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**Sub.: Notice Inviting Tender- Hiring Chartered Accountants firms or Cost Accountants firms for Internal Audit of BBNL for FY 2018-19.**

Bharat Broadband Network Limited (BBNL), a wholly owned Govt. Undertaking, had been incorporated on 25.02.2012 under the Companies Act, 1956. BBNL had been formed as a Special Purpose Vehicle (SPV) for establishment, management and operation of BharatNet (formerly, National Optical Fibre Network), which has been envisaged by the Government of India to provide high speed broadband connectivity to all Gram Panchayats of the country. The website of BBNL ([www.bbnl.nic.in](http://www.bbnl.nic.in)) may be visited for more details.

2. The BBNL invites proposal from interested and experienced **Chartered Accountant firms or Cost Accountant firms** who have minimum Ten years' experience of Audit, including at least 3 years' experience in Internal Audit in Public Sector Undertakings. The minimum Partners in the firm should be 5, out of which, 3 must be **FCA / FCMA**. The bidder firm should have Head office in Delhi. The proforma for submitting proposal is enclosed vide **Annexure-I**. Compliance of these three conditions would establish the bidder's eligibility for consideration of its financial quote/bid.
3. The scope, periodicity, functioning & methodology of Internal Audit Works are mentioned vide **Annexure -II**.
4. Interested bidder firms may send their sealed quotation in the enclosed Performa (Part-B of Annexure-I) along with the cost of tender document for Rs.590/- and EMD of Rs. 8400/- separately in the form of **Demand Draft** payable at **New Delhi** in the name of **"BBNL Collection Account"** along with acceptance of terms and conditions enclosed as **Annexure- III**, on or before 20<sup>th</sup> September, 2018 upto 3 P.M. positively in the office of:  
  
**The CGM (Audit),  
BBNL, C-DOT Campus, 3<sup>rd</sup> Floor, Mandi Gaon Road,  
Mehrauli, New Delhi-110030.**
5. The Quotes submitted after the stipulated time and date, shall not be considered.
6. The bidder should sign each and every page of NIT and enclose the same with its proposal / bid.
7. BBNL reserves the right to cancel / reject any or all quotations received against this Tender Enquiry without assigning any reason.

Sr. No.	Activity / Item Description	Time Schedule
1	Tender No.	100-2/BBNL/CA/ Internal auditor/2016/78 dated 04.09.2018.
2.	Time and last date of depositing Tender/Bid	15:00 hours of 20.09.2018
3.	Time and date of Opening of Tender / Bid	15: 30 hours of 20.09.2018
4.	Minimum Validity of Tender offer	30 days from the date of opening
5.	Service to be offered	Internal Audit work of BBNL for FY 2018-19
6.	Estimated Cost of Tender	Rs. 4,20,000/-
7.	Amount of EMD to be Deposited	Rs.8,400/-
8.	Duration of Contract	From the date of award of work till the completion of Internal Audit for FY 2018-19. The term is extendable for a further period of one financial year, if felt necessary by BBNL, on the same rates, terms & conditions.

Encl: Annexure-I, II & III

  
 (Deepak Kumar)  
 Chief General Manager (Audit)

**Annexure- I****PROFORMA****Part- A****Bidder's Profile:**

1	Name of the Firm	
2	GST Registration No.	
3	Address of Head Office & Branch Office, if any	
4	Date of Formation/ Incorporation along with certificate	
5	Name of Partners and their Qualifications	
6	Staff strength	
7	Experience details of the Firm in PSUs along with documentary evidence	
8	Any other details	

**Part B****Financial Quote by bidder**

Sl. No.	Description of Work	Fee (Per annum)	Tax	Total
1	Internal Audit Work of Four Quarters of FY 2018-19 to be performed as per Annexure-II			

**Place:****Date:**

(Sign)  
Authorized Signatory  
(Name of the Firm)

