

28/05/2024

Intelligent Communication Systems India Limited.

(A Joint venture of TCIL & DSIIDC)
Administrative Building
Above Post Office, Okhla Phase-III,
New Delhi – 110020 (India)

**Tender for Appointment of Audit firms for conducting Internal Audit of ICSIL for
the Financial Year 2024-25**

**Tender Reference No: ICSIL/2024-25/Internal Audit/Vol-I
Issued on: 28/05/2024**

Issued By:

Finance/MM Division

First Floor,

Tel: 011-40538951, 011-35001276

Visit us at <http://www.icsil.in>

Important Information

Name of the Work	Appointment of Audit firms for conducting Internal Audit of ICSIL for the Financial Year 2024-25
Tender Reference No	ICSIL/2024-25/Internal Audit /Vol-I
Bidding System :	e-Tender, Delhi Govt. e-portal https://govtprocurement.delhi.gov.in (Details also available on ICSIL Website www.icsil.in)
Nature of bid process	Two bid systems shall be followed; Part I shall be “Techno-Commercial Offer” and Part II shall be the “Financial Offer”.
Type of Tender	Open Tender, e-Tender(Two Bid System)
Availability of Tender document	Delhi Govt. e-Tender Portal https://govtprocurement.delhi.gov.in and website of ICSIL i.e. “ www.icsil.in ”
Issue of documents	28/05/2024
Contact person for seeking clarifications	1. Ms. Nafeesa Bano, Engineer (MM Division) 2. Mr. Mumtaz Khan, Executive (F&A) 3. Mr. Mikanshu Gola, Executive (F&A)
Contact details of the contact person	1. Email: nafeesa@icsil.in 2. Email: mumtaz.khan@icsil.in 3. Email: mikanshu.gola@icsil.in
Last date and time for submission of Bid	18/06/2024 at 15:00 hrs.
Date and Time of opening of Technical Bid	18/06/2024 at 15:30 PM
Date and Time of opening of Commercial Bid	To be communicated Later on
Earnest Money Deposit (EMD)	Rs 5,000/- (Rupees Five thousand only) in the form of DD or RTGS/NEFT in favour of Intelligent Communication Systems India Ltd., New Delhi-110020 Bank Name- INDIAN BANK Account No.- 443261152 IFSC Code- IDIB000N044 Branch- Nehru Place, New Delhi
Tender Fee	NIL

MSMe Experience for Years in Experience & Turnover	No
Start-ups Experience for Years in Experience & Turnover	No

Tenders received without EMD/inadequate EMD, shall be summarily rejected. The bidder must officially procure/download the tender documents from Delhi Govt. e-Procurement portal and ICSIL Website before the last date and time of publishing of tender document in order to bid for this tender.

MSE's having UDYOG Aadhar Memorandum and Micro & Small Enterprises (MSE's) registered with NSIC/MSME are exempted from submission of EMD/Bid Security Deposit on production of requisite proof in the form of valid certificate from NSIC/MSME for tendered items/services.

For MSE's/Start-ups, there is exemption allowed only for EMD/Bid Security however, there will be no exemption in other eligibility criteria.

Please note that official procurement/downloading of Tender document from the e-Procurement portal <https://govtprocurement.delhi.gov.in> and ICSIL website: www.icsil.in is mandatory and that the bidder will in no case be able to participate in the tender without having procured/downloaded the official copy of the tender from the e-Procurement portal <https://govtprocurement.delhi.gov.in> and ICSIL website: www.icsil.in before the due date and time for the same.

The Bidder is required to quote for the complete BOQ. Partial quotes are liable to be rejected.

TENDER ENQUIRY

1. About ICSIL

Intelligent Communication Systems India Ltd. is a joint venture of Telecommunications Consultants India Ltd. (TCIL), a govt. of India enterprise, under Ministry of Communications and Delhi State Industrial and Infrastructure Development Corporation (DSIIDC), an undertaking of Delhi government. From 1987, the year of its inception, it has provided exemplary service in providing contractual manpower to Govt. deptt., IT sector, specializing in providing complete solutions in computerization, networking and telecommunication. With a well-focused vision and a global mission, ICSIL look at greener pastures across the globe. Estimated turnover of ICSIL during the year 2024-25 will be approx **Rs. 250 Crores**.

