

Intelligent Communication Systems India Ltd. (ICSIL)

**(Joint Venture of TCIL – A Govt. of India Enterprise & DSIIDC – An Undertaking
of Delhi Govt.)**

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TENDER

for

**Appointment of Audit firms for conducting Internal Audit of ICSIL for the
Financial Year 2018-19**

Reference Number: ICSIL/08/121/Internal Audit

Date: 14-12-2018

Closing Date & Time of Submission of proposal 05-01-2019 at 03:00 PM

Important Information

Name of the Work	Appointment of Audit firm for conducting Internal Audit of ICSIL for the Financial Year 2018-19
Ref. No. / Date	ICSIL/08/121/Internal Audit
Nature of bid process	Two Bid System
Earnest Money Deposit	Rs. 5,000/- (Rupees Five Thousand only) in the form of DD in favour of Intelligent Communication Systems India Ltd, New Delhi
Issue of documents	14-12-2018
Contact person for seeking clarifications	Joint General Manager(F&A), ICSIL
Contact details of the contact person	Ph. No. 011-26842579, 26929051, 26830338 Mob : 9818622974,9899845664 E-mail : manager.finance@icsil.in
Place for deposit of complete response documents	In the Tender Box placed at Reception, Ground Floor, M/s Intelligent Communication Systems India Ltd., Administrative Building, Okhla Industrial Estate Phase-III, Near Post Office, New Delhi-110020
Last date and time for submission of Bid	05-01-2019 at 03:00 PM
Date and Time of opening of Technical Bid	05-01-2019 at 3:30 PM
Date and Time of opening of Commercial Bid	To be communicated Later on

TENDER ENQUIRY

Intelligent Communication Systems India Ltd. is a joint venture of Telecommunications Consultants India Ltd. (TCIL), a govt. of India enterprise, under Ministry of Communications & IT and Delhi State Industrial and Infrastructure Development Corporation (DSIIDC), an undertaking of Delhi government. From 1987, the year of its inception, it has provided exemplary service in providing contractual manpower to Govt. deptt., IT sector, specializing in providing complete solutions in computerization, networking and telecommunication. With a well-focused vision and a global mission, ICSIL look at greener pastures across the globe. Estimated turnover of ICSIL during the year 2018-19 will be more than Rs. 160 Crores(appx).

Purpose

The Intelligent Communication Systems India Ltd (ICSIL) intends to appoint a firm of Chartered Accountants/Cost Accountants(CMA's) as its Internal Auditor for the financial year 2018-19 which may further be extended Accordingly, proposal is invited from the firms of Chartered Accountants/Cost Accountants based at New Delhi / NCR and who are empanelled with ICAI's or C&AG. The firms should furnish the complete details of experience, competence relevant to the assignment assignments handled alongwith detailed profile of the firm and references.

Basic Objective of Internal Audit:

The prime objective of the IA is to examine and evaluate whether ICSIL 's framework of risk management, internal control and governance processes are adequate and functioning properly.

In addition, the objectives of IA would include advising and recommending the management for improvements in internal control and Internal financial Controls on Financial Reporting.

Understanding and assessing the risks and evaluate the adequacies of the prevalent internal controls.

Identifying areas for systems improvement and strengthening controls.

Ensuring optimum utilization of the resources of the entity, for example human resources, physical resources etc.

Ensuring compliance with internal and external guidelines and policies of the entity as well as the applicable statutory and regulatory requirements.

Safeguarding the assets of the entity.

Reviewing and ensuring adequacy of information systems security and control.

Reviewing and ensuring adequacy, relevance, reliability and timeliness of management information system

Scope of Internal Audit

In order to fulfill its vision and objectives, the scope of work of Internal Audit shall include:

Examination and evaluation of adequacy and effectiveness of the internal control and risk management system at various operations and activities of the ICSIL.

Review of the accuracy and reliability of ICSIL's accounting records and financial reports with a view to ensure robustness of Internal Financial Controls on financial Reporting.

Checking both transactions and functions of specific internal control procedures at various departments/ offices.

Evaluation of adherence to legal and regulatory requirement covering Acts related to Finance, Banking and Taxation laws such, GST, Income Tax Act, etc. and approved policies and procedures.

Examine that resources are acquired economically, used efficiently and safeguarded adequately.

Value addition; improve operational efficiency and internal control systems.

