

**Notice inviting EOI for Appointment of Audit firms for
conducting Internal
Audit of IRCON for the Financial Year 2019-20**

No. IRCON/FIN/IA/APPT/ 2019-20

Date: 26/07/2019

BY



Ircon International Limited
(A Government of India Undertaking)
C-4, District Centre, Saket
New Delhi – 110017

NOTICE

Notice inviting Expression Of Interest (EOI) for Appointment of Firms/LLP of Chartered / Cost Accountants to conduct the Internal Audit for projects and Regional office covered under Mumbai Region and J& K Region of Ircon International Limited for FY 2019-20

Ircon International Limited (IRCON), a Government of India Undertaking, invites expression of interest (EOI) from firms/LLP of Chartered/Cost Accountants for appointment as Internal Auditors for its projects under Mumbai Region and J& K Region for the FY 2019-20 (extendable up to three years based on performance)

Names of the projects covered in each Audit Region, have been given in **Annexure C**. Company reserves the right to include/ exclude projects as per future requirements.

Interested Firm/LLPs are requested to go through the Eligibility Criteria carefully given in **Annexure-D** and submit their applications (along with quote for Professional Fee in separate sealed packed envelope and other relevant documents) in prescribed format given in **Annexure-A&B**.

Applications in a sealed envelope addressed to GM/F/IA, IRCON International Ltd. C-4, District Centre, Saket, New Delhi – 110017, should reach latest by **5th August 2019 upto 15.00 Hrs.**

Firm/LLPs are advised to carefully read the details of Time line, Reporting Format and Scope given in **Annexure-E**.

Apart from Audit fee, TA/ DA and charges of accommodation will be payable as per company rules, the details are given in **Annexure-F**.

Important instructions to Professional Firms/LLPs are given in **Annexure-G**.

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Any further clarifications can be sought from **Shri S.K. Bandyopadhyay**, GM/F/IA, Telephone No. 9560595069 or 011-29565634, email ID- sk.bandyopadhyay@ircon.org

Standard format for submission of Technical details**(Application format)***To be printed on the letterhead of the Firm/LLP***Note: Please refer the Important Instructions to Professional Firm/LLPs given in Annexure-G (Page – 34), before filling the below details.**

i.	Name of the firm/LLP	
ii.	Audit Circle applied for	<i>Name of Audit Region</i>
iii.	Head Office Address	
iv.	Firm's registration No.	
v.	Date of Registration	
vi.	Firm's PAN No.(Attach Copy)	
vii.	Firm's GST Registration No. (Attach Copy)	
viii.	Contact detail's (Telephone No.)	
ix.	Email address	
x.	No. of years of firm experience (Cut-off date 31/03/2019, attach Copy of certificate of incorporation)	
xi.	Turnover Details (Average turnover from professional services for last 3 years)	<i>Average turnover from professional services for last 3 years <u>(EnclForm-A)</u></i>
xii.	Number of Branches	<i>Total No. of branches <u>(Encl Form-B)</u></i>
xiii.	Number of Full-Time Partners as on 31/03/2019	<i>Number of Full-Time Partners <u>(Encl Form-C)</u></i>
xiv.	Number of Part time Partners if any, as on 31/03/2019	<i>Number of Part-Time Partners <u>(Encl Form-D)</u></i>

<i>xv.</i>	Number of Full Time Chartered Accountant/ Cost Accountant Employees as on 31/03/2019	<i>Number of Full Time Chartered Accountant/ Cost Accountant Employees</i> <u>(Encl Form-E)</u>
<i>xvi.</i>	Number of Other Audit Assistants/ Articles as on 31/03/2019	<i>Number of Other Audit Assistants/ Articles</i>
<i>xvii.</i>	Whether the firm is engaged in any Statutory/ Internal/ Concurrent Audit of any Listed / Govt. Companies/ Autonomous Body etc.	<i>Details of Professional Experience in last five years.</i> <u>(Encl Form-F)</u>
<i>xviii.</i>	Whether Firm/LLP Already worked as Internal Auditors/Statutory Auditor/ Professional Consultant of IRCON	<i>If yes, provide the details like name of the project, region, types of assignment, year etc.</i>

To be printed on the letterhead of the Firm/LLP

Form-A Turnover Details*

Year	Turnover from professional services (In Rs. Cr.) as per Audited Annual Accounts	Ref. Page no. of firm/LLP's P&L A/c
2017-18		
2016-17		
2015-16		

***Encl- Copy of Audited financial statements of last 3 years**

Form-B Details of Branches*

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

***Encl- Supporting documents**

Form-C Details of Full Time Partners*

S. No.	Name	FCA/A CA/ FCMA /ACM A	Location (HO/Branch) Name of City	Membe rship No.	Date of Joining the firm/LLP	Specialization/A rea of Partner	Ref. Page no. of suppor ting Membe rship doc
1.							
2.							

