

## NOTICE

### **Notice inviting Expression Of Interest (EOI) for Appointment of Firms/LLP of Chartered / Cost Accountants to conduct the Internal Audit in IRCON International Limited for FY 16-17 (period 01.12.2016-31.03.2017)**

Ironcon International Limited (IRCON), a Government of India Undertaking, invites expression of interest (EOI) from firms/LLP of Chartered / Cost Accountants for appointment as Internal Auditors for the following four Audit Circles for the FY 2016-17 (Period 01.12.2016 to 31.03.2017)

S. No.	Region/Country	The location of the Firm/LLP should be in the following Cities:
1.	<b>CORPORATE OFFICE</b>	Delhi NCR
2.	<b>NORTHERN REGION</b>	Delhi NCR
3.	<b>EASTERN REGION</b>	Kolkata
4.	<b>PATNA REGION</b>	Patna

Professional Firm/LLPs may be appointed as Internal Auditors, only for one out of Four Audit Circles. Names of the projects covered in each Audit circle, have been given in **Annexure-A**. Company reserves the right to include/ exclude projects as per future requirements.

Interested Firm/LLPs are requested to go through the Eligibility Criteria carefully given in **Annexure-B** and submit their applications (along with quote for Professional Fee and relevant documents) in prescribed format given in **Annexure-C&D**. Applications in a sealed envelope addressed to JGM/Finance, Internal Audit, IRCON INTERNATIONAL LTD. C-4, District Centre, Saket, New Delhi – 110017, should reach by **31 January 2017 17.30 Hrs**

There may be a pre-bid meeting in each Audit circle before the submission of the bid. The schedule of the pre-bid meeting will be communicated later.

Firm/LLPs may carefully read the details of Time line, Reporting Format and Scope given in **Annexure-E**. Apart from Audit fee, TA/ DA and charges of accommodation will be payable as per company rules, the details are given in **Annexure-F**. Important instructions to Professional Firms/LLPs are given in **Annexure-G**.

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Any further clarifications can be sought from **Shri R. K. Jaiswal**, JGM/Finance, Telephone no. **011-29565634**, email ID- [rk.jaiswal@ircon.org](mailto:rk.jaiswal@ircon.org)

**Annexure-A**

**List of projects to be audited in FY 16-17(01.12.2016 to 31.03.2017)**

<b>CORPORATE OFFICE</b>					
<b>S. No.</b>	<b>Name of the Project</b>	<b>Status (Running/ Closed)</b>	<b>Total Project Value</b>	<b>Expected Operating Turnover in 2016-17</b>	<b>% of Completion as on 31.03.2017</b>
<b>1.</b>	RAIBARAILY	Running	2,973.36	108.00	81.66%
<b>2.</b>	CORPORATE OFFICE	Running	-	-	0.00%
<b>3.</b>	CHATTISGARH- CEWRL /CONSULTANCY	Running	96.66	10.00	85.79%
<b>4.</b>	CHATTISGARH- CERL /CONSULTANCY	Running	55.86	16.23	100%
<b>5.</b>	CCM GURGAON PROJECT	Running	-	-	0.00%
<b>6.</b>	PMD (ADJUSTMENTS AT C.O.)	In-House Exp.	-	-	0.00%
<b>7.</b>	FOREIGN CLOSED PROJECTS	Closed			
<b>8.</b>	NEPAL ROAD PROJECT EWH	Closed			
<b>9.</b>	MOZAMBIQUE TRACK -IRCON	Closed			
<b>10.</b>	ETHIOPIA ELECTRICAL PROJECT	Closed			

