

**ARTIFICIAL LIMBS MANUFACTURING CORPORATION OF INDIA**  
**G T Road, Naramau, Kanpur – 209217**  
**“TENDER DOCUMENT”**  
**of Tender No. Internal Audit/14-15/ dated: 09.10.2014 Due on 30.10.2014**

**Date :**

To,  
M/s \_\_\_\_\_  
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Dear Sir,

Sealed Tender are invited for the internal audit assignment as per details indicated below:-

**01. SCOPE OF WORK:**

1.1 The Scope is as per the check list provided in Annexure “A”.

**2.0 ELIGIBILITY OF TENDERER:**

2.1 The conditions of eligibility and the deliverables are given in Annexure “B”.

**3.0 INSTRUCTIONS TO TENDERERS:**

3.1 Sealed tenders are to be submitted under Two Bid (Technical & Price Bid) System. “Technical Bid” should be put up in one sealed envelope and “Price Bid” should be put in separate sealed envelope and both the aforesaid sealed envelopes should be put in third bigger sealed envelope. On each of these three sealed envelope, the Name of the Tenderer/Firm, Tender No., Tender Due Date and “Technical Bid”/”Price Bid” (as the case may be) on respective envelope containing such bid should be clearly mentioned.

3.2 The envelop marked “Technical Bid” should contain following:

- (a) Tender fee of Rs 250.00 in form of DD/Pay Order in favour of “Artificial Limbs Manufacturing Corporation of India” payable at Kanpur – Mandatory.
- (b) Certified copies of Certificate of Practice issued by respective Institute - Mandatory.
- (c) Brief write up (Bio Data/Resume) on the constitution of firm, its partners with their Membership No. and experience, the details of the paid staff/articled clerks , Audits being handled presently (whether statutory, cost , stock , concurrent) and other relevant details the bidder considers necessary to indicate- Mandatory.
- (d) Details of the firms registration with C&AG – Preferable but not mandatory.
- (e) Recommendations of major clients, if any – Preferable but not mandatory.
- (f) A signed copy of Annexure A and Annexure B accepting the scope as per check list and broad deliverables to this tender – Mandatory.
- (g) Service Tax Registration Certificate – Mandatory.

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3.3 The envelop marked "Price Bid" should contain following:

- (a) Rates for the assignment clearly specifying the rate quoted in figures and in words and taxes, if any should be spelt out clearly. In case no tax is quoted the rates shall be presumed to contain taxes also. The rates quoted shall contain breakup of audit fees center wise also i.e. for Head Quarter, for all AAPCs mentioning name and all RMCs mentioning name. There shall be a uniform rate for all the three years and no revision shall be permissible.
- (b) Billing shall be done after submission of audit reports in time and should be in conformity with the location wise rates quoted along with location wise audit report.

3.4 Tenders containing 'T'-Bid and 'P' Bid must reach the office of the undersigned **by 1400 hrs. on 30.10.2014** and the 'T' bid will be opened by the tender opening committee of the Corporation on the same day at 1530 hrs. in the presence of the authorized representatives of firms who may like to be present. No tender shall be acceptable after the due date and time. The firms shall only be responsible for any delay caused during the delivery of tender submitted by post/courier. In case, the last date of submission/opening of tender is declared holiday, the same shall be extended to the next working day automatically without any change of timing of submission/opening of tender.

3.5 The names of the firms qualifying for P Bid opening shall appear in the website of the corporation ([www.alimco.in](http://www.alimco.in)) by 3<sup>rd</sup> November 2014 also giving the date of opening of P Bid ("Price Bid")

#### **4.0 SECURITY DEPOSIT:**

4.1 For fulfillment of the contractual obligation of Internal Audit assignment, the successful firm shall deposit Security Deposit of 5% of the total value of job awarded.

4.2 The Security Deposit shall be refunded on successful completion of the assignment.

#### **5.0 VALIDITY OF OFFER/QUOTATION:**

5.1 The offer/quotation submitted against this Tender shall be valid upto 90 days from the date of opening of the "Price Bid".