Purpose

The Intelligent Communication Systems India Ltd (ICSIL) intends to appoint a firm of Chartered Accountants/Cost Accountants(CMA's) as its Internal Auditor(IA) for the financial year 2024-25 which may further be extended accordingly, proposal is invited from the firms of Chartered Accountants/Cost Accountants based at New Delhi/NCR.

In case of Chartered Accountants, the empanelment of the firm with CAG is required.

2. Main Objective of Internal Audit:

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

1. In addition, the objectives of Internal Audit would include advising and recommending the management for improvements in internal control and Internal financial Controls on Financial Reporting.
2. Understanding and assessing the risks and evaluate the adequacies of the prevalent internal controls.
3. Identifying areas for systems improvement and strengthening controls.
4. Ensuring optimum utilization of the resources of the entity, for example human resources, physical resources etc.
5. Ensuring compliance with internal and external guidelines and policies of the entity as well as the applicable statutory and regulatory requirements.
6. Safeguarding the assets of the entity.
7. Reviewing and ensuring adequacy of information systems security and control.

3. Scope of Internal Audit

1. This tender is an attempt to hire a Chartered Accountancy (CA)/Cost Accountant(CMA) firm as Internal Auditor to ICSIL for providing an independent Audit/Review of account works of ICSIL professionally.
2. The scope of work for the internal auditor has been given in detail in **ANNEXURE IV - Detailed Scope of Work**.
3. The empanelled firm will conduct the internal audit for the financial year 2024-25.
4. The audit work shall be undertaken at ICSIL premises only. No documents in any form shall be taken out of ICSIL building for any reason, whatsoever.

5. ICSIL can add or amend the scope of work given at ANNEXURE IV - DETAILED SCOPE OF WORK to meet the audit requirements as per the GOI rules on the subject. The firm shall also advise ICSIL from time to time on the procedural aspects in order to bring in efficiency in its work and audit, thereof.

4. Eligibility Criteria

This tender is open to Chartered Accountants/Cost Accountants firms fulfilling the minimum qualifying requirements for which documentary evidence shall have to be submitted by the bidder. No Consortium is allowed.

- a) The bidder firm should have undertaken at least two (02) Internal Audit/Statutory Audit assignments during the past 5 years in Public Limited Company having turnover not less than Rs. 100 Crore in past 5 years. The bidder shall submit letter from previous clients certifying the execution of Internal Audit assignment along with details as per prescribed format.
- b) The average annual turnover of the bidder firm should be at least Rs. 25 lakhs from services in India in the last three financial years i.e., 2021-22, 2022-23 and 2023-24. Audited balance sheets and profit & loss account statements shall be submitted by the bidder.
- c) The bidder firm should be profit making firm in two years out of last three financial years. Audited balance sheets and profit & loss account statements shall be submitted by the bidder.
- d) The bidder firm should be minimum 10 years old. Documentary evidence shall be submitted for establishing the same.
- e) The bidder firm should have a valid PAN and be registered with GST and other requirements on taxation/ legal formalities.
- f) The firm should have at least 5 nos. of CA/ICMA qualified employees (with minimum 2 partners) employed with them on its roll and all should have minimum 10 years of practicing experience as Auditor. The firm should also have at least 10 nos. of semi qualified Assistant/Articles.
- g) The bidder firm should have local offices in Delhi/Satellite town. If the bidder is not having any office in Delhi/ Satellite town, then an undertaking to be given to open office in Delhi/ Satellite town if the tendered work is awarded to them.
- h) The firm should be registered or empanelled with the Institute Chartered Accountant of India/Institute of Cost Accountants of India or C&AG.