<b>NORTHERN REGION</b>					
<b>S. No.</b>	<b>Name of the Project</b>	<b>Status (Running/ Closed)</b>	<b>Total Project Value</b>	<b>Expected Operating Turnover in 2016-17</b>	<b>% of Completion as on 31.03.2017</b>
1.	NORTHERN REGION	Running	-	-	0.00%
2.	DMRC CT-1A	Running	198.94	110.47	84.31%
3.	BIKANER PHALODI PROJECT	Running	646.00	200.00	38.25%
4.	RAPDRP MEERUT B/1162	Running	329.21	258.43	100.00%
5.	CIC NOIDA WORKSHOP	In-House Exp.	-	-	0.00%
6.	JHALAWAR PROJ	Closed	168.57	-	94.31%
7.	DMRC BT-2	Closed	-	-	0.00%
8.	ROB JAIPUR	Running	542.00	70.00	97.21%
9.	ANAND VIHAR MAINT PROJECT	In-House Exp.	-	-	0.00%
10.	DMRC SYS -2	Closed	-	-	0.00%
11.	DMRC CE - 6	Running	271.35	65.00	89.48%
12.	DMRC BE 8	Closed	-	-	0.00%
13.	ALIGARH-GHAZIABAD RAIL PROJECT	Closed	-	-	0.00%
14.	PANIPAT RD PROJECT	Closed	-	-	0.00%
15.	UP-05 ORAI	Closed	-	-	0.00%
16.	LUCKNOW - ELECT	Closed	-	-	0.00%
17.	ELECT LOCO SHED DAUND	Running	67.42	10.00	14.96%
18.	ELECT LOCO SHED BONDAMUNDA	Running	111.92	20.00	18.00%
19.	COM. CMLX NOIDA SEC-01	New	-	-	0.00%
20.	COM. CMLX NOIDA	New	-	-	0.00%

	SEC-48		-		
21.	COM. CMLX NOIDA SEC-125	New	-	-	0.00%
22.	RTL MALL, NOIDA SEC-43	New	-	-	0.00%
23.	DMRC CT-4	Closed	-	-	0.00%

<b>EASTERN REGION</b>					
<b>S. No.</b>	<b>Name of the Project</b>	<b>Status (Running/ Closed)</b>	<b>Total Project Value</b>	<b>Expected Operating Turnover in 2016-17</b>	<b>% of Completion as on 31.03.2017</b>
1.	REGIONAL OFFICE/KOLKATA	Running	-	-	0.00%
2.	CONT. OF NEW HOWRAH DIV RLY	New	33.17	3.00	9.04%
3.	MIZORAM PH-II , XI PLAN	Closed	-	-	0.00%
4.	SYLIGURI ISLAMPUR RD PRJ	Closed	-	-	0.00%
5.	MFC DIGHA	Closed	-	-	0.00%
6.	GHOLSAPUR BEHALA STADIUM	Running	58.10	17.00	86.18%
7.	SEVOK RANGPO RAILWAY PRJ	Running	4,084.69	108.49	5.30%
8.	SATRAGACHI PROJECT	Running	210.21	20.00	13.49%
9.	SHALIMAR RAILWAY PROJECT	Running	204.85	20.00	11.93%
10.	PMGSY JHARKHAND	Running	364.23	75.00	95.04%
11.	MIZORAM NIT	Running	142.00	75.00	100%
12.	DARLIPALI SUPER THERMAL POWER	Running	36.16	15.00	42.87%
13.	JHARKHAND CENTRAL RAILWAY	New	2,000.00	10.00	0.50%
14.	CONSULTANCY FOR MAHANADI COAL	New	5,200.00	20.00	0.38%

<b>PATNA REGION</b>					
<b>S. No.</b>	<b>Name of the Project</b>	<b>Status (Running/ Closed)</b>	<b>Total Project Value</b>	<b>Expected Operating Turnover in 2016-17</b>	<b>% of Completion as on 31.03.2017</b>
1.	SHIVPURI GUNA PROJECT	Running	670.00	250.00	41.37%
2.	RAMPUR DUMRA TAL RJO	New	1,491.47	25.00	1.68%
3.	KIUL - GAYA DOUBLING PROJECT	New	1,200.20	120.00	10.00%
4.	HAJIPUR - BACHWARA DOUBLING PR	New	679.00	70.00	10.31%
5.	PMGSY PATNA	Running	1,013.32	10.00	97.91%
6.	ROB PATNA	Running	687.79	24.00	98.43%
7.	NMDC JAGDALPUR PKG-I	Running	283.32	87.50	31.55%
8.	NMDC JAGDALPUR PKG-II	New	78.92	21.00	26.61%
9.	NMDC JAGDALPUR PKG-IV	New	81.56	31.50	38.62%
10.	RASHTRIYA SAM VIKAS YOJ/RSVY	Closed	959.51	-	100%
11.	JAGDALPUR ROWGHAT CONSULTANCY	Running	-	-	0.00%
12.	KATNI - SINGRAULI DOUBLING PRO	New	1,762.94	50.22	2.85%
13.	GANGA BRIDGE PATNA	Closed	1,570.05	-	100%
14.	JOGNI VIRAT NAGAR RLY PROJECT	Running	373.00	20.00	46.49%
15.	JAI NAGAR BADRIVAS RLY PROJECT	Running	721.66	100.00	24.35%
16.	ROB PATNA PHASE II	Running	623.07	83.59	88.49%
17.	GAYA , MANPUR BYPASS	Running	85.73	13.00	69.64%

