



**KARNATAKA STATE INDUSTRIAL AND  
INFRASTRUCTURE DEVELOPMENT  
CORPORATION LIMITED**

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**APPOINTMENT OF REPUTED CHARTERED ACCOUNTANT /  
COST & MANAGEMENT ACCOUNTANT FIRM**

Karnataka State Industrial and Infrastructure Development Corporation Limited (KSIIDC) is a leading State level financial institution assisting medium and large scale industries in the State of Karnataka with a network of three Zonal Offices viz., Mangaluru, Hubballi and Kalburgi. KSIIDC intends to appoint a reputed Chartered Accountant / Cost & Management Accountant (CMA) entity located in Bengaluru having the following minimum eligibility criteria for carrying out the internal and concurrent audit of its operations:

- The entity should be a partnership firm registered with the Institute of Chartered Accountants of India / Institute of Cost Accountants of India for not less than 10 years.
- The firm should have a minimum of 5 full time Chartered Accountants (CA) / Cost & Management Accountants (CMA) out of which at least 3 should be full time partners. Two out of three minimum partners should be Fellow Members.
- Three out of the full time Chartered Accountants / Cost & Management Accountants should be Fellow Members.
- The firm should have a minimum of five years experience in carrying out internal / concurrent audit for banks and/or financial institutions.
- The firm should have worked as Statutory Auditors for banks and/or financial institutions for a minimum period of seven years.

The interested Chartered Accountant / CMA firms may obtain the Tender Document from the Head Office on a written request accompanied by a non-refundable crossed DD drawn in favour of KSIIDC Ltd., Bengaluru for Rs.1,000/- from KSIIDC **between 23.03.2015 and 31.03.2015 during office hours (10.00 a.m. to 5.00 p.m.)**.

The bids will be in two cover system. The first cover shall contain the Pre-qualification Bid and the second cover shall contain the Financial Bid indicating the remuneration payable. These two sealed covers shall be enclosed in the third envelope and sealed and addressed to the Executive Director at the address mentioned above superscribing "PRE-QUALIFICATION BID/FINANCIAL BID FOR THE APPOINTMENT OF CHARTERED ACCOUNTANT / CMA FIRM FOR INTERNAL AND CONCURRENT AUDIT ASSIGNMENT". The bids shall be delivered by hand only.

The bids with incomplete / incorrect information are liable for disqualification and no further correspondence will be entertained. KSIIDC reserves the right to reject or accept any or all bids at its sole discretion. The last date and time for submission of the duly filled-in tender document shall be **5.00 p.m. on 15.04.2015** at the address given above.

The bids shall be opened in the presence of the bidders **on 16.04.2015, 11.30 a.m.** in the Board Room of KSIIDC.

**Sd/- Executive Director**

**SCOPE OF INTERNAL AND CONCURRENT AUDIT :**

The operations of all the department of KSIIDC need to be audited on regular basis. The objective of the audit is to effectively put in place a reporting system on quarterly basis or as often as an audit team deems fit, to act as an effective MIS. Although, it is expected that quarterly finding (summary) of the audit work carried out in all the departments would be furnished in the form of quarterly reports, the audit assignment would also call for immediate reporting to the management if major lapses or lacuna are noticed in the operations.

The specific works required to be audited on a continuous basis in the existing departments are indicated below:

**FINANCE & ACCOUNTS DIVISION**

1. All statutory payments (Computation, Recovery and remittance) - 100%.
  - i) TDS on salaries
  - ii) TDS on all contract payments / TDS on Profession
  - iii) PF deductions
  - iv) TDS on interest
  - v) Professional Tax
  - vi) Advance tax / Income tax / Service Tax
  - vii) Any other statutory remittance.
2. Verification and validation of interest calculations in time in respect of finance extended by the Corporation (100%)
3. Bank Reconciliation Statements (100%)
  - i) Verify whether statements have been prepared on a timely basis.
  - ii) Review monthly Cheque receipts, returns with Bank statements and indicate cases of delay in realization / non-realisation of cheques.
4. Verification and Validation of Interest / other demands including TDS from Banks / Financial Institutions / other institutions, (if any), etc.
5. To ensure completeness / correctness of accounting of revenue (ie., interest received on loans). Verify the postings made in the financial accounts with similar entries made under Loan Monitoring System on a routine basis (weekly) (100%).