To ensure the compliance of company Risk Management policies by units/Corporate Office

Evaluation of Management Information System (MIS) Reports.

Identification of frauds, if any, happening in the department. To alert the management of the ICSIL, if necessary through confidential reports, against suspicious transactions that could indicate Frauds.

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.

Reports as per standards and quarterly presentation to the Board of Directors

The audit firm would be required to conduct the internal audit of ICSIL as per rules in accordance with the standards on internal audit.

The details scope of Internal Audit is attached as Annexure-A

Eligibility Criteria

1. The audit firm should be a competent team of professionals, comprising of at least 2 qualified Chartered Accountant/Cost Accountant's(CMA's) with atleast 10 years of experience.
2. The firm should be registered/empanelled with the Institute Chartered Accountant of India, Institute of Cost Accountants of India or C&AG.
3. The firm should have minimum 10 years experience in the similar profession
4. The firm should have minimum receipts of average Rs. 15 lakhs from the similar profession during last three years.

In support of meeting the Minimum Eligibility Criteria, the applicant firm submits documentation as specified below:

- a. A self attested copy of the latest registration / empanelment intimation letter issued by the Institute Chartered Accountant of India, Institute of Cost Accountants of India or C&AG containing the Unique Identification Number.
- b. A certificate from the firm to the effect that no partner of the firm has been found guilty of professional/other misconduct by the Institute of Cost Accountants of India or Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949 or is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board. In case the firm has such partners, the firm provides details of such partners and certifies that they will not be associated with the audit in any manner;
- c. A Declaration signed by an authorized partner of the audit firm verifying that the applicant is independent of the entity to be audited that they have no relationship with the entity to be audited (in particular, the auditor should not be employed by, serve as director for, or have any financial or close business relationship with the entity during the period(s) covered by the audit or immediately thereafter for a period of two years);
- d. A self attested copy of the latest firm constitution certificate issued by the Institute of Chartered Accountants of India /Institute of Cost Accountants of India (this certificate shall also act as evidence for verifying the Date of Constitution of the firm).
- e. A Self certified statement giving the date of establishment of the branch and name of Partner/CA/CMA qualified employee in-charge of the firm;
- f. Self Attested copy of work Order and completion certificate from respective PSU's /Proof of final payment received.
- g. Self attested copy of Audited Balance Sheet/P&L Account of last three years.

Terms and conditions

These terms and conditions are applicable to Tender Enquiry, technical bid, and commercial bid and the scope of work. In the interests of Equity of treatment, Tender, technical bid, and commercial bid will be processed strictly as per Standard prescribed formats enclosed. Non-adherence to the formats shall lead to rejection of such bids. Further correspondence in respect of non standard bids will not be entertained.

1. The appointment, for Internal Audit, is for a period of one year, on the quoted audit fees subject to satisfactory performance in the first year, the appointment may be extended.
2. The scope of the Internal Audit mentioned herein this documents is illustrative not exhaustive.
3. 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.
4. 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.
5. The Internal Audit report is to be submitted quarterly within one month following the close of each quarter. The Internal Auditor is expected to draw up the Audit Programme in consultation with the Finance / Accounts Head for this purpose in order to stick to the prescribed date for the submission of the report.
6. In addition to hard copy, soft copy of the report would be submitted by the firm. Soft copy may be either in Word or PDF files and may have tables in Excel on a CD.
7. 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
8. The Audit Reports would be addressed to the Managing Director ICSIL and would have an executive summary highlighting the important points requiring the action / attention of the Management. The Executive Summary should be cross referenced to the paragraphs in the Internal Audit report containing the elaborate details.
9. Financial information on the ICSIL is given at **Annexure 2**. However this is wholly and solely for the purpose of helping you to assess the workload for the Audit and is confidential and cannot be used for any other purpose whatsoever.
10. Internal Audit Fees should be quoted per annum and payment would be on quarterly basis as calculated from the annual fees.
11. 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) GST will be paid additionally upfront, as invoiced, at the applicable rates.

12. Payment of Audit Fees will be against submission of the Quarterly Audit report and invoice pertaining to the same, whichever is later.

13. Audit Fees per annum should be quoted. The audit will be assigned on L1 basis.

14. The quoted fee should include all expenses like TA / DA, out of pocket expenses etc. No reimbursement of expenses apart from Audit fees will be applicable.