<b>18.</b>	NAVI NAGAR, AURANGABAD	Running	15.00	5.00	39.33%
<b>19.</b>	CHHATTISGARH - CERL - CONST.	Running	1,403.06	250.00	29.93%
<b>20.</b>	CHHATTISGARH - CEWRL - CONST.	New	2,261.17	60.00	2.65%
<b>21.</b>	EMD LOCO SHED AT RAIPUR	New	-	-	0.00%
<b>22.</b>	DIESEL LOCO SHED VISHAKHAPATNAM	New	-	-	0.00%
<b>23.</b>	JABALPUR STATION DEVELOPMENT	New	-	-	0.00%

*\* Closed projects indicated in the list are physically completed project, but few transactions exist in the books of accounts.*

*# New projects, implies the projects newly started during the year, having limited transactions.*

**Eligibility Criteria and selection process****(A) Eligibility Criteria**

<b>S. No.</b>	<b>Particulars</b>	<b>Minimum requirement</b>
1	Year of Establishment	10 years old (cut-off Date-31/03/2016)
2	Base Location	The Head Office of the Firm/LLP should be in the following Cities, where Company's Regional Offices/Project Offices are located : 1. Corporate Office Circle- Delhi NCR 2. Northern Region Circle – Delhi NCR 3. Eastern Region Circle – Kolkata 4. Patna Region Circle- Patna
3	Average turnover from professional services for last 3 years	Not less than Rs. 1.00 Cr.
4	No. of professionally qualified CA/CMA as partners/employee	10
5	Statutory Audit/ Internal Audit – No. of companies (with operating turnover more than Rs. 200 cr.) audited in last 05 years	04 (at least 01 should be in construction sector)

**Standard format for submission of Technical details***To be printed on the letterhead of the Firm/LLP***Note: Please refer the Important Instructions to Professional Firm/LLPs given in Annexure-G, before filling the below details.****I. Basic Details**

- a) Name of the firm/LLP :
- b) Audit Circle applied for :
- c) Head Office Address :
- d) Registration No. :
- e) Date of Registration :
- f) Age in Years (cut-off date 31/03/2016) :
- g) Turnover Details :

Year	Turnover from professional services (in Rs. Cr.) as per Audited Annual Accounts	Ref. Page no. of firm/LLP's P&L A/c
2016		
2015		
2014		
2013		

- h) Details of Branches : Total.....no. of Branches in ..... no. of Cities

S. No.	City/State	Address	Ref. Page no. of supporting doc.
1.			
2.			

**II. Manpower Details**

- i) Details of Partners : Total.....no. of Partners

S. No.	Name	FCA/ACA/FCMA/ACMA	Membership No.	Date of Joining the firm/LLP	Ref. Page no. of supporting Membership doc.
1.					
2.					



**j) Details of Other Audit Staff : Total.....no. of Audit Staff out of which..... no. are FCA/ACA/FCMA/ACMA**

S. No	Name	FCA/ACA/FCMA/ACMA	Membership No.	Date of Joining the firm/LLP	Ref. Page no. of supporting Membership doc.
1.					
2.					

**III. Details of Professional Experience in last five years (FY 2011-2016)**

***k) Statutory Audit***

S. No	Name of the Company	Operating turnover in Rs. Cr. (in the year of assignment)	Industry (Construction /Other)	PSU/Pvt. Sector Co.	Year of Audit Assignment	Ref. Page no. of supporting Docs. for turnover, industry and year
1.						
2.						