**Scope, Periodicity, Functioning & Methodology of Internal Audit Work**

**A. Scope of Internal Audit work:**

- 1. Accounting:**
  - Whether accounting is done on accrual basis, following Indian GAAP, Indian Accounting Standards, Accounting Standard & significant accounting policy of the Company and enforced by any Statutes, Law and Act. The Internal Auditor has to ensure that all amounts (receipts, payments, JVs etc.) are recorded in correct Head of Account.
- 2. Memorandum of Understanding, Agreements and related amendments entered into by BBNL with the Government of India through Administrative USOF:**
  - Whether transaction occurred, as a result of above mentioned MoU & Agreements, are as per terms and conditions of the said MoU, Agreements and company is complying with all the terms and conditions of the MoU and Agreements.
- 3. MoUs, Agreements and amendments with BSNL, PGCIL, Railtel regarding execution of BharatNet Project:**
  - whether transactions originated, as a consequence of above mentioned Agreements, fulfill the terms and conditions of the agreements in questions; advances paid & adjusted as per MoUs & Agreements; un-adjusted advances are monitored by the company on regular basis in order to adjust such pending advances; expenditure capitalized promptly; and also, the terms and conditions of the agreements are properly complied with by all concerned.
- 4. MoUs, Agreements entered into with concerned authority like States and States Agencies for BharatNet Phase-II:**
  - Whether transaction originated, as a consequence of MoU/Agreement of BharatNet Phase-II, fulfill the terms and conditions of said Agreement/MoU.
  - Whether terms and conditions of MoU/Agreements are promptly followed/complied with by all concerned of BBNL.
  - Whether separate accounts are kept for BharatNet Phase-II.
- 5. Review of transactions w.r.to MoUs/ Agreements of BBNL:**
  - Whether transactions emanated out of such MoUs, Agreements, Lease Deeds etc. and Agreements entered or to be entered during FY 2018-19 comply with the terms and conditions of said Agreements.
  - Whether applicable taxes have been accounted correctly and timely
  - Whether security deposit given/ taken, if any, is accounted properly
  - Whether Advances given, if any, is adjusted promptly by making contra entry against proper Head i.e. CWIP, Fixed Asset, Inventory etc.'
  - Whether un-adjusted advances are monitored by the company on regular basis for the purpose of prompt adjustments / recovery.
  - Whether all terms and conditions of the Agreement and properly complied with by all concerned.

**6. Review of all APOs, Purchase Orders, Work Orders, related amendments and Service Level Agreements, if any:**

- Whether liability is created promptly on receipt of acknowledged challan (through which material / service has been supplied / provided) and based on terms and conditions of Tender, APOs, POs & WOs; and such liability is accounted promptly.
- Whether applicable taxes and duties including Cenvat credit, if any (capital goods, inputs, input service) are accounted properly and timely.
- Whether valuation of inventory is done as per applicable Accounting Standard/ policy of BBNL.
- Whether Priced Inventory Ledger is properly maintained for inventory purchased by BBNL directly and also by BSNL, PGCIL & Railtel & others on behalf of BBNL for execution of BharatNet Project.
- Whether Stock register for consumables is properly maintained.
- Inventory / Stocks is physically verified and difference, if any, is settled and adjusted.
- Whether Advances given for supply of manpower is adjusted promptly and un-adjusted advance is monitored by the company on a regular basis
- Whether any order has been placed on Micro, Small & Medium Enterprises which are covered under MSMED Act 2006 and in such cases whether the company is complying with provisions of the Act.

**7. Checking of voucher:**

- 100% Vouching are to be done.
- Deviation/ error, if any, found may be incorporated after rectification in Accounts.
- Whether the transaction in question has taken place as per terms and conditions approved by the company.
- Whether liability is created promptly for the transaction and accounted in the month in which the same occurs.
- Whether applicable taxes have been accounted correctly and promptly.
- Whether advances given, if any, earlier for the transaction in question adjusted against the claim.
- Whether classification & grouping of transaction is made as per revised schedule
- Whether journal vouchers and corresponding payment vouchers, if any are generated.
- Whether supporting documents are attached with the Vouchers or not.