15. Tender should be submitted in annexed format only. No other format will be accepted.

16. 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.

17. Firms should make only one commercial bid. In case more than one bid is received, it will be out rightly rejected.

18. Tender should reach us on or before DUE DATE and TIME in a sealed cover duly super-scribed with our "TENDER No" and "DUE DATE" and "Appointment of Internal Auditors".

19. Response on Tender received after due date & time shall not be accepted, considered and no further correspondence on such responses shall be entertained. ICSIL will not be responsible for any loss or delay in receipt of TENDER in post.

20. Respondent if desire, may participate in tender opening after producing authorization/identity.

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

22. Authorized Signatory should sign the TENDER submitted indicating the name and designation with official seal.

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

Terms of Payment

25% payment on submission of Ist Quarter report

25% payment on submission of 2nd Quarter report.

25% payment on submission of 3rd Quarter report.

25% payment on submission of 4th Quarter Report & finalization of Statutory Audit.

Confidential

The Audit firm shall not disclose the documented management systems to any third party including their internal department.

Sub-Contracting

Audit firm to whom work is awarded is not allowed to sub contract the work to any other parties either in part or full. 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

VALIDITY OF PROPOSAL :-

The proposal is valid for a period of six months (i.e.180 days) from the last date of submission of the bid. The validity time may be extended by ICSIL in confirmation with the bidder

Selection criterion

- a. The Committee will examine all the documents enclosed with the proposal regarding Eligibility criteria, etc.
- b. A duly constituted expert committee will evaluate the capability of the Firm on methodology & approach on Financial and Operational Audit The committee shall invite all bidder, for making presentation/demonstration/discussion on Internal Audit. Calling for presentation/demonstration/discussion does not imply that the proposal is accepted.
- c. The firm has to fulfill the eligibility criteria given in the Document. If fails to achieve 80% marks in the technical evaluation then proposal shall be rejected and shall not be processed for further evaluation.
- d. Presentation will be part of Technical Evaluation
- e. In case of tie in price of two bidders then whose technical points are higher shall be declared accepted.

EVALUATION CRITERIA

Sr. No	Particulars	Points per criteria	Total Points per criteria	Response by bidder	Supporting documents required
	No. of years of experience (minimum 10 years)	5 Points for minimum experience additional 1 point per Year	10		Copy of Certificate of Incorporation from the Institute.
	No. of qualified registered partner with ICAI (minimum two)	5 Points for minimum two partner additional 1 point per partner	10		Copy of Certificate in the name of the partner/employee
	No. of Qualified staff (Minimum qualification B.Com / Inter CA/CMA) and post Qualification experience of at least 1year)	5 point per qualified staff	15		Self declaration letter.

	Experience of Internal Audit assignment in Central / State Govt. PSU	5 point per assignment	20		Work Order and copies of completion certificate of respective PSU's/proof of final payment received
	Average Annual Turnover of last three years (minimum Rs. 15 Lakh)	10 Points for minimum addition 5 points per 5 Lakh average turnover	20		Statement of Profit and Loss duly audited stating Membership no. of such auditor/firm
	Presentation on the approach & methodology on the Financial & Operational Audit before the Committee		25		Supporting documents

Professional firms which obtain at least 80% marks based on the technical parameters would be considered for opening financial bids for selection of bidder based on the lowest commensurate fees quoted by the professional firm.

Declaration:

1. We confirm that the information furnished herein is correct and fair in all respects and we have the necessary documentary proof to substantiate the same. It is further confirmed that in case any of the contents contained herein are found to be incorrect, ICSIL is free to initiate any appropriate action against us.
2. We further declare that there have been no adverse comments/ qualification on our performance from the Management/ Audit Committee.

Signature.....

Full name.....

Designation/Firm Name.....

Address with Phone.....

FAX & Mobile No:

E-Mail :.....

