

BID DOCUMENT

EXPRESSION OF INTEREST FOR CONDUCTING INTERNAL AUDIT OF BSNL FOR THE FINANCIAL YEARS 2015-16 to 2017-18

EOI No. - 700-55 / BSNL / 2015-16 / CA / I.A.



BHARAT SANCHAR NIGAM LIMITED

CORPORATE ACCOUNTS SECTION

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

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

EOI No: 700-55/BSNL/2015-16/CA/I.A. EOI Date: 13-08-2015	Due date & time of submission: 14-09-2015 up to 3:00 PM (IST)
<p>BSNL invites EOI in the enclosed format 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 all BSNL Circles for conducting Internal Audit for Financial Years 2015-16, 2016-17 and 2017-18 <i>i.e.</i> for 3 years.</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;">DGM (CA-II), Room no. 118, BSNL Corporate Office, Bharat Sanchar Bhawan, H.C. Mathur Lane, Janpath, New Delhi - 110001;</p> <p>so as to reach, latest on or before 14-09-2015 up to 3:00 PM (IST)</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 '<i>EOI for Appointment of Internal Auditors for various Circles in BSNL for the Financial Year 2015-16 to 2017-18</i>'. 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. Also the stamped and signed copy of the EOI should be kept in this envelope only.iii) Envelop III :- (Financial Bid) - It should be clearly marked 'Financial Bid' and should contain only price bid for one or more clusters. Enclosing any other document in this envelope may lead to rejection of the bid.2) Technical Bids will be opened on the same day at 3:15 PM (IST).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) Each page of Bid and EOI should be stamped and signed by the authorized signatory of the firm.
- 8) Canvassing in any form shall render the submitted Bid liable for rejection.
- 9) Disregard of any instructions may result in bid being rejected.

For any query or general correspondence except submission of Bid please contact: 011-23712265; 23712264 during office hours or email at bsnlinternalaudit@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
-sd-
(C. S. Gupta)
Dy. General Manager (CA-II)

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

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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	Service Tax registration number 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 Cluster(s) for which applying.	a	
2	Address of Firm's office(s) in the city/cities where the Circle HQ of the BSNL Circle(s) included in the Cluster(s) is/are located.		
3	Internal Audit/ Statutory Audit experience (in years) as on 31.03.2015 (Attach Proof).	-Years
4	Internal Audit/ Statutory Audit experience (in years) of public sector undertaking(s) having turnover of Rs. 250 crore or more during last five years, as on 31.03.2015 (Attach Proof).	b	
5	Turnover of the firm for the past three consecutive years. (Attach proof).	c	
6	Internal/ Statutory Audit experience in the Telecommunication Sector (Attach Proof).	d	

- a) Detail of Clusters is provided in Annexure 'B'. The firm should mention number of cluster(s) and corresponding Nodal Circle name(s). If the Cluster comprises more than one Circle, the firm should mention location of all the offices which are located in the city/ cities where Circle HQ(s) are located.
- b) List the name(s) of the Public sector Undertaking(s) along with year and corresponding turnover. Proof of such assignment and turnover statement of the Public Sector Undertaking for the year concerned to be attached separately.
- c) Three F.Y. 2012-13, 2013-14 and 2014-15 are to be considered.
- d) List the name(s) of the Telecommunication Company/Companies and the year in which audit assignment was done. Proof to be attached separately.

Signature of the Authorized Signatory
Of the Firm with seal

PRICE BID

Internal Audit Cluster	Circles included in the Cluster	Indicative fee of the Cluster concerned as per EOI Annexure B	All inclusive fees p.a. (in figures)@

Rupees..... (In words).

@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 Cluster, separate Price Bid should be given (on separate sheet) for each Cluster.
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.
5. Price quoted p.a. will be applicable for each of the three years of internal audit.

**INVITATION OF EXPRESSION OF INTEREST (EOI) FOR CONDUCTING
INTERNAL AUDIT FOR THE FINANCIAL YEARS 2015-16 to 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 Years 2015-16 , 2016-17 & 2017-18 (Three 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 25 clusters 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 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 some Circles and on FoxPro based accounting software in others. BSNL plans to complete SAP implementation by Sept 2015 and therefore final accounts for the year 2015-16 and onwards will be prepared on SAP. Further, BSNL uses a number of customized software for recording, analyzing calls and data.