5.2 The Tenderers shall be bound by terms of this tender documents, if notification of acceptance of the offer against this tender is issued within the validity period.

#### **6.0 GENERAL TERMS & CONDITIONS OF TENDER:**

6.1 The terms of this tender including the terms of payment will not be relaxed.

6.2 Any offer submitted against this tender in deviation from the terms of this tender will stand rejected.

6.3 The successful firm shall not sub - contract the internal audit assignment.

6.4 All entries in the offer shall be either typed or neatly hand written. Tenders having over writings/fluid application/cutting etc. without proper authentication will be rejected.

6.5 Conditional Offer / Quotation shall not be acceptable.

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**7.0            ARBITRATION:**

- 7.1      If any dispute/question or controversy arises in respect of or arising out of the assignment / Job Work Contract, the matter in dispute shall be referred to the arbitration of the Chairman & Managing Director of ALIMCO or its nominee and the decision of the Chairman and Managing Director or nominee shall be final and binding on both the parties.
- 7.2      The provision of the ARBITRATION & CONCILATION ACT, 1996 as amended from time to time shall apply to such arbitration proceedings.
- 7.3      Arbitration proceedings shall be held at Kanpur only and the Kanpur City Court will have the jurisdiction in the matter.

**Dy. General Manager (Finance)  
ALIMCO, KANPUR**

**ARTIFICIAL LIMBS MANUFACTURING CORPORATION OF INDIA,  
KANPUR**

**CHECK LIST FOR CONDUCTING INTERNAL AUDIT**

1. The Scope of Internal Audit will extend to all areas. The Auditors shall be required to give specific information/comments, on the following areas mentioned in the check list for the Management to exercise control. However, the scope of the work will not be limited to the check list only.
2. The Internal Audit report should bring out the facts specifically in relation to any point and be accompanied by constructive suggestions for improvement of systems, procedures, internal checks and controls.

**CHECK LIST**

**1) COMPLIANCE WITH THE PROVISIONS OF LAW:**

The Internal Auditors will be required to comment on the compliance with the Provisions of law like Companies Act, Income Tax Act, Central Excise, Service Tax, VAT and other statutory obligations like timely submission of various returns and deposit of taxes etc.

- 2) The Internal Auditors will be required to check all payments.

**3) RAW MATERIALS, STORES, SPARES AND PACKING MATERIALS:**

a) Purchase and Payment:

- i) Scrutinize the procedure for raising indents, inviting quotations Preparation of comparative charts, recording of minutes of purchase.
- ii) To check payment vouchers in regards to rates, weight and calculation of amount etc. It is also to be seen whether the charges like transportation, packing and taxes etc. are paid in accordance with the terms of purchase orders and the same are reasonable.
- iii) To check that the rejected material is returned to the suppliers timely and credit note obtained.
- iv) Review of suppliers' Accounts and report that the advance payments are timely adjusted.

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b) Price Store Ledger:

- i) To check the receipts and issues quantities with reference to the purchase order, GRNs and issue vouchers.
- ii) To check whether materials have been consumed as per the laid down standard. The major variation should be highlighted
- iii) To check records for issue of materials for job work and receipt thereof. Periodical confirmation from the parties should also be verified.
- iv) To carry out selective physical verification of store on analysis based report on deficiencies.
- v) To report whether physical verification on perpetual inventory basis is being carried out by the Official authorized for the purpose.
- vi) To report whether investment in inventory is optimum.
- vii) To report on slow moving and non moving inventory and adequacy of provision thereof.

4) **SALE OF FINISHED GOODS AND SCRAP ETC. :**

- i) To check that the invoices are raised within a reasonable time after preparation of packing list and dispatch of goods.
- ii) To report whether the invoices have been sent to bank/parties within a reasonable time for payment.
- iii) To check whether the invoices are raised as per the latest price list/agreed terms and conditions.
- iv) To report whether the generation of scrap is as per the norms and are properly segregated and kept.
- v) Verification of scrap disposal records.