Annexure 1

Format for submission of Tender

Sr.No	Particulars	Details of Firm
1.	Name with complete address of firm	
2	Number of Partners with details (As per constitution certificate issued by the Institute of Chartered Accountants of India or Institute of Cost Accountants of India. Enclose copy of constitution certificate)	
3	Number of Qualified employees (With either a CA or CMA qualification)	
4	Date of formation	
5	Name of contact person along with landline and mobile numbers	
6	Whether Registered with C&AG? : (copy to be enclosed)	
7	Service Tax Registration Number	
8	Permanent Account Number (PAN)	
9	Full Postal Address of other Offices / Branch Offices. (This may be given on a separate sheet of paper attached)	

10 Manpower Details

a. Details of Partners : Total.....no. of Partner

Sr. No	Name of Partner	Qualification	Membership No.	Member since	Date of Joining the firm

b. Details of Other Audit Staff : Total....no. of Audit Staff out of which.... no. are CA/CMA

Sr. No	Name of staff	Qualification	Membership No., if any	Member since	Date of Joining the firm

11. Details of Professional Experience

a. Statutory Audit

Sr. No	Name of the Company	Operating turnover in Rs. Cr. (in the year of assignment)	Type of Industry	Period of the assignment	Remarks, if any

b. Internal Audit

Sr. No	Name of the Company	Operating turnover in Rs. Cr. (in the year of assignment)	Type of Industry	Period of the assignment	Remarks, if any

c. Worked as Central/Joint Statutory Auditor

Sr. No	Name of the Company	Operating turnover in Rs. Cr. (in the year of assignment)	Type of Industry	Period of the assignment	Remarks, if any

d. Whether Firm Already worked as Internal Auditors/Statutory Auditor/ Professional Consultant of ICSIL /TCIL.

Annexure 2:-

a. Financial Statement of previous years

Year	Gross Turnover (in Crores)
2017-18	148.31
2016-17	146.20
2015-16	113.48

b. Major Activities / area of operation

1. Supply of Computer Hardware & its accessories mostly to Govt Departments
2. Deployment of Manpower on contract basis to Govt. Department
3. Implementation of Software projects, etc
4. Running of Computer Education and Training Centers through franchises.

Annexure 3

FINANCIAL BID

Quoting Fee for the Assignment in terms of the Tender.

(To be kept in a separate Envelope sealed properly while sending the proposal)

S.No	Particulars	Amount	
		(in figure)	(in words)
1	All-inclusive Lump sum fee (including travel and other out of pocket expenses, etc.) for the entire scope of work covered under the Terms of Reference on a Firm price basis (with no escalation provision for whatever reason)		

Please Note: 1. Goods & Service Tax(GST), if any, will be paid extra at the applicable rates and is not to be quoted above. In case of any discrepancy in Fee between figures and the amount mentioned in Words, the Fee mentioned in Words shall be taken into cognizance.

3. In case more than one eligible bidder's Financial Bid having same L1 rates , bidder with higher technical marks will be declare L1.

Signature.....

Full name.....

Designation/Firm Name.....

Address with Phone.....

FAX & Mobile No:

E-Mail :.....

Annexure-A

Major areas to be covered during the course of Internal Audit The Internal Audit shall be carried out in accordance with the Auditing Standards and Accounting Standards prescribed by the Institute of Chartered Accountants of India and will include such tests and controls, as the Auditor considers necessary under the circumstances. The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control with special emphasis on the following:

Financial Accounting & Financial Reporting Systems:

The overall Financial accounting & Financial reporting system to be checked thoroughly with the special stress on the below items:

All Accounting is being done as per Accounting Standards and Accounting Policies of ICSIL.

Cash, bank, journal vouchers including rectification vouchers are prepared correctly and trial balance is prepared accordingly.

Project estimate and reporting turnover as per Ind As.

Monitoring of physical and financial progress of work vis-a-vis targets .

Bank statements & monthly bank reconciliation statements
Balance confirmation with all Debtors & trade
Receivable...etc

TDS & payment of Statutory dues
Prior period adjustments

Provisions and contingent
liabilities Bank Guarantees & FDRs

Timely recovery of advances and interest.

Tenders and allied matters

- Pre-tender Stage

The tenders should be floated as per Govt. Guidelines For Tendering (i.e. GFR...etc) or ICSIL Purchase manual, and approval of the competent authority as per the Delegation of Powers (DOP).

Ensure that the basis of preparation of estimates for work/package is realistic and logical (based on LAR, schedule of rates etc.), and has the approval of the competent authority as per DOP.

- Tendering Process

The Comparative Statement and the Briefing Notes should be vetted by Finance and their correctness should be checked based on random sampling method including compliance conditions on technicals with immaculate compliance with submission of requisite documents to qualify.

Tender Committee (TC) minutes should be verified to establish the reasonableness of rates (considering the special conditions, if any) and irregularities to be reported.