In support of meeting the Minimum Eligibility Criteria, the applicant firm must submit the following documents as specified below:

- a. A self attested latest copy of firm constitution certificate as downloaded from the website of the Institute Chartered Accountant of India, Institute of Cost Accountants of India or C&AG containing the Unique Identification Number after Publication of this tender.
- b. A certificate from the firm to the effect that no partner of the firm has been found guilty of professional/other misconduct by the Institute of Cost Accountants of India or Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949 or is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board. In

case the firm has such partners, the firm provides details of such partners and certifies that they will not be associated with the audit in any manner;

- c. A Declaration signed by an authorized partner of the audit firm verifying that the applicant is independent of the entity to be audited that they have no relationship with the entity to be audited (in particular, the auditor should not be employed by, serve as director for, or have any financial or close business relationship with the entity during the period(s) covered by the audit or immediately thereafter for a period of two years)
- d. A Self certified statement giving the date of establishment of the branch and name of Partner/CA/CMA qualified employee in-charge of the firm.
- e. Self attested copy of Audited Balance Sheet/P&L Account of the firm for the last three financial years.

5. Terms and conditions

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

1. The appointment, for Internal Audit, is for a period of one year, on the quoted audit fees subject to satisfactory performance in the first year, the appointment may be extended on mutual agreement.
2. The scope of the Internal Audit mentioned herein this documents is illustrative not exhaustive.
3. The Internal Audit is expected to be based on sufficient verification of the aspects covered in the scope of audit and not be on mere confirmations obtained from the Finance and other related departments.
4. It is expected that the Audit will be undertaken in accordance with the Internal Audit Standards issued by the ICAI to the extent they are applicable to the given scope.
5. The Internal Audit report is to be submitted quarterly within one month following the close of each quarter. The Internal Auditor is expected to draw up the Audit Programme in consultation with the Finance / Accounts Head for this purpose in order to stick to the prescribed date for the submission of the report.
6. In addition to hard copy, soft copy of the report would be submitted by the firm. Soft copy may be either in Word or PDF files.
7. The efficiency of the Internal Audit will be judged on the basis of the following parameters:-
 - a. Number of points raised by the Statutory Branch/Main Auditors of the Company.
 - b. The number of points raised by Govt. Audit.
 - c. Quality of the Accounts during reviews by the Corporate Office
8. The Audit Reports would be addressed to the Managing Director ICSIL and would have an executive summary highlighting the important points requiring the action / attention of the Management. The Executive Summary should be cross referenced to the paragraphs in the Internal Audit report containing the elaborate details.
9. However this is wholly and solely for the purpose of helping you to assess the workload for the Audit and is confidential and cannot be used for any other purpose whatsoever.

10. Internal Audit Fees should be quoted per annum and payment would be on quarterly basis as calculated from the annual fees.
11. Taxes on the Audit Fees will be treated as follows:-
 - a) TDS on Income Tax at applicable rates will be deducted from the Quoted Fees invoiced.
 - b) GST will be paid additionally upfront, as invoiced, at the applicable rates.
12. Payment of Audit Fees will be against submission of the Quarterly Audit report and invoice pertaining to the same, whichever is later.
13. Audit Fees per annum should be quoted. The audit will be assigned on L1 basis.
14. The quoted fee should include all expenses like TA / DA, out of pocket expenses etc. No reimbursement of expenses apart from Audit fees will be applicable.
15. Tender should be submitted in annexed format only. No other format will be accepted.
16. Every page of the Bid will be authenticated by the signature of the authorized signatory of the firm and the Firm's seal. Unauthenticated pages will be rejected.
17. Firms should make only one commercial bid. In case more than one bid is received, it will be out rightly rejected.
18. Tender should reach us on or before DUE DATE and TIME in a sealed cover duly super-scribed with our "TENDER No" and "DUE DATE" and "Appointment of Internal Auditors".
19. Response on Tender received after due date & time shall not be accepted, considered and no further correspondence on such responses shall be entertained. ICSIL will not be responsible for any loss or delay in receipt of TENDER in post.
20. Respondent if desire, may participate in tender opening after producing authorization/identity.
21. TENDER submitted should be free from correction, over-writing, erasures etc. Each page should be suitably numbered.
22. Authorized Signatory should sign the TENDER submitted indicating the name and designation with official seal.
23. Canvassing by respondents in any form, including unsolicited letters on TENDER submitted or post corrections shall render their TENDER submitted liable for summary rejection.
 - a) GST will be paid additionally upfront, as invoiced, at the applicable rates.
24. Payment of Audit Fees will be against submission of the Quarterly Audit report and invoice pertaining to the same, whichever is later.
25. Audit Fees per annum should be quoted. The audit will be assigned on L1 basis.
26. The quoted fee should include all expenses like TA / DA, out of pocket expenses etc. No reimbursement of expenses apart from Audit fees will be applicable.
27. Tender should be submitted in annexed format only. No other format will be accepted.

