

No: DGM (FC & IA)/CO/Appt.of Int.auditors/2017-18

Dated: 28.04.2017

Sub: Tender Notice no: DGM(FC&IA)/CO/Appt.of Internal auditors/2017-18 dated  
28.04.2017

Dear Sir,

Please find enclosed the following bid documents, in original, to be used for submission of the bid.

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The tender should be submitted through e-tendering system on website <http://www.tcil-india-electronictender.com/>. Your offer complete in all respects as per enclosed documents must be submitted latest by **12.00** hrs. of **24.05.2017**

Bidders are advised to familiarize themselves adequately with the e-procurement system of TCIL, well in advance, to avoid last minute technical glitches/errors preventing successful uploading of bid within specified time frame.

The "Instructions to bidders" and General conditions are applicable for this tender

Tender bids (Technical) shall be opened on line at **12.30 hrs. on same day** i.e., on **24.05.2017** and thereafter offline bids and the date of opening of financial bids at a later date shall be intimated to the technically qualified bidders. The representatives of bidders may attend the bid opening either online after logging on to the MTNL's e-procurement portal or at MTNL's premises.

**SECTION-I  
(NOTICE INVITING TENDER)**

TENDER No. & DATE: MTNL/DGM (FC & IA)/CO/Appt.of Intl.auditors/2017-18 Dated  
28.04.2017

DUE DATE OF RECEIPT: **24.05.2017 UPTO 12:00 HOURS.**

DATE OF OPENING: **24.05.2017 AT 12:30 HOURS.**

On behalf of Chairman and Managing Director, Mahanagar Telephone Nigam Limited, Bids are invited ) OFFLINE AND ONLINE from interesting Chartered Accountant and Cost Accountant firms for conducting Internal Audit of **24** Accounting/Sub Accounting units of MTNL for a period **of one year w.e.f. 01.07.2017 to 30.06.2018** which can further be extended **for two more years based on the performance of the firm at the same rates and terms and conditions of the EOI.** The Accounting/Sub Accounting units of MTNL are located at Delhi and Mumbai.(annex-E)

2. E-tenders under Two-Bid system (Techno-commercial bid & Financial bid) are invited from reputed bidders fulfilling the qualifying requirements.
3. The eligibility conditions for the bidders are detailed in Section –II of tender document.
5. Bid security in the form of bank guarantee will be Rs. 42,000/- (Rupees Forty Two Thousand Only). The bid security shall be submitted before the scheduled date and time of opening of the bids. A scan copy of the bid security shall be uploaded along with the techno-commercial bid.
6. Intending bidders may download the tender document from the website <https://www.tcil-india-electronictender.com/> by making payment of Rs. 525/- (Rs. Five hundred twenty five only) as cost of tender document. The cost of tender document can also be paid in the form of DD/pay order of Rs. 525/- drawn in favor of MTNL payable at Delhi before scheduled date and time of opening of bids.

Dy. Genl. Manager (FC & IA),  
MTNL,CO.

## SECTION- II

### ELIGIBILITY CONDITIONS:

- (i) The firms should be located at or have branch at Mumbai for Accounting/Sub Accounting Units of Mumbai and similarly at Delhi.
- (ii) The Firm should be either Chartered Accountants or Cost Accountants Firm (Partnership or body corporate) and minimum of 10 years old.
- (iii) The Firm should have Internal Audit/Statutory Audit experience of at least 7 years of PSUs/Listed entities or any company having a turnover of Rs.500 cr. or more or any Telecom service provider/Company with a turnover of Rs.100 cr.
- (iv) The firm should have three or more partners.
- (v) The selected firms will be required to depute a team consisting of minimum three persons at each unit headed by a qualified CA.
- (vi) The average annual turnover of the firm should not be below **Rs, 50,00,000/-** (Fifty lacs) during the last three financial years.
- (vii) The firm should not be currently statutory auditors of MTNL/Associates concerns or cost auditors and, if already appointed as an auditor with subsidiaries or joint ventures etc. also such firms shall be withdrawn to continue as IA firms and fresh appointment from the panel shall be considered.
- (viii) The bidder should give a certificate that none of his/her near relative is working in the units as defined below where he is going to apply for the EOI.. Due to any breach of the conditions by the company or firm or any other person the EOI will be cancelled and Bid Security will be forfeited at any stage whenever it is noticed and MTNL will not pay any damage to the company or firm or the concerned person.
- (ix) The company or firm will also be debarred for further participation in the concerned unit. The near relatives for this purpose are defined as:-