***l) Internal Audit***

S. No	Name of the Company	Operating turnover in Rs. Cr. (in the year of assignment)	Industry (Construction /Other)	PSU/Pvt. Sector Co.	Year of Audit Assignment	Ref. Page no. of supporting docs. for turnover, industry and year
1.						
2.						

***m) Worked as Central/Joint Statutory Auditor***

S. No.	Name of the Company	Schedule A / Schedule B PSU	Industry (Construction/Other)	PSU/Pvt. Sector Co.	Year of Audit Assignment	Ref. Page no. of supporting docs. for status of Co.(Schedule A/B), Industry and year
1.						
2.						

**IV. Whether Firm/LLP Already worked as Internal Auditors/Statutory Auditor/ Professional Consultant of IRCON:** if yes, provide the details like name of the project, region, types of assignment, year etc.

**Annexure-D**

**Standard format for submission of Professional Fee Quote**

*To be printed on the letterhead of the Firm/LLP*

<b>Name of the Firm/LLP</b>	
<b>Name of the Audit Circle applied for</b>	
<b>HQ Location to Cater Audit Circle applied for</b>	
<b>Indicative Fee for four Months assignment (01/12/16-31/03/17) (excluding taxes) in Rs.</b>	

**Internal Audit (Timeline, Reporting Format and Scope)****A. Time line for submission of Audit Report:**

<i>Period Covering</i>	<i>Reports to be submitted by</i>
<i>01.12.2016 to 31.03.2017</i>	<i>15.05.2017</i>

**B. Reporting Format**

Internal Audit Reports should be prepared in twelve separate parts, namely:

- Part-I:** Introduction of Project including details of nature of work, important timelines, client, major sub contactors, value, man power, present status and performance
- Part-II:** Audit Planning and Methodology
- Part-III:** Confirmation as to Audit Documentation- The firm/LLP, as the case may be, should maintain proper documentation as audit evidence, IRCON reserve the right to call for its review
- Part-IV:** Executive Summary of significant observations with the following summarized highlights:

**Key to Summary**

<b>Critical</b>	<b>Addresses a fundamental control weakness or significant operational issue that should be resolved by management as a priority.</b>
<b>Important</b>	<b>Addresses a control weakness or operational issue that should be resolved by management within a reasonable period of time.</b>
<b>Good Practice</b>	<b>Addresses a potential improvement opportunity in operational efficiency/effectiveness.</b>

- Part-V:** Persisting Irregularities with respective aging and Action taken by the unit on previous Internal Audit Report
- Part-VI:** Important items which, in the opinion of the Auditor, should be brought to the notice of the AC
- Part-VII:** Irregularities noticed and rectifies on spot and those not rectified with reasons
- Part-VIII:** Suggestions for systems improvement.

- **Part-IX:** Comments on the Internal control framework in IRCON, its robustness and weaknesses.
- **Part-X:** Comments on the unusual entries/transactions, if any
- **Part-XI:** Comments on the implementation whistle blowers policy at project level
- **Part –XII:** Comments on the implementation of CSR Policy undertaken / involvement by the project.
- The Auditor must discuss the draft report with the unit head, especially the matters related to risk management of the project, safety hazards activities of the before drawing up the final report and make a specific mention of this in his report.
- Documentation : The reference of documents checked must be part of the audit report
- The Auditor must deliver one copy of the report to the unit head for necessary compliance and send a copy of the full Report (in soft and hard both) to the head of Internal Audit Cell in the Corporate Office.
- The auditors to submit certificate duly signed to the effect that scope of audit as defined has been duly adhered to and the issues raised or observations made by the auditors have been discussed.
- No para of the Internal Audit Report can be taken as closed unless satisfactorily resolved. Outstanding paras will be carried forward to the next report and need to be properly addressed in Part-II of the Internal Auditor’s Report.
- 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.

### C. Detailed Scope of Internal Audit

#### Detailed Scope of Internal Audit

Internal audit is an independent management function, which involves a continuous and critical appraisal of the functioning of an entity with a view to suggest improvements thereto and add value to and strengthen the overall governance mechanism of the entity, including the entity’s strategic risk management and internal control system. Internal audit, therefore, provides assurance that there is transparency in reporting, as a part of good governance.