***Encl- Supporting documents**

Form-D Details of Part Time Partners*

S. No .	Name	FCA/ACA/FCMA/ACMA	Location (HO/Branch) Name of City	Membership No.	Date of Joining the firm/LLP	Specialization/Area of Partner	Ref. Page no. of supporting Membership doc
1.							
2.							

***Encl- Supporting documents**

Form E Details of Other Audit Staff*

S. No .	Name	FCA/ACA/FCMA/ACMA	Location (HO/Branch) Name of City	Membership No	Date of Joining the firm/LLP	Specialization /Area	Ref. Page no. of supporting Membership doc.
1.							
2.							

***Encl- Supporting documents**

Form F

Details of Professional Experience in last five years(i.e. FY 2014-15 to FY 2018-19)

1) Statutory Audit

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

2) Internal Audit

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

3) Worked as Central/Joint Statutory Auditor

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

To be printed on the letterhead of the Firm/LLP

Undertaking

I/We the following partners of M/s. _____, Chartered Accountants /Cost Accountants, do hereby jointly and severally verify and declare-

(i) That the particulars given are complete and correct and that if any of the statements made or the information so furnished in the application form is later found incorrect or false or there has been suppression of material information, the firm would not only stand disqualified from allotment but would be liable for disciplinary action under the Chartered Accountants Act, 1949 / the Cost and Works Accountants Act, 1959 and the regulations framed there under;

(ii) That the firm or partners has not been debarred or cautioned under the Chartered Accountant Act, 1949 / the Cost and Works Accountants Act, 1959 during the last five years, (If debarred, give details);

(iii) That individually we are not engaged in practice otherwise or in any other activity which would be deemed to be in practice under the Chartered Accountant Act, 1949 / the Cost and Works Accountants Act, 1959;-

S. No.	Name of the Partner	Membership Registration No	PAN No.	Signature of Partner
1.				
2.				

Seal of the firm

Date:

Place:

Annexure-B

Standard format for submission of Professional Fee Quote

To be printed on the letterhead of the Firm/LLP

Name of the Firm/LLP	
Name of the Audit Region applied for	Name of Region
HQ Location to Cater Audit Region applied for	
Indicative Fee (excluding taxes) in Rs. for FY 2019-20	

List of Projects to be Audited in Each Audit Region as follows: -**a) Mumbai Region**

Sl. No.	Projects under Region	Status	Project Value	Frequency of Audit
1.	MUMBAI REGIONAL OFFICE	Running	-	Annual
2.	DAVANGERE HAVERI HIGHWAY PROJECT (DHHP)	Running	1,026.96	Semi - Annual
3.	KSEV KOCHI PROJECT	Closed	-	Annual
4.	DFCCIL CTP-11 PROJECT	Running	42.91	Annual
5.	SOUTHERN REGION OFFICE	Running	-	Annual
6.	DFCC - CTP – 12 PROJECT, MUMBAI AND SURAT	Running	2,170.65	Semi - Annual
7.	SHOLAPUR PROJECT	Closed	15.35	Annual
8.	KOCHI METRO KT- 4 ALUVA PETTA PROJECT	Closed	98.96	Annual
9.	KOCHI METRO KT- 5 MUTTOM DEPOT PROJECT	Closed	10.11	Annual
10.	VADODRA KIM EXPRESSWAY PROJECT	Running	1,377.73	Semi - Annual

b) J & K Region

Sl. No.	Projects under Region	Status	Project Value	Frequency of Audit
1.	LAOLE QUAZIGUND/BANIHAL PROJECT	Running	13,345.48	Semi - Annual
2.	J&K PROJECT REGIONAL OFFICE	Running	-	Annual
3.	RE SRINAGAR PROJECT	Not Yet Started.	-	Annual
4.	RAPDRP CLUSTER –I PROJECT	Running	166.87	Annual
5.	RAPDRP CLUSTER –II PROJECT	Running	167.24	Annual
6.	RAPDRP CLUSTER – IV PROJECT	Running	54.21	Annual