In the contracts, where client procedures are to be followed, ensure proper documentation and compliance of the same.

- Award of Work

Letter of Award (LOA) should be issued as per TC recommendations and only after finance vetting. An accepted copy of same should be verified to rule out any deviations /omissions.

Earnest money provided should be kept in safe custody and to be checked for sufficiency and validity.

- Contract Agreement

An agreement should be executed within the time stipulated by LOA and should be signed by competent authorized signatories.

Checking of contract conditions before paying or receiving mobilization or other advances by the project

Project Execution

- Monitoring of physical and financial progress of work.
- Comparative study of the actual costs vis-a-vis sanctioned estimates, and major deviations are to be reported.
- Reconciliation between total work done, work certified and uncertified, work billed and unbilled, payments received from the client, recoveries including taxes, retention money, performance

guarantee, mobilization and plant advance, interest, etc., in terms of the contract.

- In cases, where extension of completion date of the contracts is required, the delay should be properly justified and validated by approval from competent authority. Further, Liquidated Damages (LD) should also be imposed, as per the provisions of the contract, wherever required.
- Any non-schedule item should be supported by proper approvals from competent authority.
- In case of departmental work, realistic estimates of the work should be prepared and approved by competent authority. Further, material procured and consumed should be properly reconciled at frequent intervals.

Manpower outsourcing Projects

- Robustness and sufficiency of system for recruitment of manpower outsourced to different govt. Govt /Agencies.
- Details of Manpower outsourced.
- Proper Procedures have been followed for recruitment of outsourced manpower to Govt. Deptt.

- Verification of competent authority approval of manpower outsourced to Govt. Deptt.
- Verification details like KYC...etc. of outsourced manpower personal.
- System of receiving Attendance sheet and certification by responsible officer.
- Proper deduction of ESIC,EPF ..etc from salary.
- Ascertaining back-to-back recoveries from Outsourced Manpower of deductions made by the Deptt/client.
- Proper upkeep and maintenance of individual outsourced records including Attendance sheet of all outsourced manpower.
- No claim certificate from Outsourced manpower should be obtained with final payment.
- Compliance with Law including Statutory & Labour law .
- Govt. guidelines have been followed or not.

Procurement of materials, recording of Receipts and issues including client materials

- Robustness and sufficiency of processes
- Details of tenders awarded on nomination and single tender basis, whether any splitting of procurement in order to circumvent tender policies is observed?
- Verification of purchase procedure on the basis of indents, purchase orders, quotations, price comparative statements, authorized distributor list, etc.
- Checking of material receipts on the basis of purchase orders, delivery challans/ invoices, weigh slips with the goods receipt notes.
- Compliance to quality control procedures.
- Checking issue of materials on the basis of issue slips, authorized signatory list, etc.
- Checking records of reusable items .
- Inventory valuation including transportation and other acquisition costs and proper allocation of other overheads based on appropriate valuation method.

Assets i.e. Plant and Equipment...etc.

- Physical verification of equipment owned by ICSIL.
- Checking logbooks to ensure proper record keeping.
- Analyse utilization of own equipment vis-à-vis hired equipment with respect to the volume of work done.
- Checking validity of rates of hired equipment compared to the market rates.

Contract/Sub-contracting

- Ensure the timely submission of performance guarantee, as per the provisions of the contract
- Labour license requirements need to be verified, as per Contract Labour (Regulation and Abolition) Act 1970
- Proper monitoring of the milestones achievements (physical and financial both), as per the provisions of the contract
- Advances to the sub-contractor, such as mobilization advance etc. should be need based and to be given strictly as per the provision of the contract, ensuring the sufficient collateral (in form of bank guarantee etc.)
- Scrutinizing monthly running account (RA) bills of the subcontractors with respect to the work orders relating to the quantity of work, rates, plant and mobilization advance, interest (if any), retention deposit, GST-TDS, TDS, material recoveries, deductions for services availed, liquidated damages, etc.
- Ascertaining back-to-back recoveries from sub-contractors bills of deductions on account of work made by the client.
- Proper upkeep and maintenance of measurement books (MB) of all outsourced work.
- No claim certificate from Contractor/Sub-contractor should be obtained with final bill.
- Contractor & Supplier ledger should be properly maintained

Client billing and receivable

- Checking the billing terms and conditions, which are either defined in the MOU signed between client and ICSIL or as per the provisions of the contract.
- Ensure that the timely bills are being raised as per provisions of the billing terms and conditions. Major deviations are to be reported.
- Collections from the client with respect to the contractual collection period. Scrutiny of receipts in bank, otherwise than from cheques received from clients.
- The review of the receivables has been carried out as per Guidelines issued by Company from time to time.
- Receivables ageing and realization analysis
- In case of final bill, ensure that it should include variation in quantity, non-schedule items, price escalation etc, if any.