28. Every page of the Bid will be authenticated by the signature of the authorized signatory of the firm and the Firm's seal. Unauthenticated pages will be rejected.
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32. Authorized Signatory should sign the TENDER submitted indicating the name and designation with official seal.
33. Canvassing by respondents in any form, including unsolicited letters on TENDER submitted or post corrections shall render their TENDER submitted liable for summary rejection.

SPECIAL CONDITIONS

1. PAYMENT TERMS

1. 25% payment on submission of Ist Quarter report
2. 25% payment on submission of 2nd Quarter report.
3. 25% payment on submission of 3rd Quarter report.
4. 25% payment on submission of 4rth Quarter Report & finalization of Statutory Audit.

2. PAYING AUTHORITY:

Manager (F & A),
ICSIL, Okhla Phase-3
New Delhi-110020

1. BID SECURITY/EMD

2.7.1 The bidder must submit Earnest Money amounting to **Rs. 5,000/- (Rupees Five thousand only)** by way of Demand Draft or RTGS/NEFT in favor of Intelligent Communication Systems India Ltd. from a scheduled bank having branch at Delhi/New Delhi along with the Bid. Bid received without EMD/inadequate EMD shall be summarily rejected. **MSE's having UDYOG Aadhar Memorandum and Micro & Small Enterprises (MSE's) registered with NSIC/MSME are exempted from submission of EMD/Bid Security Deposit on production of requisite proof in the form of valid certificate from NSIC/MSME for tendered items/services.**

2.7.2 To facilitate payment of tender fee & EMD through digital transfer i.e. (NEFT/NEFT/IMPS/RTGS), details of bank account is as under:

Name of the Bank	Address of the Bank	Account no. and Name	Account Type	IFS Code
INDIAN BANK	INDIAN BANK, Nehru Place, New Delhi	Account No- 443261152 INTELLIGENT COMMUNICATION SYSTEMS INDIA LIMITED	Current Account	IDIB000N044

2.7.3 The bid not secured in accordance with the above shall be rejected by the Purchaser as non-responsive.

2.7.4 The successful bidder's bid security will be discharged upon the bidder's submission of the Performance Guarantee.

2.7.5 The bid security may be forfeited under the following circumstances:-

- a) If a bidder withdraws his bid during the period of bid validity specified by the bidder on the bid form.
- b) In case of a successful bidder, if he fails to submit the Performance Guarantee within the time prescribed or
- c) If he fails to supply the material/service in terms of the project as per delivery schedule.

2.7.6 Bid securities of the unsuccessful bidders should be returned to them at the earliest after expiry of the final bid validity and latest on or before the 30th day after the award of the contract

2.7.7 No interest is payable on EMD.

2.7.8 In case of inadequacy or non-submission of prescribed EMD and requisite Tender Fee, the tender shall be deemed to be disqualified and shall be summarily rejected in the technical evaluation.

4. PERFORMANCE SECURITY

- a) The shortlisted bidder/firm shall, within 10 (ten) days, submit Performance Security in the form of Account Payee demand draft in favor of ICSIL, issued by a scheduled Bank from its branch in Delhi, equivalent to **10% of the value of the order value**.
- b) The Performance Security will be refunded by ICSIL after completion of agency/firm obligation under and in accordance with the terms of the Agreement.
- c) The proceeds of the Performance Security shall be payable to the Purchaser as compensation for any loss resulting from the Supplier's failure to complete its obligations under the contract.

5. PERIOD OF AGREEMENT

This agreement shall be valid initially for a period of 12 (twelve) months extendable for a further period of Two years at the same rates, terms and conditions of the original Agreement subject to satisfactory performance at the end of the first 12 months. Decision to extend the agreement only lies with ICSIL.

