for each Division / office. The audit will be assigned on L1 basis for each Division. The Audit firms are free to decide on the Divisions / offices for which they will submit quotes.
15. The quoted fee should include all expenses like TA / DA, out of pocket expenses etc. No other reimbursement of expenses apart from Audit fees will be applicable.
16. Quotes in formats other than Annexure-1 will not be considered.
17. Every page of the Bid will be authenticated by the signature of the authorized signatory of the firm and the Firm's seal. Unauthenticated pages will be rejected.
18. Firms should make only one commercial bid. In case more than one bid is received, HAL will have the discretion to select any one of the bids for considering in the tender.
19. Shortlisted firms based on Expression of Interest shall be issued tender documents requiring them to submit the technical bid and commercial bid separately.

Information on LUCKNOW Division as per the
Accounts for the year ended 31/3/2014
(To be retained by Bidder)

Parameter	Value
Turnover (Rs Crores)	673.48
Gross Block (Rs. Crores)	232.75
Net Block (Rs. Crores)	86.24
Store Inventory	1856.02
• Value (Rs. Crores)	
• No of Items (Numbers)	51222
WIP	988.91
• Value (Rs. Crores)	
• No of Job Orders (Numbers)	9021 Approx
No of Fixed Assets (Approx)	11270 Approx
Total Employees in Numbers (As of 31/3/2014)	2353

Information on KORWA Division as per the
Accounts for the year ended 31/3/2014
(To be retained by Bidder)

Parameter	Value
Turnover (Rs Crores)	509.70
Gross Block (Rs. Crores)	186.80
Net Block (Rs. Crores)	71.40
Store Inventory	
• Value (Rs. Crores)	116.02
• No of Items (Numbers)	24494
WIP	
• Value (Rs. Crores)	454.52
• No of Job Orders (Numbers)	3039
No of Fixed Assets (Approx)	6483
Total Employees in Numbers (As of 31/3/2014)	1104

Information on KANPUR Division as per the
Accounts for the year ended 31/3/2014
(To be retained by Bidder)

Parameter	Value
Turnover (Rs Crores)	549.17
Gross Block (Rs. Crores)	98.71
Net Block (Rs. Crores)	29.95
Store Inventory	
• Value (Rs. Crores)	639.07
• No of Items (Numbers)	34796
WIP	
• Value (Rs. Crores)	134.28
• No of Job Orders (Numbers)	30403
No of Fixed Assets (Approx)	12813
Total Employees in Numbers (As of 31/3/2014)	1464

Information on HYDERABAD Division as per the
Accounts for the year ended 31/3/2014
(To be retained by Bidder)

Parameter	Value
Turnover (Rs Crores)	1233.89
Gross Block (Rs. Crores)	337.08
Net Block (Rs. Crores)	172.16
Store Inventory	
• Value (Rs. Crores)	437.82
• No of Items (Numbers)	4951754
WIP	
• Value (Rs. Crores)	236.04
• No of Job Orders (Numbers)	781
No of Fixed Assets (Approx)	13051
Total Employees in Numbers (As of 31/3/2014)	2287

Information on ACCESSORIES COMPLEX,LUCKNOW as per the
Accounts for the year ended 31/3/2014
(To be retained by Bidder)

Parameter	Value
Turnover (Rs Crores)	--
Gross Block (Rs. Crores)	0.84
Net Block (Rs. Crores)	0.15
Store Inventory	--
• Value (Rs. Crores)	
• No of Items (Numbers)	--
WIP	--
• Value (Rs. Crores)	
• No of Job Orders (Numbers)	--
No of Fixed Assets (Approx)	150
Total Employees in Numbers (As of 31/3/2014)	22

Information on LIAISON OFFICE, DELHI as per the
Accounts for the year ended 31/3/2014
(To be retained by Bidder)

Parameter	Value
Turnover (Rs Crores)	- -
Gross Block (Rs. Crores)	4.38
Net Block (Rs. Crores)	1.63
Store Inventory	- -
• Value (Rs. Crores)	
• No of Items (Numbers)	- -
WIP	
• Value (Rs. Crores)	- -
• No of Job Orders (Numbers)	- -
No of Fixed Assets (Approx)	1190
Total Employees in Numbers (As of 31/3/2014)	41