6. Review nature of expenses and verify nomenclature on a random basis (at least 40%) during the months selected for the purpose of audit. As regards Journal Entries (100% verification), the audit is required to ensure the correctness of the entries, mismatch, if any, in the ledger account especially pertaining to the areas like statutory payments, leakage of revenue, wrong classification of capital to revenue, and vice-versa, which will have a bearing on the accounts. The report should indicate the extent of verification and months covered in all the cases.
7. Verify Interest calculations and recovery of all loans provided by the Corporation to its employees (100%).
8. To verify the dues furnished / computed under Simple Interest / normal interest as sought by, to process the cases under One Time Settlement (OTS).
9. To verify the files before issue of 'No Due Certificate' (NDC) with reference to all the receipts and dues, if any, payable under OTS and status of realization.
10. Surprise physical verification of cash on a fortnightly basis.
11. Verify compliance with regard to RBI norms, RBI Bulletins and Circulars applicable to NBFCs / as applicable to financial institutions issued from time to time and report deviations, including accounting implications.
12. **NPA Management**: Review of existing systems, policies, procedures being followed and report whether they are in compliance with relevant guidelines / circulars etc., issued from time to time by RBI. To suggest improvement in the areas system development compliance / non-compliance with regard to NPA Management.
13. To audit and verify the files processed for placing of Term / Fixed Deposits with respect to rates obtained, limits, fixed, statutory compliance, if any. Also to physically verify the Term / Fixed Deposit Receipts with the register maintained and Financial Accounts.
14. To verify invoices raised in respect of Bangalore International Airport as per the terms of agreement.
15. Whether the Corporation maintains an account of waiver of loans, interests / other debits etc.

16. Inspection of Units (major cases to be decided in consultation with the Management). The expenditure for such visits shall be borne by the Corporation.
17. Overtime Payments.
18. TA / DA Payments.
19. To involve in finalization of annual accounts and vet the same after finalization before placing the same before the Audit Committee.
20. To co-ordinate with Statutory Audit, C & AG Audit and furnish replies as may be necessary.

### **OPERATIONS DIVISION**

Since last 15 years, KSIIDC has kept on hold sanction of fresh financial assistance. Presently, it is focusing on recoveries from advances and tackling of NPAs.

The operations are broadly divided into two Zones (Bangalore Zone and Karnataka Zone) based on the geographical location of the assisted units. The indicative Scope of Work relating to the audit of the operating division is as under:

The specific works required to be audited on a continuous basis in the exiting departments are indicated below:

1. Review and report on recovery in respect of various types of loans:
  - i) All files.
  - ii) All reschedulement & one time settlement proposals.
  - iii) BIFR cases.
  - iv) AAIFR cases.
  - v) Procedures adopted in recommending for taking over of an under under Sec. 29 of SFC's Act.
  - vi) Whether the unit was taken over under Sec. 29 within the stipulated period or not with reasons for taking over or not taking over. Report on consequent loss, if any, that the organization would have suffered as a result.
  - vii) In cases of reschedulement / rehabilitation, whether the modification deed have been executed.