4. INDIAN ACCOUNTING STANDARDS (Ind AS) IN BSNL

BSNL is preparing to adapt its accounting with the Ind AS and will prepare its books of accounts in conformity with Ind AS from 1st April 2016 or a date notified in this regard.

5. INTERNAL AUDIT IN BSNL

From the Year 2015-16 the Company envisages to totally revamp the system of Internal Audit to make it more effective. The Company is taking following major initiatives:

1. Extending the eligibility conditions for participation by Cost Accountant Firms.
2. Making Internal Audit Centrally controlled.
3. Restructuring the Scope of Work of Internal Audit.

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 CLUSTERS

The list of Internal Audit Clusters is as per **Annexure 'B'**

8. ELIGIBILITY CONDITIONS

The firm should possess following eligibility conditions as on 31st March 2015:

- (i) The Firm should be either Chartered Accountants or Cost Accountants Firm (Partnership/Limited Liability Partnership).

- (ii) The Firm or any of its partners should not be associated with BSNL in any professional capacity.
- (iii) The firm should be in existence for at least last 15 years.
- (iv) There should be at least 6 partners and 8 fully qualified assistants in the Firm.
- (v) The partners and fully qualified assistants should be associated with the Firm for not less than 3 years.
- (vi) The Firm should have Internal Audit/Statutory Audit experience of at least 10 years.
- (vii) The Firm should have Internal Audit/ Statutory Audit experience of public sector undertaking(s) having turnover of Rs. 250 crore or more for at least two years out of the latest 5 years.
- (viii) The turnover of the Firm for the past three consecutive years should not be less than Rs. 50 lakh p.a.
- (ix) At least one office of the Firm should be located in the city where the Nodal office of the Cluster(s) is located for which the Firm intends to apply.
- (x) Preference will be given to the Firms having:
 - a) Internal/Statutory Audit experience in the Telecommunication sector
 - b) Professional association 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 Cluster 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 such defaulting Firm who refuses to take up the assignment is liable to be **revoked** by BSNL.
- (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

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 three years, on the same terms & conditions and the fee, 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 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 Cluster. However, maximum 2 Clusters can be allotted to one firm.
- vii. The appointed Firm will be debarred from getting, in future, any work in BSNL in the following cases:
 - (i) If it is found that the Firm has obtained the appointment on the basis of false information, false statements, misrepresentation, unfair means and solicitation.
 - (ii) If the Firm does not take up the assigned work in terms of appointment.
 - (iii) If the Firm does not submit the report completed in all respect in terms of appointment.
 - (iv) 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 Cluster(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:

- i. 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 – 30th September	Phase IV	1st January – 31st March

- ii. 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.
- iii. The Audit should start within twenty one (21) days of quarter ending and should complete in twenty (20) working days. *(Except 1st two quarters of 2015-16).* For example, audit for the Phase III (Oct – Dec 2015 quarter) should start latest by 21st Jan 2016 and should complete within 20 working days.
- iv. 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.
- v. The aforesaid report should be submitted in hardcopy to i) the Chief General Manager of Circle and ii) Corporate Office. Soft copy of Audit Report should also be shared invariably.
- vi. 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 cluster(s) as a whole and not for individual circles included in it for one year. The indicative fee for each cluster 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. The validity of the financial bid should be up to 31st Dec, 2015. 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 cluster separate sheet should be used for each cluster 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 Nodal Circle of the Cluster concerned as indicated in Annexure B.
- ii. 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 Nodal Circle.
- 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 up to 31st Dec 2015 as earnest money for each Cluster applied for, in the format provided in **Annexure 'F'**.
- 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 Cluster 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 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 lateron.
- v. Without prejudice to its rights of any other remedy, BSNL shall en-cash 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
- vi. The bidder shall extend the validity of the BG on yearly basis or as directed by 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 various Circles in BSNL for the Financial Year 2015-16 to 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.

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

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 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.
- (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. For the F Y 2015-16, 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.

(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 send to Corporate Accounts section of Corporate Office.