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- vi) To report whether the labour charges, material charges by APOC, printing charges by Press, and administrative charges for bilateral agreement are realized in time.
- vii) Whether the ADIP/SSA subsidy has been properly utilized as per the norms given by the Ministry of Social Justice & Empowerment, Government of India and to check whether claims are reimbursed in accordance to scheme.
- viii) Reconciliation of advances recovered, vis-à-vis, adjustment towards Sundry Debtors, UCs outstanding etc.

**5) DEBTORS, LOANS & ADVANCES:**

- i) Age-wise analysis of debtors and steps taken to realize the debtors should be commented upon.
- ii) Whether interest has properly been charged to the parties account in case of late payment.
- iii) In regard to advances, to see whether it is in accordance with the term/policy of the Corporation and also verify the timely recovery/adjustments thereof.
- iv) To report the advances including staff advance, outstanding for more than two months.
- v) Are the balances, outstanding in debtors list, supported by the bill-wise details and advances by the purchase order-wise details?
- vi) Do the balances include any amount disputed by the parties/staff?
- vii) Have the balances being got confirmed from time to time?
- viii) Are the sub-ledgers of debtors/advances reconciled with the control account in general ledger from time to time?

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**6) CASH/BANK LIMIT:**

- i) In regard to payment to suppliers maximum credit limit should be availed of i.e. full advantage of the time limit prescribed for payment bills should be taken. This should be verified and reported.
- ii) Physical cash balance should be verified during the course of audit.
- iii) This should be reported whether unit has proper system of checking of bank interest and charges and if any discrepancy is found the same should be reported.
- iv) The internal Auditors will also see that bank reconciliation is prepared every month regularly and necessary adjustment entries are passed without delay.

**7) CREDITORS:**

- i) Is the sub-ledger reconciled with the control A/c in General Ledger?
- ii) Have the balance being got confirmed?
- iii) Is there any dispute regarding any amount?
- iv) Are the liabilities supported by the details?
- v) Are the credit balances supported by bill-wise details?

**8) CONSTRUCTION WORK/ CAPITAL EXPENDITURE :**

Internal Auditors should report on the procedure of purchase of material and maintenance of records of civil items as to their consumption and stock. They should also report whether periodical consumption statements have been given by civil department to accounts department and necessary accounting entry has been passed. They should also report whether completed buildings have been capitalized properly.

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9) **WAGES & SALARIES:**

In regard to wages, the Internal Auditors should verify the following points:

- i) Whether increments/advance increments granted to staff are being sanctioned as per the power delegated.
- ii) To report whether proper accounting for due wages & salaries is done. Un-paid wages are properly recorded & reconciled and paid only after obtaining application and sanction and verification.
- iii) To check leave records, attendance records, service records, list of absentees, surprise check of persons actually present in comparison to the recorded one.
- iv) To check all full and final settlements.
- v) To check deduction from salary towards pension contribution and subsequent payment, along with employer contribution together with arrear, to LIC.
- vi) To check Income tax deposited on account of pension contribution together with arrears of contribution.

10) **POWER & FUEL :**

- i) Auditors should comment upon any additional charges included in the bills of power relating to earlier period specifying the nature thereof.
- ii) Check the power bill as per tariff and other applicable rates & comments thereon.

11) **TRANSPORT COST :**

- i) Verification of transport cost scrutiny of contracts for transportation etc.
- ii) Is the corporation paying any penalties for late collections?
- iii) Recoveries towards damaged goods-in-transit.



**12) INSURANCE :**

Verification of adequacy of insurance cover in respect of cash in transit and all assets, delays, if any in making insurance claims and outstanding claim. This is to be insured & reported that in case of declaration policies monthly declaration to Insurance Company, has been furnished by the units and adjustment of the premium at the end of policy period has been obtained from the Insurance company.