2. Review and report on units proceeded with recovery action under SFCs Act.
  - i) Delay in selling of assets.
  - ii) Placing of advertisements
  - iii) Review of periodical inspection of units and recordings on the state of the fixed assets and current assets within the unit.
  - iv) Comment on security employed in guarding the assets taken over under Sec 29 of SFC's Act, selection and satisfactory services of security agencies, etc.
  - v) Review of proposals / offers for purchase of assets, procedures adopted in selling of assets, handing over of assets, monies received on selling of assets, allocation of monies received to proper head of account etc.
  - v) Action taken on assets missing, if any, from the taken over units.
  - vi) Pre-audit of all security payments proposed to safeguard secured / mortgaged assets against which recovery action has been initiated under various Sections of SFCs Act.
  - vii) Any other related matter.
3. Review Audited Accounts of borrower units of all assisted companies / firms and also report on the action taken thereon. The report should also include comments on working results of major borrowers, which should provide necessary feedback to the management on monitoring and follow-up of the concerned borrower accounts.
4. Review on communications and obtaining conduct of account of assisted entity with concerned commercial banks, financial institutions, etc.
5. Review whether the Corporation has a system of monitoring the timely recovery of outstanding dues.
6. Review whether the Corporation has a system of monitoring insurance and other claims.
7. To verify computation of interest furnished by Accounts Department for the purpose of settlement of dues under OTS by the loanees.

**LEGAL DEPARTMENT :**

- (i) Verification of all legal documentation (comment on lapses on securing the loan sanctioned / disbursed through proper legal documentation, if any).
- (ii) Verification of registers / records with the original documents deposited as security.

- (iii) Review the criminal complaints filed for the loss of assets charged to the Corporation.
- (iv) Auditing of files pertaining to invoking of personal guarantees of loanees and related issues with the files handled by the department.

### **INFORMATION TECHNOLOGY DEPARTMENT**

All purchases above `10,000/-

- (i) Actual requirement of purchases.
- (ii) Approval by concerned authority
- (iii) Authorization for purchases
- (iv) Systems and procedures followed
- (v) Details of existing computers and peripherals
- (vi) Proper maintenance of computers and peripherals
- (vii) Procedure adopted on writing off computers and peripherals , if any
- (viii) Whether the Board is briefed regularly of the IT strategy

### **ADMINISTRATION DEPARTEMENT**

All purchases above `10,000/-

- (i) Actual requirement of purchases.
- (ii) Approval by concerned authority
- (iii) Systems and procedures followed
- (iv) Details of existing assets
- (v) Physical verification of assets on a yearly basis
- (vi) Examination and verification of physical existence and condition of the tangible assets.
- (vii) Procedure adopted in writing off and disposing of assets.
- (viii) Proper maintenance of assets
- (ix) Maintenance of Fixed Asset Register as per the prescribed format under the new Companies Act, 2013.
- (x) Procedure adopted in selection of various vendors including those providing annual maintenance.
- (xi) Sanction of various loans to the employees of the Corporation as per rules, eligibility etc., including obtaining security towards loan.
- (xii) Selection of security agency as per relevant acts and rules. Internal control on security exerted by the department.
- (xiii) Inventory of cars, control on fuel and kilometer usage, trip scheme, authorization to use cars for various trips etc.,
- (xiv) Vehicle maintenance cost and its control.
- (xv) Verification of monthly Lunch Expenses provided to the employees

- (xvi) Verification of HBA / HPA / Vehicle Advance files of employees, who are attaining superannuation / retiring under VRS.
- (xvii) Other issues emerging from time to time.

### **PERSONNEL DEPARTMENT**

- i) Increments provided to employees as per rules.
- ii) Promotions provided as per rules.
- iii) Filing of various returns to the State Government as per rules as well as within prescribed time.
- iv) Undue delay in processing of files.
- v) Disciplinary action taken is within rules or disciplinary action not taken when warranted.
- vii) Review of implementation of rules / circular issued by various authorities within the organization, controlling Government department and State Government.
- viii) Verification of Earned Leave / Half Pay Leave Encashment Register and payments.
- ix) Payment revisions, if any.
- x) Other issues emerging from time to time, if any.

### **FINANCIAL SERVICES DIVISION (FSD)**

- i) The proposals for investment in equity shares / debentures / mutual funds.
- ii) Investment in shares.
- iii) The proposal for disinvestment of shares held by the Corporation.
- iv) Physical verification of inventory of stocks including register.
- v) Even Management related activities (all aspect covering expenditure, fund flow) etc.