Annexure-D**Eligibility Criteria****(A) Eligibility Criteria**

S. No.	Particulars	Minimum requirement									
1	Year of Establishment	10 years old (cut-off Date-31/03/2019)									
2	Base Location	<p>The Head Office of the Firm/LLP should be in the following cities, where company's Regional / Project office are located : -</p> <table> <tr> <th>Sl. No.</th><th>Name of Region</th><th>Location of Head Office</th></tr> <tr> <td>a)</td><td>Mumbai Region</td><td>Mumbai</td></tr> <tr> <td>b)</td><td>J&K Region</td><td>Jammu</td></tr> </table>	Sl. No.	Name of Region	Location of Head Office	a)	Mumbai Region	Mumbai	b)	J&K Region	Jammu
Sl. No.	Name of Region	Location of Head Office									
a)	Mumbai Region	Mumbai									
b)	J&K Region	Jammu									
3	Average turnover from professional services for last 3 years	Not less than Rs. 1.00 Cr.									
4	No. of professionally qualified CA/CMA as partners/employee	10									
5	Statutory Audit/ Internal Audit – No. of companies (with operating turnover more than Rs. 200 cr.) audited in last 05 years	04 (at least 01 should be in construction sector)									

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

Calendar for projects, where Internal Audit is to be done on Semi-annual basis:

Phase	Period Covering	Reports to be submitted by
Phase I	1 st April to 30 th Sep.	10 th Oct.
Phase II	1 st Oct. to 31 st Mar.	10 th April

Calendar for projects, where Internal Audit is to be done on Annual basis:

Phase	Period Covering	Reports to be submitted by
Phase II	1 st April 31 st Mar	10 th April

B. Reporting Format

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

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

Key to Summary

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

- ☐ **Part-V:** Persisting Irregularities with respective ageing and Action taken by the unit on previous Internal Audit Report.

Part-VI: Important items which, in the opinion of the Auditor, should be brought to the notice of the Audit Committee.

- ☐ **Part-VII:** Irregularities noticed and rectified on spot and those not rectified with reasons
 - ☐ **Part-VIII:** Suggestions for systems improvement.
 - ☐ **Part-IX:** Comments on the Internal control framework in IRCON, its robustness and weaknesses.
 - ☐ **Part-X:** Comments on the unusual entries/transactions, if any
 - ☐ **Part-XI:** Comments on the implementation whistle blowers policy at project level
 - ☐ **Part-XII:** Comments on the implementation of CSR Policy undertaken / involvement by the project.
- Documentation: The reference of documents checked must be part of the Audit Report.
 - The Auditor must deliver one copy of the report to the unit head for necessary compliance and send a copy of the full report (in soft and hard both) to the head of Internal Audit cell in the corporate office.
 - The Auditors are required to submit certificate duly signed to the effect that scope of Audit as defined has been duly adhered to and the issues raised or observations made by the auditors have been discussed.
 - No para of Internal Audit Report can be taken as closed unless satisfactorily resolved. Outstanding paras will be carried forward to the next report and need to be properly addressed in Part-V of the Internal Auditor's Report.
 - Internal Auditors are encouraged to suggest solutions to rectify the errors or deficiencies and not merely confine to making observations. Internal Auditors should also give suggestions for the system improvement and ensure compliance of the audit observations at the project site itself in their presence.

C. Detailed Scope of Internal Audit

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

Major areas to be covered during the course of Internal Audit

The Internal Audit shall be carried out in accordance with the Auditing Standards and Accounting Standards prescribed by the Institute of Chartered Accountants of India and will include such tests and controls, as the Auditor considers necessary under the circumstances. The scope of Internal Audit encompasses the examination and evaluation

of the adequacy and effectiveness of the organization's system of internal control with special emphasis on the following:

Financial Accounting & Financial Reporting Systems:

The overall Financial accounting & Financial reporting system to be checked thoroughly with the special stress on the below items:

- All Accounting is being done as per Indian Accounting Standards (IND-AS) and Accounting Policies of Ircon International Ltd.
- Cash, bank, journal vouchers including rectification vouchers are prepared correctly and trial balance is prepared accordingly.
- Project estimate, calculation of IND AS 115 and reporting turnover as per IND AS 115.
- Monitoring of physical and financial progress of work vis-a-vis targets (reference can be taken from MIS such as Performa-A and Performa-B, monthly control of expenses statement etc.)
- Bank statements & monthly bank reconciliation statements.
- Balance confirmation with all Debtors & Creditors.
- Foreign currency transactions.
- TDS & Payment of other statutory dues in time.
- Prior period adjustments.
- Provisions and contingent liabilities.
- Bank Guarantees & FDRs.
- Timely recovery of advances and interest.