**13) M.I.S. :**

- i) All information furnished in the M.I.S. report should be verified with the books and records.
- ii) Monthly Grant Utilization Statement being prepared by Marketing and Marketing Finance.
- iii) Have the clarifications sought for/objections raised by the Ministry dealt with?
- iv) Is the production according to target? And whether the issues reported are as per norms of Bill of Material.
- v) Utilization of Tool Room/Printing Press/A.P.O.C.

**14) PHYSICAL VERIFICATION:**

- i) Physical verification of cash, fixed assets, FDRs inventories and W.I.P. should be carried out on A B C Analysis basis and the deficiencies should be reported.
- ii) Have the discrepancies pointed out are properly dealt with in the books of account.
- iii) To report whether investment in inventory is optimum.
- iv) To report on slow moving and non moving inventory.
- v) Obtaining confirmation from Banks for FDRs issued by them.

**15) MISCELLANEOUS:**

- i) Are the irregularities/adverse features pointed out in the previous reports still persisting?
- ii) Have the relevant provisions of Income Tax Law, Company Law, Provident Fund, VAT, Service Tax, E.S.I. and Sales Tax Acts been complied with. If not, contraventions with details may please be reported.
- iii) Is the maintenance of books of accounts proper and satisfactory?
- iv) Are the books of accounts and the memorandum records like Fixed Assets Register/Records and stock records updated? If not, arrears may please be reported.
- v) Have the directions of CAG been complied with?
- vi) Are the returns/reports submitted to the authorities/Ministries/top management are correct and in time?
- vii) Is the Monthly Trial Balance for the immediately preceding month ready? If not arrears may please be reported?
- viii) Is the Internal Control in all areas adequate with specific report on purchase of material and fixed assets and sales and receipt & issues of materials? If not, weaknesses with the suggestions may please be reported.
- ix) Is the trend of revenue and expenditure in accordance with the last year figures? Variances exceeding 10% may please be reported?
- x) Are there major variances in comparison with the immediately preceding quarter? If yes, the same may please be reported?
- xi) Have the procedures and systems laid down by the Company with regard to purchase, sales etc. been strictly adhered to? If not, deviations may please be reported.

**16) RECOMMENDATIONS FOR POTENTIAL IMPROVEMENTS:**

**17) AUDITORS COMMENTS ON FOLLOW UP:**

**18) ANY OTHER OBSERVATION/ RECOMMENDATION:**

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## Annexure "B"

### **Requisites of a firm applying for engagement as Internal Auditor for Financial Year commencing from 2014-15.**

1. The firm should be a firm of practicing Chartered Accountants/Cost Accountants holding Certificate of practice from respective institutes.
2. The firm should have experience of carrying out similar light Engineering Industry.
3. The firms quoting have to give quotes considering that the appointed internal auditor shall cover audit of Head Quarter , AAPCs at Jabalpur, Bangalore, Bhubaneswar and Chandalon and for RMCs at Mumbai, Kolkatta and New Delhi. Travel tickets 2<sup>nd</sup> AC for Partners and 3<sup>rd</sup> AC for trained staff/articled clerks shall be reimbursed by the corporation. The audit plan should be framed in such a way that the travel tickets are booked well in advance and necessary reimbursements shall be given. **Air Travel with prior intimation in case of exigencies only with proper approval is admissible.**
4. The firm should have at least 2 partners and at least 6 trained staff/article clerks as the firms would be required to travel extensively for conducting audits at Head Quarter, AAPCs and RMCs.
5. The firms audit plan shall be as follows:-
  - a) For Financial year 2014-15

The audit shall commence within a week from the acceptance of appointment with selected firm giving a detailed audit plan & travel plan and continuous audit covering Head Quarter, All AAPCs and RMCs covering all visits as envisaged for future years should be ensured. The Audit Report for the financial year should be given by auditors on or before 30<sup>th</sup> April 2015.

- b) For Financial Year 2015-16 and thereafter

For every quarter, audit plan should be prepared in such a way that the audit reports are given within 10 days of end of the quarter and consolidated report is given within 20 days of end of the quarter. For each financial year, there should be at least 1 visit to RMCs , 2 visits to each AAPC and a dedicated team for Head Quarter.