6. VALIDITY PERIOD OF BID

Bid shall remain valid for 120 days after the date of bid opening. The bid valid for a shorter period shall be rejected by the Purchaser as non-responsive.

In exceptional circumstances, the purchaser may request the consent of the bidder for an extension to the period of bid validity. A bidder accepting the request and granting extension will not be permitted to modify his bid.

7. CLARIFICATION OF BIDS

1 To assist evaluation and comparison of the bids, the Purchaser may at its discretion may ask the bidder for clarification of the bid. The clarification and response from bidder shall be in writing.

2 The Purchaser does not bind himself to accept the lowest or any tender and reserves to himself the right to accept the whole or any part of the tender and altering the quantities offered and tenderer shall accept the same at the rate quoted.

8. CONFIDENTIAL

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

9. SUB-CONTRACTING

Audit firm to whom work is awarded is not allowed to sub contract the work to any other parties either in part or full. In case it is subsequently revealed at any stage of the appointment process / post appointment that outsourcing has been resorted to, the appointment is liable to be summarily cancelled with immediate effect.

10. VALIDITY OF PROPOSAL

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

11. INSTRUCTIONS REGARDING SUBMISSION OF BID

1. Bidding Methodology

The bid shall be submitted on line under two cover bid submission on e- procurement portal of Govt. of NCT of Delhi web-site <https://govtprocurement.delhi.gov.in>

2. Broad outline of activities from Bidders perspective:

The bidder shall follow the guideline given on the above web-site for submission of e-tender.

3. Digital Certificates

The bidder shall obtain Digital Signature Certificate as specified in the above web-site.

4. Registration

The bidder shall get himself registered for participating in e-tendering as per procedure laid down in the above web-site.

A. ONLINE SUBMISSION

PART-1 (Techno Commercial Offer) shall contain the following:

- a) Documentary evidence in respect of the eligibility criteria mentioned in the N.I.T.
- b) Copy of Demand Draft for INR Rs. 5,000/-towards EMD in favour of “Intelligent Communication Systems India Ltd.” payable at New Delhi.
- c) Bid Submission Form as per Annexure II and Annexure III.

PART-II (Financial Offer) shall contain the Financial Bid Format as per details in **Annexure I.**

B. OFFLINE SUBMISSION

The EMD shall be sent by the tenderers by Courier / Speed-post, with the envelope marked with tender no. and due date of submission. Alternatively, EMD may also be deposited by the bidders in the tender box kept at Reception, ICSIL Ground Floor, New Delhi

Selection criterion

- a. The online tender shall be opened at the stipulated time of opening in the presence of intending bidders.
- b. All offers received in response to this tender enquiry will be evaluated initially based on the eligibility criteria mentioned in NIT and evaluate the capability of the Company/Agency.

- c. The Committee will examine all the documents enclosed with the proposal regarding Eligibility criteria, etc.
- d. The firm has to fulfill the eligibility criteria given in the Document. If it fails to submit documents against the eligibility criteria in the technical evaluation then proposal shall be rejected and shall not be processed for further evaluation.
- e. Professional firms which fulfill the eligibility criteria given in the tender documents technical parameters would be considered for opening financial/commercial bids for selection of bidder based on the lowest commensurate fees quoted by the professional firm.

Declaration:

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

Signature.....
Full name.....
Designation/Firm Name.....
Address with Phone.....
FAX & Mobile No:
E-Mail :.....

Annexure I

FINANCIAL BID

Fee for the Assignment in terms of the Tender.

(To be printed on Letter Head)

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

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

Signature.....

Full name.....

Designation/Firm Name.....

Address with Phone.....

FAX & Mobile No

Annexure-II

Format for submission of Tender

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

10 Manpower Details

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

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

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

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

11. Details of Professional Experience

a. Statutory Audit

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

b. Internal Audit

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

c. Worked as Central/Joint Statutory Auditor

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

d. Whether Firm Already worked as Internal Auditors/Statutory Auditor/ Professional Consultant of ICSIL /TCIL – Yes/No (with brief description)

a. Major Activities / area of operation of ICSIL

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

(Annexure-IV)

Detailed Scope of Work

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 mentioned points:

A. 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 entries are being done as per Accounting Standards and Accounting Policies of ICSIL.