**8. Checking of employees' remuneration & benefit for the entire financial year:**

- Whether remuneration and benefits have been extended as per approved policy of BBNL.
- Whether liability is accounted promptly through Journals immediately.
- Whether all TDS, Professional Tax, statutory deduction and other deductions (included advance) as per policy of the Company are made from the entitled remuneration & benefit; relevant schedules are prepared; deducted amounts are remitted within due dates and reconciliation in this regard has been made on monthly basis.
- Whether other benefits (Accommodation, vehicle, telephone etc.) extended to the employees (not route through pay bill) are accounted on monthly basis and payments to relevant organization are related party is made promptly and reconciled.

- Whether Recovery register (showing all types of dues to be recovered from the employees) is maintained and properly updated; recovery is done promptly and reconciliation is done.
- Recovery of leave salary and encashment of leave salary is made from the concerned authority in respect of employees on deputation.
- Whether employees' remuneration & benefits are classified as per policy of BBNL such as expenses, direct overhead, indirect overhead- to be checked by the Auditors while conducting audit for the last phase.
- Pension contribution, leave salary contribution, Gratuity are properly worked out, accounted and paid to concerned authority within due date - to be checked by the Auditor at the last phase.

**9. Checking of various types of Advances (including Imprest & Temporary Advance) given to employees:**

- Whether Advance is paid as per policy of BBNL.
- Whether advance register (separately for each type of advance) is maintained and the same is properly updated.
- Whether Broadsheets for loans and advance are maintained and reconciled.
- Whether advance is properly adjusted within due date.
- Whether interest is charged and accounted in case of delay in submission of bills.

**10. Investment of excess fund:**

- Whether excess fund is invested as per policy framed by the company
- Whether Interest earned on fund invested is as per terms and conditions of investment mutually agreed by BBNL and the Banks / Financial institutions
- Whether Interest earned on investment is properly accounted as per policy of BBNL
- Whether Investment Register is maintained and properly updated.

**11. Statement of Revenue & License Fee:**

- Whether revenue is properly recognized in Financial Statement.
- Whether taxes as applicable is properly paid or accounted for in Financial Statement.
- Whether quarterly statement of Revenue & License Fee is compiled correctly and payment is made with due date.
- Whether Quarterly Statement of Revenue and License Fee is submitted to Licensor, TRAI within due date.

**12. Taxes & Duties:**

- Whether Registration with concerned State / Central Govt. Authorities, Local Authorities if any done wherever required.
- Checking full tax compliance under GST, including claim of input tax credit month wise and state wise.
- Checking books of account's conformity with state wise monthly GST returns.
- Checking whether proper books of accounts are maintained under GST Act in each state.
- Check & provide details of any input tax credit on block items.
- Check delay in payment beyond 180 days of the invoice & reversal of input tax credit.
- Check issuance of ARV for any advances received.
- Reconciliation of GSTR 2A with books of accounts.

- whether recovery, accounting, deposit / remittance / payment, adjustment of various types of statutory dues as mentioned below are done on time
  - TDS, Professional Tax
  - EPF
  - GST, RCM, Cenvat Credit
  - Other applicable rates and taxes
- whether submission of all applicable Returns (original and revised if any) within due date.
- Checking of Estimated Advance Income Tax.
- Checking of insurance of vehicle taken on lease.

**13. Fixed Asset:**

- Whether Assets are capitalized (taken in accounts and entered in Fixed Assets Register) immediately as the same are ready for use.
- Whether valuation of assets has been done as per relevant provisions of Accounting Standard 10, 16 & 26 and significant accounting policy of the Company and taking into account the overheads (directly and indirectly allocable).
- Whether Asset Register is maintained for asset pertaining to BharatNet and other assets and Fixed Asset Register is updated promptly.
- Whether depreciation on fixed assets is charged as per terms and conditions prescribed in Schedule II of the Companies Act, 2013 / significant Policy of BBNL.
- Whether physical verification of asset has been carried out, difference if any, (as per books-accounts and asset register; and physical) has been sorted out and settled- to be checked by the auditor while conducting audit at the last phase.