Tenders and allied matters

- Pre-tender Stage
 - The tenders should be floated as per Guidelines For Tendering (GFT), and approval of the competent authority as per the Schedule of Powers (SOP).
 - Ensure that the basis of preparation of estimates for work/package is realistic and logical (based on LAR, schedule of rates etc.), and has the approval of the competent authority as per SOP.
- Tendering Process
 - The Comparative Statement and the Briefing Notes should be vetted by Finance and their correctness should be checked based on random sampling method including compliance conditions on technical with immaculate compliance with submission of requisite documents to qualify.
 - Tender Committee (TC) minutes should be verified to establish the reasonableness of rates (considering the special conditions, if any) and irregularities to be reported.
 - In the contracts, where client procedures are to be followed, ensure proper documentation and compliance of the same.
- Award of Work

- Letter of Award (LOA) should be issued as per TC recommendations and only after finance vetting. An accepted copy of same should be verified to rule out any deviations /omissions.
- Earnest money provided should be kept in safe custody and to be checked for sufficiency and validity.
- Contract Agreement
 - An agreement should be executed within the time stipulated by LOA and should be signed by competent authorized signatories.
 - Checking of contract conditions before paying or receiving mobilization or other advances by the project

Project Execution

- Monitoring of physical and financial progress of work vis-a-vis targets (reference can be taken from MIS such as Performa-A and Performa-B, monthly control of expenses statement etc.)
- Comparative study of the actual costs vis-a-vis sanctioned estimates, and major deviations are to be reported.
- Reconciliation between total work done, work certified and uncertified, work billed and unbilled, payments received from the client, recoveries including taxes, retention money, performance guarantee, mobilization and plant advance, interest, etc., in terms of the contract.
- Analysis of work-in-progress in the context of work done and ageing of total outstanding. WIP to be further scrutinized with the following break-up – work done but not certified, work done, certified but not billed and work done, certified and billed but not paid.
- Analysis of variation orders executed, which is, work done not expressly provided in the contract, certified and billed, basis of rates billed, certified and approved and pending for approval.
- Scrutinize present status of work that is still to be executed, with respect to the contract for any changes in BOQ having material impact on the project, with acceptance from the client.
- Checking calculation of escalation bills based on monthly indices released by RBI.
- In cases, where extension of completion date of the contracts is required, the delay should be properly justified and validated by approval from competent authority. Further, Liquidated Damages (LD) should also be imposed, as per the provisions of the contract, wherever required.
- Any non-schedule item should be supported by proper approvals from competent authority.
- In case of departmental work, realistic estimates of the work should be prepared and approved by competent authority. Further, material procured and consumed should be properly reconciled at frequent intervals.

Procurement of materials, recording of Receipts and issues including client materials

- Robustness and sufficiency of processes.

- Details of tenders awarded on nomination and single tender basis, whether any splitting of procurement in order to circumvent tender policies is observed?
- Ensure classification of all materials into major materials, semi-finished materials, and other materials like equipment and machinery spares, general stores and consumables, safety items, construction aids, miscellaneous service items, etc.
- Verification of purchase procedure on the basis of indents, purchase orders, quotations, price comparative statements, authorized distributor list, etc.
- Checking of material receipts on the basis of purchase orders, delivery challans / invoices, weigh slips with the goods receipt notes.
- Compliance to quality control procedures.
- Checking issue of materials on the basis of issue slips, authorized signatory list, etc.
- Proper allocation of material issues to respective work orders of subcontractors/piece rate workers in case of subcontracting cost centers in case of internal consumption.
- In case materials are issued to subcontractors on recoverable basis, check correctness of recording the issues, promptness of making recoveries and rates at which recoveries are made generally conforming to cost plus handling charges.
- In case of material transfer between projects, check the indents, gate passes, delivery challans, confirmation from receiving sites and rates of recording transfers.
- To check the correct recording of material receipts at the yearend cut-off dates.
- Monthly quantitative reconciliation of major materials like cement, steel, aggregates, sand, etc. for computing the theoretical consumption based on work done and comparing the theoretical balance with actual physical balance and actual wastage with the standard norms.
- Analysis of slow moving inventory.
- Checking records of reusable items like shuttering materials, safety equipment, etc.
- Checking records of scrap with physical stock, billing of scrap sold, GST and TCS, as applicable.
- Inventory valuation including transportation and other acquisition costs and proper allocation of other overheads based on appropriate valuation method.
- Physical verification of major items, particularly cement, steel, chemicals, expensive spares and consumables store items.
- Proper segregation between own materials and client materials.

Plant and Equipment

- Physical verification of equipment owned by IRCON.
- Checking logbooks to ensure proper record keeping.
- Analysis of fuel consumption and utilization of major plants through scrutiny of monthly MIS reports.
- Comparison of fuel consumption of similar equipment and actual with standard norms.

- Analyse utilization of own equipment vis-à-vis hired equipment with respect to the volume of work done.
- Checking validity of rates of hired equipment compared to the market rates.
- Cross verification of data of equipment-wise diesel consumption reported by plant section with diesel issues shown by the stores section.
- Verification of system of capturing data and reporting of plants fabricated at site.