## **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 Ircon International Ltd.
- Cash, bank, journal vouchers including rectification vouchers are prepared correctly and trial balance is prepared accordingly.
- Project estimate, calculation of AS 7 and reporting turnover as per AS 7.
- Monitoring of physical and financial progress of work vis-a-vis targets (reference can be taken from MIS such as Performa-A and Performa-B, monthly control of expenses statement etc.)
- Bank statements & monthly bank reconciliation statements
- Balance confirmation with all Debtors & Creditors
- Foreign currency transactions
- TDS & payment of Statutory dues in time
- 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 Guidelines For Tendering (GFT), and approval of the competent authority as per the Schedule of Powers (SOP).
  - 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 SOP.

- 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 vis-a-vis targets (reference can be taken from MIS such as Performa-A and Performa-B, monthly control of expenses statement etc.)
- 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.
- Analysis of work-in-progress in the context of work done and ageing of total outstanding. WIP to be further scrutinized with the following break-up – work done but not certified, work done,

certified but not billed and work done, certified and billed but not paid.

- Analysis of variation orders executed, which is, work done not expressly provided in the contract, certified and billed, basis of rates billed, certified and approved and pending for approval.
- Scrutinize present status of work that is still to be executed, with respect to the contract for any changes in BOQ having material impact on the project, with acceptance from the client.
- Checking calculation of escalation bills based on monthly indices released by RBI.
- 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

### **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?
- Ensure classification of all materials into major materials, semi-finished materials, and other materials like equipment and machinery spares, general stores and consumables, safety items, construction aids, miscellaneous service items, etc.
- 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.
- Proper allocation of material issues to respective work orders of subcontractors/piece rate workers in case of subcontracting cost centers in case of internal consumption.

- In case materials are issued to subcontractors on recoverable basis, check correctness of recording the issues, promptness of making recoveries and rates at which recoveries are made generally conforming to cost plus handling charges.
- In case of material transfer between projects, check the indents, gate passes, delivery challans, confirmation from receiving sites and rates of recording transfers.
- To check the correct recording of material receipts at the yearend cut-off dates.
- Monthly quantitative reconciliation of major materials like cement, steel, aggregates, sand, etc. for computing the theoretical consumption based on work done and comparing the theoretical balance with actual physical balance and actual wastage with the standard norms.
- Analysis of slow moving inventory.
- Checking records of reusable items like shuttering materials, safety equipment, etc.
- Checking records of scrap with physical stock, billing of scrap sold, VAT and TCS, as applicable.
- Inventory valuation including transportation and other acquisition costs and proper allocation of other overheads based on appropriate valuation method.
- Physical verification of major items, particularly cement, steel, chemicals, expensive spares and consumables store items.
- Proper segregation between own materials and client materials.

### **Plant and Equipment**

- Physical verification of equipment owned by IRCON.
- Checking logbooks to ensure proper record keeping.
- Analysis of fuel consumption and utilization of major plants through scrutiny of monthly MIS reports.
- Comparison of fuel consumption of similar equipment and actual with standard norms.
- 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.
- Cross verification of data of equipment-wise diesel consumption reported by plant section with diesel issues shown by the stores section.
- Verification of system of capturing data and reporting of plants fabricated at site.

### **Sub-contracting**

- Ensure the timely submission of performance guarantee, as per the



- provisions of the contract
- Mobilization plan (for plant & machinery, manpower etc.) submitted by sub-contractor should be as per provisions of the contract
  - Labour license requirements need to be verified, as per Minimum Wages Act
  - Proper monitoring of the milestones achievements (physical and financial both), as per the provisions of the contract
  - In cases, where IRCON is providing the machinery, usage of the same needs to be verified with log books.
  - 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, WCT, 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.
  - Ensuring all work outsourced to third parties is supported by proper work orders/agreements.
  - Proper upkeep and maintenance of measurement books (MB) of all outsourced work.
  - Analysis of time taken for the clearance of bill and final payment from the date of submission of the bill.
  - No claim certificate from 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 IRCON 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.