**14. Review of Debtors Ledger**

- Whether action is taken for recovery of outsourcing debtors.

**15 Review of Creditors Ledger (Supplier, Service Providers, Contractors etc.) to check:**

Whether any party i.e. supplier / service provider is covered by provision of MSMED Act, 2006 and if so whether the company has complied the provisions of the Act.

**16. Review of Register of EMD, SD, Bank Guarantee etc. prepared by BBNL.**

**17. Bank Book** – whether proper and prompt entry is made; Bank book is reviewed by competent authority; bank reconciliation of all the Banks is done on monthly basis.

**18. Time barred / stale cheque / cancelled cheque register**

- Whether entry is made promptly in the register
- Accounting entry, if any, is made simultaneously.

**19. Review of monthly Trial balance and its finalization after rectification.**

**20. Checking the system followed by the company for accounting and financial control**

- Whether effective, proper and appropriate.

**21. Whether internal control system is adequate, effective and proper.**

22. Checking of action taken by the management in order to settle all observations made by the Statutory Auditor on the annual financial statement of the Company, by the Director General Audit and C&AG while carrying out transaction audit, supplementary / test audit.
23. Internal Audit of transaction not mentioned at SL 1 to 22 above, and transaction not occurred up to 2017-18 but occurred in the current financial year.
24. To appraise BBNL Management of latest Updates / Amendments in various Acts/statutes/Law from time to time as applicable to BBNL and its implication with reference to BBNL.
25. Report on Physical Progress of BharatNet Project.

**B. Periodicity of Internal Audit for FY 2018-19.**

1. The Internal Audit will be carried out by the Internal Auditor on quarterly basis as per detailed below:  
1<sup>st</sup> Quarter – covering transactions occurred from 1<sup>st</sup> April, 2018 to 30<sup>th</sup> June, 2018  
2<sup>nd</sup> Quarter – Covering transactions occurred from 1<sup>st</sup> July, 2018 to 30<sup>th</sup> Sept, 2018  
3<sup>rd</sup> Quarter – Covering transactions occurred from 1<sup>st</sup> Oct, 2018 to 31<sup>st</sup> Dec, 2018  
4<sup>th</sup> Quarter – covering transactions occurred from 1<sup>st</sup> Jan, 2019 to 31<sup>st</sup> Mar, 2019
2. The Internal Auditor will plan the program of audit in such a way so that all the activities / operations of BBNL are covered by internal audit.

**C. Functioning of Internal Audit for FY 2018-19:**

1. Internal Audit will be carried out as per ICAI's guidelines and requirements of Companies Act. The Internal Auditor will also function as per guidance issued, if any, by the BBNL Board.
2. Since accounting work of BBNL is centralized at headquarter i.e. in Corporate Office, and no books of accounts are maintained at Zones & PMU offices, Internal audit work of BBNL will be carried out by the Internal Auditor only at Headquarter.
3. The audit work will cover the audit of the process, activity and operation followed /applied by concerned section of Corporate Office.
4. The Internal Auditor will address their report to the Board of Director of the Company.

**D. Composition of Audit Team:**

The composition of Internal Audit Team will be as follows:

- (a) The team will be having at least two semi-qualified staff (who has passed examination equivalent to inter-mediate, conducted by the Institute of Chartered Accountants of India / Institute of Cost Accountants of India).
- (b) The team will be headed by a qualified chartered accountant / cost accountant.
- (c) The team will function under the overall supervision of Partner of the Chartered Accountant Firm / Cost Accountant Firm engaged by the Company as Internal Auditor.

**E. Timeline for Completion of Quarterly Audit:**

Quarter	*Draft Report submission to Management	*Submission of Final Report to Management
1st		
2 <sup>nd</sup>		
3 <sup>rd</sup>		
4 <sup>th</sup>		

\*To be communicated after finalization of tender.