Franchise Centre

- Checking the terms and conditions, which are either defined in the MOU signed between Franchises centre and ICSIL or as per the provisions of the contract
- Ensure the timely submission of performance guarantee/EMD , as per the provisions of the contract
- Proper monitoring of the milestones achievements (physical and financial both), as per the provisions of the contract
- Proper upkeep and maintenance of measurement books (MB) of all outsourced work.
- Franchise ledger should be properly maintained

- Collections from the Franchises with respect to the contractual collection period. Scrutiny of receipts in bank, otherwise than from cheques received from clients.
- The review of the receivables has been carried out as per Guidelines issued by Company from time to time.
- Ensuring timely submission of payment details of franchises fee on monthly basis.
- Receivables ageing and realization analysis.

Profit and Loss Analysis

Establishment matters

- Checking of wages and salaries of different categories of employees including officers, contract staff, monthly and daily rated workers on the basis of their respective terms and conditions of employment.
- Test check a few individual files of personnel posted.
- Comparison of actual manpower deployment with the monthly budgets.
- Ensure compliance of PF and ESIC laws .
- Attendance verification of manpower deployment by ICSIL, if terms of payment are dependent on actual attendance, particularly in case of security guards and helpers.
- Verify the records with special attention to Medical rules, Final Settlement, Travelling allowances, Staff Loans/Advances etc.
- Verification of Competent authority approval as per Delegation of Power(DOP).

Statutory registrations, deductions and payments

- Identification of legal framework and statutes as applicable and compliance thereof
- Check registrations/renewals with different statutory authorities like labour department, PF, ESIC, GST, Professional Tax, electricity and water supply authorities, etc.
- Ensure correct deductions and recoveries of taxes and statutory levies like TDS, TCS, GST,GST-TDS, PF, ESIC, Professional Tax, labour Cess etc.
- Ensure timely payment and deposit of taxes and other statutory levies.
- Adherence to time limits in filing prescribed returns.
- Verify system of availing input tax credit on purchases and service tax against liability of GST through a proper procedure of set-off.

- Reconciliation of payments and deductions made by the client with actual liability on the basis of work done and ascertainment of year-end liability.
- Status of assessments before various tax authorities.
- Details of statutory disputes and cases pending before various authorities with financial implications for being treated as contingent liabilities.

Assets and Liabilities

- Ageing of advances and scrutinizing debit balances, including Assets /cash advances given to staff, workers, suppliers, subcontractors and other parties. Classification into recoverable and non-recoverable advances. Assessing the adequacy of provision of doubtful advances. Matching advances against corresponding liabilities.
- Assessing the proper estimation and adequacy of provisions made at the year-end and outstanding liabilities. Scrutinize all credit balances.
- Identifying pre-paid expenses.
- Maintenance of Fixed Assets register, Physical verification and calculation of depreciation.
- Claims management system and review of that.

Miscellaneous Matters

- For arbitration, court cases and contingent liabilities, proper provisions should be calculated and booked.
- Any material procured from Micro, Small and Medium Enterprises (MSME), provisions of MSMED Act to be followed.
- Review of the deposit with Govt. Departments such as Electricity, Water, and Telephone etc.
- Detection of systemic flaws and suggestions for adopting corrective measures.

- Irregularities of serious nature noticed during audit are to be reported through a special report.

Special items

The scope for Internal Audit. is required to give additional attention to the below:

Taxation Issue including statutory compliances

Payroll and leave records

Approval of competent authority including financial concurrences as per DOP.

Note:

- *The details above are not to restrict the Scope of Internal Auditors but are only to meet with the minimum specific requirements for the internal control of company.*
- *Internal Auditors are encouraged to suggest solutions to rectify the errors or deficiencies and not merely confine to making observations. Internal Auditors should also give suggestions for system improvement and ensure compliance of the audit observations at the Project site itself in their presence.*