Sub-contracting

- Ensure the timely submission of performance guarantee, as per the provisions of the contract.
- Mobilization plan (for plant & machinery, manpower etc.) submitted by sub-contractor should be as per provisions of the contract.
- Labour license requirements need to be verified, as per Minimum Wages Act.
- Proper monitoring of the milestones achievements (physical and financial both), as per the provisions of the contract.
- In cases, where IRCON is providing the machinery, usage of the same needs to be verified with log books.
- Advances to the sub-contractor, such as mobilization advance etc. should be need based and to be given strictly as per the provision of the contract, ensuring the sufficient collateral (in form of bank guarantee etc.).
- Scrutinizing monthly running account (RA) bills of the subcontractors with respect to the work orders relating to the quantity of work, rates, plant and mobilization advance, interest (if any), retention deposit, GST, TDS, material recoveries, deductions for services availed, liquidated damages, etc.
- Ascertaining back-to-back recoveries from sub-contractors bills of deductions on account of work made by the client.
- Ensuring all work outsourced to third parties is supported by proper work orders/agreements.
- Proper upkeep and maintenance of measurement books (MB) of all outsourced work.
- Analysis of time taken for the clearance of bill and final payment from the date of submission of the bill.
- No claim certificate from Sub-contractor should be obtained with final bill.
- Contractor & Supplier ledger should be properly maintained

Client billing and receivable

- Checking the billing terms and conditions, which are either defined in the MOU signed between client and IRCON or as per the provisions of the contract.
- Ensure that the timely bills are being raised as per provisions of the billing terms and conditions. Major deviations are to be reported.
- Collections from the client with respect to the contractual collection period. Scrutiny of receipts in bank, otherwise than from cheques received from clients.
- The review of the receivables has been carried out as per Guidelines issued by Company from time to time.

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

Profit and Loss Analysis

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

Establishment matters

- Checking of wages and salaries of different categories of employees including officers, contract staff, monthly and daily rated workers on the basis of their respective terms and conditions of employment.
- Test check a few individual files of personnel posted at site.
- Comparison of actual manpower deployment with the monthly budgets.
- Ensure compliance of PF and ESIC laws in case of piece-rate workers employed by the project through sub-contractors.
- Surprise attendance verification of manpower deployment by pieceworkers, if terms of payment are dependent on actual attendance, particularly in case of security guards and helpers.
- Verify the records with special attention to LTC, Medical rules, Final Settlement, Travelling allowances, Staff Loans/Advances, Foreign Service Contribution (FSC) etc.

Statutory registrations, deductions and payments

- Identification of legal framework and statutes as applicable and compliance thereof.
- Check registrations/renewals with different statutory authorities like labour department, PF, ESIC, GST, Professional Tax, mining department, explosives license, pollution control, petroleum products, electricity and water supply authorities, etc.
- Ensure correct deductions and recoveries of taxes and statutory levies like TDS, TCS, GST, PF, ESIC, Professional Tax, labourCess 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 supply of goods or services or both through a proper procedure of set-off.
- Reconciliation of royalty payments on purchase/mining of boulders/aggregates and deductions made by the client with actual liability on the basis of work done and ascertainment of year-end liability.
- Status of assessments before various tax authorities.
- Details of statutory disputes and cases pending before various authorities with financial implications for being treated as contingent liabilities.

Assets and Liabilities

- Ageing of advances and scrutinizing debit balances, including advances to staff, workers, suppliers, subcontractors, pieceworkers and other parties. Classification into recoverable and non-recoverable advances. Assessing the

adequacy of provision of doubtful advances. Matching advances against corresponding liabilities.

- Assessing the proper estimation and adequacy of provisions made at the year-end and outstanding liabilities. Scrutinize all credit balances.
- Identifying pre-paid expenses.
- Maintenance of Fixed Assets register, Physical verification, calculation of depreciation and checking of location, situation & identification of fixed assets.
- Variations in quantity & price as per contract conditions & approval thereof.
- Claims management system and review of that.

Insurance Policies

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

Compliance of the IRCON policies

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

Miscellaneous Matters

- For arbitration, court cases and contingent liabilities, proper provisions should be calculated and booked.
- Compliance made by the project upon comments made by the Statutory Auditors in its report under the provisions of companies act, 2013.
- Any material procured from Micro, Small and Medium Enterprises (MSME), provisions of MSME Act to be followed.
- Review of the deposit with Govt. Departments such as Electricity, Water, and Telephone etc.
- Comment on risk assessment and risk mitigation mechanism in the project
- Detection of systemic flaws and suggestions for adopting corrective measures.
- Irregularities of serious nature noticed during audit are to be reported to the Head of Internal Audit Cell through a special report.