Annexure - B

Details of BSNL Circles, Internal Audit Clusters and Indicative fees

S. No.	Audit Cluster No.	Circle Name	Circle HQ Location	Nodal Circle	No. of BAs/ PAUs	All Inclusive Indicative I.A. Fees
1	2	3	4	5	6	7
1	1	Gujarat Telecom	Ahmedabad	Gujrat Telecom	18	1600000
2	2	Haryana Telecom	Ambala	Haryana Telecom	10	1150000
3	3	Assam Telecom	Guwahati	Assam Telecom	8	700000
4	4	North-East Telecom - I	Shilong	NE I Telecom	4	850000
5		North-East Telecom - II	Dimapur		4	
6		Task Force, Guwahati	Guwahati		1	
7	5	Karnataka Telecom	Bangluru	Karnataka Telecom	23	1900000
8		Quality Assurance	Bangluru		1	
9	6	M P Telecom	Bhopal	MP Telecom	10	2000000
10		Chattisgarh Telecom	Raipur		4	
11	7	Odisha Telecom	Bhuvneshwar	Odisha Telecom	10	1150000
12	8	Punjab Telecom	Chandigarh	Punjab Telecom	12	1150000
13	9	Tamilnadu Telecom	Chennai	Tamilnadu Telecom	18	2200000
14		Chennai Telephones	Chennai		5	
15	10	Project Chennai	Chennai	Project, Chennai	4	500000
16		Maintenance Chennai	Chennai		5	
17	11	Project New Delhi	Delhi	Project, New Delhi	5	1000000
18		Maintenance Delhi	Delhi		10	
19	12	Data Networks	Delhi	BSNL HQ	2	500000
20		NCES	Delhi		1	
21		BSNL HQ (CA, PAO & Banking)	Delhi		2	
22	13	Andhra Telecom	Hydrabad	Andhra Pradesh Telecom	23	2400000
23		NATFEM, Hyderabad	Hydrabad		1	
24	14	Telecom Factory Jabalpur	Jabalpur	Telecom Factory, Jabalpur	4	500000
25		T&D Circle, Jabalpur	Jabalpur		1	
26		BRBRAITT, Jabalpur	Jabalpur		2	
27	15	Rajasthan Telecom	Jaipur	Rajasthan Telecom	25	1800000
28	16	Kolkata Telephones	Kolkata	Kolkata Telephones	5	950000
29		Telecom Stores, Kolkata	Kolkata		1	
30		Telecom Factory, Kolkata	Kolkata		4	
31	17	West Bengal Telecom	Kolkata	West Bengal Telecom	8	1100000
32		A & N Telecom	Port Blair		1	

33	18	Project, Kolkata	Kolkata	Project Kolkata	4	800000
34		Maintenance, Kolkata	Kolkata		8	
35	19	U.P.East Telecom	Lucknow	UP East Telecom	15	2050000
36	20	U.P.West Telecom	Meerut	UP West Telecom	13	2150000
37		Uttaranchal Telecom	Dehradun		7	
38		ALTTC, Ghaziabad	Ghaziabad		1	
39	21	Maharashtra Telecom	Mumbai	Maharashtra Telecom	32	2150000
40		Telecom Factory Mumbai	Mumbai		1	
41	22	Project, Mumbai	Mumbai	Project Mumbai	8	800000
42		Maintenance, Mumbai	Mumbai		4	
43	23	Bihar Telecom	Patna	Bihar Telecom	8	1700000
44		Jharkand Telecom	Ranchi		5	
45	24	J & K Telecom	Jammu	Himachal Telecom	4	1100000
46		Himachal Telecom	Shimla		6	
47	25	Kerala Telecom	Trivendram	Kerala Telecom	12	1300000
Total all inclusive indicative Internal Audit Fees					360	33500000

Annexure - C

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

DGM (CA-II),
Room no. 118, BSNL Corporate Office,
Bharat Sanchar Bhawan,
H.C. Mathur Lane, Janpath,
New Delhi - 110001

Whereas..... (Name of the bidding firm) (hereinafter called "the Firm") has submitted its bid dated.....for conducting Internal Audit of BSNL vide EOI No. 700-55/BSNL/2015-16/CA/I.A. dated 13.08.2015

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. 30,000/- (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 till 31.12.2015 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 C.O." payable at New Delhi.

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 :

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