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

Project estimate and reporting turnover as per Ind As.

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

Bank statements & monthly bank reconciliation statements, balance confirmation with all debtors & trade receivable etc.

TDS & payment of Statutory dues & Prior period adjustments are to be checked properly with allied entries.

Timely entry of FDR with allied entries of bank interest duly match with bank statement.

Issuing and monitoring of bank guarantees in respect with clients/vendors.

Statutory compliance of ESIC, EPF and GST Payments with allied entries.

Provisions and contingent liabilities Bank Guarantees & FDRs

Timely recovery of advances and interest.

B. Tenders and allied matters

Pre-tender Stage

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

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

Tendering Process

The Comparative Statement and the Briefing Notes should be vetted by Finance and their correctness should be checked based on random sampling method including compliance conditions on technical's 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.

C. Project Execution

Monitoring of physical and financial progress of work.

Comparative study of the actual costs vis-a-vis sanctioned estimates, and major deviations are to be reported.

Reconciliation between total work done, work certified and uncertified, work billed and unbilled, payments received from the client, recoveries including taxes, retention money, performance guarantee, mobilization and plant advance, interest, etc., in terms of the contract.

In cases, where extension of completion date of the contracts is required, the delay should be properly justified and validated by approval from competent authority. Further, Liquidated Damages (LD) should also be imposed, as per the provisions of the contract, wherever required.

Any non-schedule item should be supported by proper approvals from competent authority.

In case of departmental work, realistic estimates of the work should be prepared and approved by competent authority. Further, material procured and consumed should be properly reconciled at frequent intervals.

D. Manpower outsourcing Projects

Robustness and sufficiency of system for recruitment of manpower outsourced to different govt. Govt /Agencies.

Details of Manpower outsourced.

Proper Procedures have been followed for recruitment of outsourced manpower to Govt. Deptt.

Verification of competent authority approval of manpower outsourced to Govt. Deptt.

Verification details like KYC etc. of outsourced manpower personal.

System of receiving Attendance sheet and certification by responsible officer.

Proper deduction of ESIC,EPF . etc from salary.

Ascertaining back-to-back recoveries from Outsourced Manpower of deductions made by the Deptt/client.

Proper upkeep and maintenance of individual outsourced records including Attendance sheet of all outsourced manpower.

No claim certificate from Outsourced manpower should be obtained with final payment.

Compliance with Law including Statutory & Labour law .

E. Contract/Sub-contracting

Ensure the timely submission of performance guarantee, as per the provisions of the contract

Labour license requirements need to be verified, as per Contract Labour (Regulation and Abolition) Act 1970.

Obtain copy of agreement entered with the client and check salient clauses affecting financial and other obligations.

Obtain List of sub-contractors, consultants and agreement entered with them.

Check contractors/consultants agreement for salient clauses relating to payment terms etc. vis-à-vis actual transactions with them during the audit period.

Check basis of appointment of contractors and verify their records of appointment to see that they satisfy all criteria of selection. Methodology to appoint subcontractor/service provider to confirm that it is as per provision of purchase manual.

Advances to the sub-contractor, such as mobilization advance etc. should be need based and to be given strictly as per the provision of the contract, ensuring the sufficient collateral (in form of bank guarantee etc.)

Scrutinizing monthly running account (RA) bills of the subcontractors with respect to the work orders relating to the quantity of work, rates, plant and mobilization advance, interest (if any), retention deposit, GST-TDS, TDS, material recoveries, deductions for services availed, liquidated damages, etc.

Ensure the timely submission of performance guarantee, as per the provisions of the contract
Labour license requirements need to be verified, as per Contract Labour (Regulation and Abolition) Act 1970

Proper monitoring of the milestones achievements (physical and financial both), as per the provisions of the contract

Advances to the sub-contractor, such as mobilization advance etc. should be need based and to be given strictly as per the provision of the contract, ensuring the sufficient collateral (in form of bank guarantee etc.)

Scrutinizing monthly running account (RA) bills of the subcontractors with respect to the work orders relating to the quantity of work, rates, plant and mobilization advance, interest (if any), retention deposit, GST-TDS, TDS, material recoveries, deductions for services availed, liquidated damages, etc.