Special items for Corporate Office

- Since the type of work handled at C.O. is different than of projects, the scope for Internal Audit of C.O. is required to give additional attention to the below:

- Taxation Issue including statutory compliances.
- Treasury matters including management of Indian and foreign funds.
- Payroll and leave records.

Note:

- *The details above are not to restrict the Scope of Internal Auditors but are only to meet with the minimum specific requirements for the internal control of company.*
- *Internal Auditors are encouraged to suggest solutions to rectify the errors or deficiencies and not merely confine to making observations. Internal Auditors should also give suggestions for system improvement and ensure compliance of the audit observations at the Project site itself in their presence.*

Knowledge resource/documents to be referred

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

- i. Standards on Internal Audit issued by ICAI (SIA 1 to 18 issued so far)
- ii. Technical guide to Business control, monitoring and Internal Audit of Construction sector issued by ICAI.
- iii. Technical Guide on Internal Audit of Tendering Process issued by ICAI.
- iv. Generic Guidelines on Internal Audit issued by ICAI including Guide on Risk-based Internal Audit, Guide to Internal Financial Controls, Enhancing Governance through Internal Audit etc.
- v. Schedule of Power(SOP) issued by CS cell in Corporate office.
- vi. Guidelines for Tendering (GFT) issued by Corporate office.
- vii. General conditions of contract (GCC) issued by Corporate office
- viii. Project contract documents duly signed by IRCON and client.
- ix. Account closing guidelines issued by compilation cell, Corporate office.
- x. Circulars/guidelines/policies on various matters issued by concerned Department on time to time basis.

Master Checklist-Internal Audit

THE FOLLOWING CHECKLIST SHOULD BE FILLED AND SENT ALONGWITH THE INTERNAL AUDIT REPORT:

Part I: Accounting Issues

S. No.	Particulars	Remarks and annexure
1.	Trial Balance duly signed by the Project Finance Head. The details of clubbing of various types of expenses also be enclosed.	
2.	Bill wise details of bills preferred on client for the period under audit	
3.	Year & Bill wise details of contract receipts booked from the inception of the project till date/completion of project	
4.	Physical verification certificate for Cash balance as on 30 th September / 31 st March every year	
5.	i) Certificate from the Bank regarding Fixed deposits indicating date of maturity and rate of interest amount of FDR, interest accrued up to the end of the audit period. ii) Certificate from Bank regarding bank balance held by bank as on 30 th September /31 st March of the year in various accounts along with Bank reconciliation statement	
6.	Details of Remittance/Cheque in transit as on 31 st March of the year	
7.	Details of staff advances lying outstanding for more than 3 months as on 30 th September / 31 st March every year	
8.	Details of Advances to sub-contractors as on 30 th September /31 st March every year	
9.	i) Statement showing the details of IRCON's security deposit/Earnest money /Margin money and other deposits giving the party name, amount and probable date of realisation/maturity. ii) Statement showing details of Security Deposit/Earnest Money Deposit furnished by the sub-contractors.	
10.	Details of loans advanced to staff as Vehicle, Multiple Purpose and House building advance.	
11.	Details of outstanding Liabilities	
12.	(i) Statement of detailed calculations of interest receivable from bank (ii) Statement of detailed calculations of interest receivable from others (sub-contractors)	

13.	List of prepaid expenses	
14.	Details of prior period expenses stating the amount and nature of expenses and treatment as per Ind-AS 8.	
15.	Statement of expenditure on business promotion, publicity, entertainment and advertisement	
16.	(i) List of Guarantees given to client directly by the projects (ii) List of counter guarantees given by the company to Banks against guarantees issues by Bank to Project Authorities.	
17.	Certificate that no personal expenses have been charged to Profit and Loss Account	
18.	Year wise details of tax cases which are pending for assessment, tax payable as per Returns, and date of amount of tax paid/deducted by the client.	
19.	Approval for provisions for “Doubtful Debts” from the Competent Authority	
20.	Classification of Sundry debtors as per Accounts closing guidelines	
21.	Copies of confirmation letter of balance from Sundry Debtors and Creditors	
22.	Statement of TDS Certificates sent to Head quarters along with photocopies	
23.	Statement of contingent liabilities	
24.	Statement of Legal cases pending in the Courts and with Arbitrator	
25.	Statement of claims recoverable	
26.	Statement of Imports if any, during the year	
27.	Statement of work-in-progress as per Accounts closing guidelines	
28.	(i) Certificate of physical verification of Fixed Assets along with working sheets (ii) Fixed Assets Register	
29.	Certificate of physical verification of inventory together with the work sheets	
30.	Statement showing details of assets transferred such as Original cost, transfer to, transfer from, depreciation till date and any other relevant information	
31.	Sanction of Competent Authority for write off/loss on sale of Fixed Assets where necessary	
32.	Details of Insurance claim lodged for loss/pilferage of assets	
33.	Statement of Plant and Machinery which remained idle for more than 3 months during the year with gross value	
34.	Details of Assets in transit as on 31 st March of the year	
35.	Details of material in transit as on 31 st March of the year	
36.	Statement of sale /transfer/disposal of scrap, steel, empty cement bags and drum etc.	
37.	Approval of Competent authority for write off/loss on sale of	