### **BUSINESS DEVELOPMENT DEPARTMENT**

- i) Adequacy of business development carried out
- ii) Auditing of procedures adopted and expenditure incurred while arranging for industrial meets.

### **KHANIJA BHAVAN & ITBT PARK**

- i) All expenditure and fund flows relating to Khanija Bhavan, ITBT.
- ii) To review the Premises & Facilities Management (P&FM) Services provided by the Service Provider at Khanija Bhavan and ITBT Park.

- iii) To carryout surprise inspection to review deployment of security guards as per the tender document at both Khanija Bhavan and ITBT Park.
- iv) Verification of receipt of rent periodically as per invoice raised and as per lease agreements signed with the occupants.
- v) Verification of enhancement of rent upon renewal of lease agreements.
- vi) Payment of P&FM monthly bills, AMC payments and all other major payments.
- vii) Other issues emerging from time to time, if any.

### **INFRASTRUCTURE PROJECT DEVELOPMENT DEPARTMENT (IPD)**

The Department is acting as a Nodal Agency and also as Project Advisor. As a Nodal Agency, the department handles all the projects assigned by the Government of Karnataka till the commissioning and subsequently also, as per direction

(a) The Projects handled by the Corporation as Nodal Agency :

- Bangalore International Airport Project (now completed) and being expanded ;
- Tadadi Port Development Project ;
- Devanahalli Business Park Project ;
- International Convention Centre ;
- Gas Pipeline Project.
- Industrial Infrastructure Development Projects
  - Chennai-Bangalore-Chitradurga Infrastructure Corridor (CBCIC)
  - Bangalore – Mumbai Economic Corridor (BMEC)
  - National Manufacturing Investment Zone (NMIZ)

(b) As a Project Advisor, the Corporation has signed MOA with IL&FS and formed a Joint Venture (JV) to provide project advisory services to Government agencies for the development of infrastructure projects in the State of Karnataka. The project advisory services are handled by the above mentioned JV Company till the stage of identifying a partner.

(c) A SPV by name “Tadadi Port Limited” has been formed.

(d) Proposal regarding formulation of Joint Venture Company with GAIL Gas Limited for City Gas Distribution project.

(e) Formulation of a policy for charging of fees for infrastructure projects, Consultancy Fees payment, etc.



### **ZONAL OFFICES**

- i) Corporation has three Zonal Offices at Mangalore, Hubli and Gulbarga.
- ii) One Zonal Office be audited in each quarter with regard to various expenditure incurred, procedures adopted in collection of loan recovery amount and transferring to Head Office, control exercised in expenditure, security of taken over units, regular inspection of taken over and running units by the officials of the Corporation / Zonal Offices etc.
- iii) Auditors to visit some of the units running / taken over within the purview of the zonal office to note various measures taken by the Corporation in securing the assets or not securing the assets.
- iv) Action taken on assets missing, if any from the taken over units.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR) :**

Pre-audit of the CSR activities and expenses made thereon as per CSR Policy approved by the Board of Directors of KSIIDC.

### **GENERAL**

- a) Review procedures adopted in taking necessary approvals on undertaking visits abroad and are in line with the existing rules of the State Government guidelines etc.,
- b) Performance of schemes introduced by the company in the areas of sanctions, disbursements, recoveries, one time settlements, sale of equities etc.,
- c) Review periodically the Business plans of the company and its achievements with respect to targets and goals.
- d) Management review and review of quarterly performance of the Corporation.
- e) Any other specific work relating to day to day operations not specifically covered above.
- f) Adequacy of the existing system in reporting and control and suggesting improvements.
- g) Adequacy of systems in meeting the statutory compliance in filing returns especially in the electronic forms.
- h) Review implementation of "Restructuring Plan".

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KSII DC may, from time to time reorganize its operations and departments depending on the need, the scope of audit would encompass all the operations even after reorganization / reconsolidation of various departments. The work content indicated for the various departments as above is only indicative and the audit would encompass all the existing and future reorganised operations.

Further clarifications on the Scope of Services to be rendered may be had by contacting Shri Ravi Shankar, AGM (Internal Audit).