### **Profit and Loss Analysis**

- Comparing the actual expenses incurred with the budget estimates and analyzing the variances. Obtaining comments from the management

### **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 at site.
- Comparison of actual manpower deployment with the monthly budgets.
- Ensure compliance of PF and ESIC laws in case of piece-rate workers employed by the project through sub-contractors.
- Surprise attendance verification of manpower deployment by pieceworkers, if terms of payment are dependent on actual attendance, particularly in case of security guards and helpers.
- Verify the records with special attention to LTC, Medical rules, Final Settlement, Travelling allowances, Staff Loans/Advances, Foreign Service Contribution (FSC) etc.

### **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, VAT, Service Tax, Professional Tax, mining department, explosives license, pollution control, petroleum products, electricity and water supply authorities, etc.
- Ensure correct deductions and recoveries of taxes and statutory levies like TDS, TCS, WCT, VAT, Service Tax, 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 VAT/WCT and Service Tax through a proper procedure of set-off.
- Reconciliation of royalty payments on purchase/mining of boulders/aggregates 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 advances to staff, workers, suppliers, subcontractors, pieceworkers 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.
- Variations in quantity & price as per contract conditions & approval there of
- Claims management system and review of that.

### **Insurance Policies**

- Coverage of the entire project under a comprehensive Contractors All Risk insurance policy (CAR) for the full duration of the project with additional claim period. Ensure all premium instalments are paid on time.
- Insurance coverage of all the plants and equipment installed at the project.
- Personal accident and workmen's compensation policy for all the staff including contract labour engaged at the site.
- Cash insurance cover for cash in-transit between the bank and the project site and cash held in safe at the office.
- Ensuring that all accident and injury claims of project staff or of third parties against the project are claimed from the insurer

### **Compliance of the IRCON policies**

- A special emphasis on the compliance of various policies issued by IRCON, such as policy for Management of Surplus Funds, Enterprise Risk Management policy etc. Any deviations are to be reported.

### **Miscellaneous Matters**

- For arbitration, court cases and contingent liabilities, proper provisions should be calculated and booked.

- Compliance made by the project upon comments made by the Statutory Auditors in its report under sec. 619(3).
- 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.
- Comment on risk assessment and risk mitigation mechanism in the project
- Detection of systemic flaws and suggestions for adopting corrective measures.
- Irregularities of serious nature noticed during audit are to be reported to the Head of Internal Audit Cell through a special report.

### **Special items for Corporate Office**

- Since the type of work handled at C.O. is different than of projects, the scope for Internal Audit of C.O. is required to give additional attention to the below:
  - Taxation Issue including statutory compliances
  - Treasury matters including management of Indian and foreign funds
  - Payroll and leave records

#### *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.*

### **Knowledge resource/documents to be referred**

The indicative list of the knowledge resource/documents, which are to be referred before embarking the assignment includes:

- i. Standards on Internal Audit issued by ICAI (SIA1 to SIA 18, issued so far)
- ii. Technical Guide on Business Control, Monitoring and Internal Audit of Construction Sector issued by ICAI

- iii. Technical Guide on Internal Audit of Tendering Process issued by ICAI
- iv. Generic Guidelines on Internal Audit issued by ICAI including Guide on Risk-Based Internal Audit, Guide to Internal Financial Controls, Enhancing Governance through Internal Audit etc.
- v. Schedule of Powers issued by CS Cell in Corporate Office
- vi. Guidelines For Tendering(GFT) issued by Corporate Office
- vii. General Conditions of Contract (GCC)issued by Corporate Office
- viii. Project Contract documents duly signed by IRCON and Client
- ix. Closing guidelines issued by Compilation Cell in Corporate Office
- x. Circulars/guideline/policies on various matters issued by concerned Department on time to time basis

*Available with the concerned*

## **Rules for Reimbursable Allowances**

Whenever Internal Auditors or their staff is required to travel outside the local station, they would be entitled to claim the following allowances:

1. **Travel Expenses** : These shall be reimbursed as per the following guidelines:

Partners - Actual travel expenses by Air /AC FIRST CLASS

Articles/Audit Clerks -Actual travel expenses by Rail AC II Tier

2. **Daily Allowance** : These shall be reimbursed as per the following guidelines:

Partners - as payable to General Managers, in IRCON i.e. Rs. 780/- in all cities.

Articles/Audit Clerks - as payable to AM in IRCON, i.e. Rs.510/- in all cities.