	inventory	
38.	Material Reconciliation statement with client/sub-contractor	
39.	Depreciation calculation statement as per annual accounts closing guidelines	
40.	Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets	
41.	whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account	
42.	Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof	
43.	Whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, whether they have been properly dealt with in the books of account	
44.	Where dues of income tax or GST or any other statutory dues have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not be treated as a dispute)	
45.	Whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, GST and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated.	
Specific to Corporate Office only:		
46.	Whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013	
47.	In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.	
48.	Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of defaults to banks, financial institutions, and Government, lender wise details to be provided)	
49.	Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the	

	company for securing refund of the same.	
50.	Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards	
51.	Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with If any non-cash transaction is found then auditor should check compliance with the provisions of section 192 of the companies Act, 2013	
52.	Analysis of tenders, IRCON participated during the period. Thorough scrutiny of unsuccessful bids along with chargeability of expenses related to bids.	

Part II: Based on IRCON's operations and framework

S. No.	Particulars	Remarks and annexure
I.	Tenders: Matters to be examined	
1.	preparation of estimates and its approvals for tenders floated during the period	
2.	Fixation and Evaluation of Pre-qualification Criteria	
3.	Wide circulation of Notice Inviting Tender	
4.	Preparation, Vetting and Issuance of Tender Documents	
5.	Proper constitution of Tender Evaluation committee	
6.	Opening of tender in the absence of tender committee members and bidders.	
7.	Non receipt of EMD	
8.	Rejection of the lowest bidder, without proper justification	
9.	Contract may be awarded at higher rates with an undue favour to the contractor	
10.	Undue favour to a party without proven credentials	
11.	Non- consideration of relevant parameters, viz. technical, financial, etc	
12.	The absence of incorporation of relevant clauses, like performance bank guarantee, payment terms, liquidated damages, etc., which lead to ambiguity and result in delay in award of the contract	
13.	This will also lead to unnecessary litigation with the contractors during execution	
14.	The auditor will examine in details the works /supply contracts awarded by the contracts keeping in the mind any cases of splitting of the contracts noticed by them. The auditor should submit an affirmation that there was no splitting of contract noticed by them during the audit of the project.	

15.	The auditor should examine, whether the project has evaluated the performance of contractors and annual appraisal result is sent to C.O.	
II.	Project execution: Matters to be examined	
16.	Furnishing of insufficient security against advance released	
17.	Chances that the bills will be passed at a higher rate that too without deduction of advances, security deposit, retention money, recovery on account of additional facilities, viz. accommodation, electricity supply, equipment hiring charges and supply of material etc.	
18.	Inadequate risk coverage in the insurance policy	
19.	Delay in renewal of the policy	
20.	All the required policies, with relevant clauses to safeguard the interest of the IRCON, may not be taken by the contractor.	
21.	Financial loss to the IRCON due to the inability to protect against the occurrence of any mishap.	
22.	Delay in completion of the project and the cost overrun of the project	
23.	Recording of a fictitious date of completion, though work incomplete	
24.	Seeking grant of extension of time by contractor on flimsy grounds	
25.	All clauses as per contract including Liquidated Damages, Milestones achievement etc. are complied.	
26.	In correct recording of entries in MB in respect of measurement details.	
27.	Full and final payment will be released to the contractor without adjusting various recoveries, viz. material issued, advances given, charges for facilities, hire of equipment/vehicles, liquidated damages, etc.	
28.	Financial loss to the IRCON	
29.	Furnishing of BG for an inadequate amount.	
30.	There may be financial risk to the IRCON on account of non-recovery of outstanding advances/damages from the contractor due to non-availability of proper and valid BG.	
31.	There may be theft/misplacement of BG in absence of security measures for keeping and maintaining of BG.	
32.	No timely renewal of BGs which are getting expired.	
33.	Bank Guarantees are getting confirmed through SFMS System.	
34.	The auditor will check the frequency of physical verification of inventory, slow moving and unusable material. It is also to be checked that material is kept at safe place with adequate insurance coverage.	
35.	The auditor should check that the payment made to third part should only be through NEFT/RTGS. Any cash payment made	