Ascertaining back-to-back recoveries from sub-contractors bills of deductions on account of work made by the client.

Proper upkeep and maintenance of measurement books (MB) of all outsourced work.

No claim certificate from Contractor/Sub-contractor should be obtained with final bill.

F. Client billing and receivable

Checking the billing terms and conditions, which are either defined in the MOU signed between client and ICSIL or as per the provisions of the contract.

Ensure that the timely bills are being raised as per provisions of the billing terms and conditions. Major deviations are to be reported.

Collections from the client with respect to the contractual collection period. Scrutiny of receipts in bank, otherwise than from cheques received from clients.

The review of the receivables has been carried out as per Guidelines issued by Company from time to time.

Receivables ageing and realization analysis. Timely adjustment of advance received as per payment terms / contract / agreement in the books of accounts.

In case of final bill, ensure that it should include variation in quantity, non-schedule items, price escalation etc, if any.

G. Franchise Centre

Checking the terms and conditions, which are either defined in the MOU signed between Franchises centre and ICSIL or as per the provisions of the contract

Ensure the timely submission of performance guarantee/EMD , as per the provisions of the contract

Proper monitoring of the milestones achievements (physical and financial both), as per the provisions of the contract

Proper upkeep and maintenance of measurement books (MB) of all outsourced work.

Franchise ledger should be properly maintained

Collections from the Franchises with respect to the contractual collection period. Scrutiny of receipts in bank, otherwise than from cheques received from clients.

The review of the receivables has been carried out as per Guidelines issued by Company from time to time.

Ensuring timely submission of payment details of franchises fee on monthly basis.

Receivables ageing and realization analysis

H. Establishment matters

Checking of wages and salaries of different categories of employees including officers, contract staff, monthly and daily rated workers on the basis of their respective terms and conditions of employment.

Test check a few individual files of personnel posted.

Comparison of actual manpower deployment with the monthly budgets.

Ensure compliance of PF and ESIC laws .

Attendance verification of manpower deployment by ICSIL, if terms of payment are dependent on actual attendance, particularly in case of security guards and helpers.

Verify the records with special attention to Medical rules, Final Settlement, Travelling allowances, Staff Loans/Advances etc.

Verification of Competent authority approval as per Delegation of Power(DOP).

I. Statutory registrations, deductions and payments

Identification of legal framework and statutes as applicable and compliance thereof.

Check registrations/renewals with different statutory authorities like labour department, PF, ESIC, GST, Professional Tax, electricity and water supply authorities, etc.

Ensure correct deductions and recoveries of taxes and statutory levies like TDS, TCS, GST,GST-TDS, PF, ESIC, Professional Tax, labour Cess etc.

Ensure timely payment and deposit of taxes and other statutory levies.

Adherence to time limits in filing prescribed returns.

Verify system of availing input tax credit on purchases and service tax against liability of GST through a proper procedure of set-off.

Reconciliation of payments and deductions made by the client with actual liability on the basis of work done and ascertainment of year-end liability.

Status of assessments before various tax authorities.

Details of statutory disputes and cases pending before various authorities with financial implications for being treated as contingent liabilities.

Bank guarantees expired as on date, check that guarantee is as per terms. Bank guarantees renewed as on date and BG confirmation from banks (Through SFMS) BG to seen physically Invoked BG & its treatment BG status updation in books.

J. Assets and Liabilities

Ageing of advances and scrutinizing debit balances, including Assets /cash advances given to staff, workers, suppliers, subcontractors and other parties. Classification into recoverable and non-recoverable advances. Assessing the adequacy of provision of doubtful advances. Matching advances against corresponding liabilities.

Assessing the proper estimation and adequacy of provisions made at the year-end and outstanding liabilities. Scrutinize all credit balances.

Identifying pre-paid expenses.

Maintenance of Fixed Assets register, Physical verification and calculation of depreciation.

Claims management system and review of that.

K. Miscellaneous Matters

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

Any material procured from Micro, Small and Medium Enterprises (MSME), provisions of MSMED Act to be followed.