Where free boarding and lodging is provided by the project, daily allowances would be limited to 20% of the entitlement.

3. **Charges for Accommodation:** Accommodation to auditors consistent with their status would invariably be provided by the project. However where the auditors themselves make their own arrangements, the reimbursement for hotel accommodation would be allowed as per equated entitlements indicated as follows:

Partners - entitled to Rs.10,000/- in X class cities, Rs. 8,000/- in Y class cities and Rs.6,000/- in other cities.

Articles/Audit Clerks - entitled for Rs.2400/- in X class cities, Rs. 2200/- in Y class cities and Rs.1760/- in other cities.

### **Note:**

The claims for reimbursement of above allowances should contain following information:

- No. of persons deputed to conduct the Audit along with their designations.
- Date and time of departure as well as arrival of the train (s) at starting /destination stations.
- No. of days spent for audit at the project.(stay certificate to be attached)
- In case of travel by Air/Train, Boarding Pass/Tickets should be enclosed with the bills.

(Above details should be duly verified from the Project Head before submission of claim to the Corporate Office.)

**Important Instructions to Professional Firm/LLPs**

**(A) Instructions:**

- a. Format of Application must be strictly followed while giving technical details and Professional Fee Quote. The application should be completely filled; **incomplete applications will be rejected out rightly.**
- b. All EOIs will be evaluated on the basis of the technical details provided in specified format and documents furnished along with applications only. Any additional document received, after last date & time of receiving the EOIs as stipulated in the Notice Inviting EOIs, will not be entertained.
- c. Since, all the applications will be evaluated strictly on the basis of Eligibility Criteria please avoid attaching unsolicited information/documents for processing applications expeditiously.
- d. All submitted documents should be signed by a Partner with his name and under the seal of the firm/LLP.
- e. Applications must be submitted under sealed cover super scribing the EOI Notice No. & date and the words 'Application for Appointments of Internal Auditor for 2016-17 (period 01.12.2016-31.03.2017)' thereon. The name of the Audit Circle applied for along with the name and address of the firm/LLP must also be indicated on the body of the envelope.
- f. Application may be submitted in or by post/ courier to Shri R. K. Jaiswal, JGM/Finance, IRCON INTERNATIONAL LTD. C-4, District Centre, Saket, New Delhi – 110017. IRCON does not take any responsibility for loss of application in transit. Applications sent through Fax or E-mail will not be considered.
- g. Any application received after the stipulated date & time, due to any reason whatsoever, will be rejected out rightly.
- h. There would be confidentiality clause in the appointment letter to be issued to each Audit firm/LLP
- i. The work of Internal Audit allotted to Audit firm/LLP should not be assigned to any other third party by the said firm/LLP.
- j. Payment of Audit fees will be made in two parts 50% on submission of draft report & 50% on submission of final report ( duly accepted by management )
- k. There would be a penalty clause, which authorized IRCON to impose the penalty maximum up to 10% of the fee, in case of any delay in the submission of the report. However, relaxation may be granted in case of genuine reasons beyond control of the Audit Firm/LLP.

**(B) List of documents to be submitted along with the applications/ EOIs:**

Interested firm/LLPs are advised to go through contents of the EOI documents carefully and submit attested copies of the following documents in proper sequence along with the EOIs as described hereinafter:

- i. Registration certificate of the firm/LLP issued by the Institute of Chartered Accountants of India and/or Institute of Cost Accountants of India

- ii. Membership certificates of the Partners/ Audit Staff issued by the Institute of Chartered Accountants of India and/or Institute of Cost Accountants of India as evidence of FCA/ACA/FCMA/ACMA
- iii. Copies of Audited Annual accounts (P&L A/c and Balance Sheet) for last three/four years, as a proof of average turnover of the firm/LLP.
- iv. Copies of appointment letters/experience certificate for statutory audit/ internal audit as evidence of experience.
- v. Copies of relevant extracts of P&L A/c of the Companies Audited during the year of assignment, as evidence of turnover of the Audited Company.
- vi. Supporting documents as a proof for the industry, the Audited Company falls into.
- vii. Copy of PAN Card and Service Tax Registration.
- viii. A copy of complete EOI document duly signed and sealed as a token of acceptance of all terms and conditions.