**F. Compliance of the observations made by the Internal Auditor which are reflected in the draft quarterly audit report**

The Internal Auditor will see / ensure to the extent possible that all the shortcomings / discrepancies noticed / pointed out by it while conducting internal audit, are set right / rectified by the concerned units of BBNL, and the rectifications are reflected in the quarterly final trial balance.

**G. Methodology & Execution of Internal Audit**

Before starting the actual work, the Internal Auditor will take the following action:

- Discussion with the Management the key area of audit and risk area and accordingly priority matrix, audit plan etc. will be fixed / finalized.
- Discuss with the management the policy, operational process etc. followed by BBNL.
- Will be acquainted with the Section of Corporate Office – wise and PMU-wise activity, activity owner and section head.

**H. Based on the above terms and conditions-**

- The Internal Auditor will carry out audit of transaction, operation & activity as per Audit Plan following the best industry practices and method.
- While carrying out audit the Internal Auditor will review the available policy, process, operation etc. identify the requirement of policy, match the required policy with existing policy and carry out audit based on best industry practices and method.
- The internal auditor will submit draft / interim audit report including executive summary, categorization of observations (into high, medium and low) quarter-wise.
- The internal auditor will discuss with the management the quarterly draft audit report and the compliance made by concerned sections of BBNL in respect of discrepancies pointed out while conducting audit.
- Based on discussion of draft audit report, final audit report will be submitted to the BBNL Board / Management.

**I. Management meeting**

After the end of internal audit of each quarter, present his report to the management with power point presentation to discuss any gaps in system of internal check and control & suggest remedial action.

**(A) Terms & Conditions**

- (a) The bidder's eligibility for consideration its financial bid / quote would be established on (i) Minimum 10 years' experience of Audit, including 3 years' experience in Internal Audit in PSUs; (ii) Minimum Partners in the firm should be Five, out of which, three should be FCA / FMCA and (iii) bidder's head office in Delhi.
- (b) The work shall be awarded to the lowest bidder based on the rates quoted by the bidder for the works mentioned in Part-B of **Annexure-I**.
- (c) BBNL reserves the right to award the work to any firm. BBNL also reserves the right to terminate the work by giving one-month notice.
- (d) The firm shall maintain secrecy & confidentiality of Information/Data of BBNL.
- (e) Primary records will not be taken out from BBNL office. However, back end operations/calculations/reports can be done at firm premises.
- (f) The firm will do the work under the guidance of CGM (Audit) or any other officer entrusted with the work of BBNL and the work so allotted should be in line with the Accounting policies of BBNL, Indian Accounting Standard & GAAP, General accepted auditing practices and various applicable statutes like, Income Tax, PF Act, ESI GST Act.

**(B) Responsibilities and Duties**

- (a) The Firm / Firms selected will be primary responsible for the completion of work assigned. The Scope of work, periodicity, functioning & methodology of Internal Audit, are given in **Annexure-II**.
- (b) The Persons entrusted for completion of work assigned shall be managed by the selected firm/firms.
- (c) Engagement of manpower by firm will not in any way be treated as commitment for employment from BBNL

**(C) Earnest Money Deposit (EMD):**

EMD of unsuccessful bidder will be refunded after finalization of tender.

**(D) Performance Security:**

The successful bidder shall submit Performance Security Deposit in the form of Demand Draft equivalent to the 5% of the agreed Annual fee. The EMD would be adjusted against Performance Security.

**(E) Tenure of Tender**

The contract shall be valid till the submission of final Audit Report for Q4 for FY 2018-19. The contract may be extended, if felt necessary by BBNL, on the same rates, terms and conditions for a further period of one Financial Year.

**(F) Payments Terms**

- (a) Audit Fee will be paid quarter-wise proportionately after submission of the Internal Audit Report to the Management of BBNL.
- (b) The Internal Auditor shall raise Tax complied Invoice/ bill on quarterly basis.

**(Sd/-)**

**Chief General Manager (Audit)**