Review of the deposit with Govt. Departments such as Electricity, Water, and Telephone etc.

Detection of systemic flaws and suggestions for adopting corrective measures.

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

L. Special items

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

Taxation Issue including statutory compliances.

Payroll and leave records.

Approval of competent authority including financial concurrences as per DOP.

M. Fixed Assets

Objective: Proper records and existence of Fixed Assets)

To see that all assets are capitalized at a cost which is incurred to bring the assets working condition for its use.

All items received are properly examined, counted and accounted for in the books of accounts.

The location of the fixed assets of the company is properly shown in the fixed assets register.

There is a system of marking assets with easily identifiable numbers.

To ensure that physical verification of assets is carried out at least once in a year with representative of internal audit.

N. Accounting Matters

Recognition of revenue: To ensure that income is booked as per accounting policy for income recognition in respect of the project.

To review the ledger of EMDs given in the form of cash/FDRs to various clients along with tenders. For the purpose to ensure the recoveries of EMD after submission of performance guarantee/award of work to other party in case of unsuccessful bid.

To claim recoverable and advances given to third parties with an objective of its recovery/adjustment within the time prescribed in the agreement.

To see that control accounts are periodically reconciled with projects.

To check Bank Reconciliation Statement periodically and ensure that credit is given by the banks in agreed time and debits regarding commission and charges are made as per agreement.

Rectification entry must be provided by Internal Auditors and ensure their compliance in quarter wise audit.

Depreciation chart of the company needs to be prepared by Internal Auditor on quarterly basis.

Scrutiny of Ledgers, test check of payment vouchers.

FDR Entries and their allied entries i.e Interest/TDS must be checked and duly verified by the internal audit and rectification entry needs to be provided by the Internal Auditor and reconcile in the quarterly report.

All rectification entries related to trial balance may be provided by the Internal Auditor on quarterly basis and the same may be ensure of their compliance.

All reconciliation between 26AS & Income of the ICSIL will be provided by the Internal Auditor Quarterly basis..

Any observation of CAG may be ensure to comply by the company and provide any support /reply if required.

After finalization of 1st Quarter, auditor ensures that data may be freeze, no back dated entries allowed.

Quarterly balance sheet may be reviewed and freeze. Based on Data's, quarterly Balance sheet may be reviewed and finalized.

Timely adjustment/recovery of advances to staffs in the books of accounts.

O. Billing and Third-Party Payments

To examine that bills are raised in time as per agreement and are realized in time.

To see that project wise bill register is maintained.

To test check 3rd party bills to see that system and controls are adequate for verification of claims and payments.

To check that statutory prescribed records/returns such as relating to GST, TDS & GST TDS are maintained and filed in time.

To check proper recovery of taxes and deposit with prescribed authority.

To check clause in agreement with Service Providers are complied with.

To check expenditure is within the cost estimates.

To check propriety of expenses and basis of appointment of service provider.

To ensure that optimum benefit is derived from expenditure and service provider is competent to provide services efficiently.

P. Staff Payments

To see staff payments like Medical Reimbursement, Children Education Allowance, LTC Expenses and Traveling expenses are passed and paid as per entitlement of Official/Officer and are in accordance of the rules framed by the company in this regard.

Q. Direct Tax

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To see direct taxes liability, income tax and returns are filed in time and advance taxes are deposited within prescribed. To further see that all available rebates/exemptions have been availed. To monitor the status of assessment and follow up of appeals against assessment orders with Appellate Authority i.e., Commissioner (Appeals) and Income tax Tribunal.

R .Bank Guarantees

Bank guarantees expired as on date, check that guarantee is as per terms.

Bank guarantees renewed as on date

BG confirmation from banks (Through SFMS), BG to seen physically

Invoked BG & its treatment.

S. Legal Actions/Cases

Status of Legal Cases and No. of defaulting contractors.

Amount outstanding against defaulting cont.

No. of legal cases ought to be initiated.

T. Security Deposits (BG/FDR/with held amount) with client

Amount security deposit with client.

Due date of release of security deposit.

Actual date of release of security deposit.

FDR's given against security deposit.

Amount of security deposit refunded.

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