	during the period should be reported.	
36.	The auditor should ensure that the project should have sufficient no. of safety devices and adhere to the safety policy of the company.	
37.	The auditor should check the bills raised to the client are as per terms of the agreement and duly accepted by the client.	
III.	Miscellanies matters	
38.	Issues related to SAP, e.g. <ul style="list-style-type: none"> • Concepts of maker and checker • Availability of SAP ids • Requirement of training • Generation of effective reporting information from software • Data security • Rights and responsibilities in SAP • Processing of salary in SAP • Integration of data • Maintenance of tax master etc. are to be reported in detail.	
39.	Comments on the adequacy of attendance management system of the project should be included in the report along with suggestions for improvement	
40.	Cash management system of the project should be specifically commented upon with views of auditor on its effectiveness.	
41.	Status and efforts made by the project for the timely disposal of fixed assets lying for the closed projects.	
42.	Comment upon the status and efforts made for timely and effective reconciliation of various items between regional offices, projects, PMD Cell, Corporate Office etc.	
43.	Remarks regarding the requirement, usefulness and economy of the inventory transfer between the projects. The feasibly study before such inter-project transfer and usage pattern post transfer should also be commented upon.	
44.	Monitoring of arbitration/legal cases at the project and corporate office level. Comments upon effective monitoring mechanism along with sincere efforts to resolve the matter in favor of Company	
45.	Biometric attendance system in offices and attendance system for site offices are to be checked	
46.	Risk management and contingency plan-identification, mitigation and reporting	
47.	Compliance of all laws and regulations applicable to the project	

Rules for Reimbursable Allowances

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

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

- Partners - Actual travel expenses by Air /AC FIRST CLASS.
- Articles/Audit Clerks -Actual travel expenses by Rail AC II Tier

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

- Partners - as payable to Chief General Managers, in IRCON i.e. Rs.780/- in all cities.
- Articles/Audit Clerks - as payable to DM in IRCON, i.e. Rs.510/- in all cities.

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

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

- Partners - entitled to Rs.10,000/- in X class cities, Rs. 8,000/- in Y class cities and Rs.6,000/- in other cities.
- Articles/Audit Clerks - entitled for Rs.2400/- in X class cities, Rs. 2200/- in Y class cities and Rs.1760/- in other cities.

Note:

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

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

(Above details should be duly verified from the project head before submission of claim to the corporate office)

Important Instructions to Professional Firm/LLPs

(A) Instructions:

- a. Format of Application must be strictly followed while giving technical details and Professional Fee Quote. The application should be completely filled; **incomplete applications will be rejected outrightly.**
- b. All EOIs will be evaluated on the basis of the technical details provided in specified format and documents furnished along with applications only. Any additional document received, after last date & time of receiving the EOIs as stipulated in the Notice Inviting EOIs, will not be entertained.
- c. Since, all the applications will be evaluated strictly on the basis of Eligibility Criteria please avoid attaching unsolicited information/documents for processing applications expeditiously.
- d. All submitted documents should be signed by a Partner with his name and under the seal of the firm/LLP.
- e. Applications must be submitted under sealed cover super scribing the EOI Notice No. & date and the words 'Application for Appointments of Internal Auditor for Name of the Respective Region of Ircon International Limited for FY 2019-20' thereon. The name of the Audit Circle applied for along with the name and address of the firm/LLP must also be indicated on the body of the envelope.
- f. Application may be submitted by hand or by post/ courier to **Shri S.K. Bandyopadhyay, GM/F/IA**, Ircon International Ltd. C-4, District Centre, Saket, New Delhi – 110017. Ircon does not take any responsibility for loss of application in transit. Applications sent through Fax or E-mail will not be considered.
- g. Any application received after the stipulated date & time, due to any reason whatsoever, will be rejected outrightly.
- h. There would be confidentiality clause in the appointment letter to be issued to each Audit firm/LLP.
- i. The work of Internal Audit allotted to Audit firm/LLP should not be assigned to any other third party by the said firm/LLP.
- j. Payment of Audit fees will be made in two parts 50% on submission of draft report & 50% on submission of final report (duly accepted by management).
- k. There would be a penalty clause in the appointment letter, which authorized IRCON to impose the penalty maximum up to 10% of the fee, in case of any delay in the submission of the report. However, relaxation may be granted in case of genuine reasons beyond the control of the Audit Firm/LLP.

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

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

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

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