Members of a Hindu undivided family. (b) They are husband and wife. (c) The one is related to the other in the manner as father, mother, son(s) & Son's wife (daughter in law), Daughter(s) and daughter's husband (son in law), brother(s) and brother's wife, sister(s) and sister's

The format of the certificate to be given is "I.....s/o.....r/o.....hereby certify that none of my relative(s) as defined in the tender document is/are employed in MTNL unit as per details given in tender document. In case at any stage, it is found that the information given by me is false / incorrect, MTNL shall have the absolute right to take any action as deemed fit / without any prior intimation to me."

**SECTION – III****GENERAL TERMS AND CONDITIONS:**

(a) The Firms appointed as Internal Auditors will not be allowed to sub-contract the work assigned. In case it is subsequently found at any stage of the appointment process/post appointment that outsourcing has been resorted to, the appointment will be liable for cancellation with immediate effect.

(b) The quality of the work performed by the Audit Firms will be reviewed quarterly at each GM Unit based on the Audit Report submitted.

(c) MTNL Management may, without prejudice to any other remedy available for the breach of any conditions of EOI, by a written notice of 14 days, issued to successful bidder at its registered office, terminate this agreement under any of the following circumstances:

- (i) Successful bidder failing to perform any obligation(s) under the EOI.
- (ii) Successful bidder failing to rectify, within the time prescribed for rectification, any lacuna in performance of obligation as may be pointed out by MTNL.
- (iii) Performance of the successful bidder is not in conformity with the scope of the work.
- (iv) Successful bidder going into liquidation or ordered to be wound up by competent authority.

In such a situation, MTNL shall not be responsible for any damage or loss caused or arisen of aforesaid action.

(d) The firms will have to submit Internal Audit Report to the auditee i.e., G.M. of area concerned on monthly/quarterly basis by 15<sup>th</sup> of the following month. There are 24 units in all as per details at Annexure – E in Delhi and Mumbai.

(e) The firms will have to submit monthly/quarterly Internal Audit Report in scanned copy and hard copy duly signed and stamped by 30<sup>th</sup> of the next month to the following officers:

- (i) G.M. (Finance)/CO – Room no: 4202, 4<sup>th</sup> floor, Mahanagar Door Sanchar Sadan, CGO Complex, Lodi Road, New Delhi-110003
- (ii) DGM (TR & IA), MTNL, CO Room no: 4302, Mahanagar Door Sanchar Sadan, CGO Complex, Lodi Road, New Delhi-110003
- (iii) GM of the area concerned in Delhi / Mumbai and to G.M. (HQ)/WS Delhi, GM (CC&CS)/WS, Mumbai
- (iv) G.M. (Finance)/Delhi/Mumbai and G.M. (F)/WS for Delhi unit & DGM (F)/WS unit Mumbai.
- (v) Sr.Mgr. (IA & RA)/MTNL, Mumbai and DGM (IA)/HQ Delhi unit.
- (vi) No TA/DA, Hotel and other expenses will be paid/reimbursed.

(f) MTNL reserves the right to accept or reject any EOI, and to annul the process and reject all EOIs at any time without assigning any reason whatsoever and without thereby incurring any liability to the affected firm/firms.

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(g) It is the sole responsibility of the Firm to comply with the all labour laws and other applicable Laws in relation to the Firm's staff engaged in MTNL for internal Audit assignment.

(h) The firm shall abide by the obligations of Internal Audit standards.

(i) The Firm should depute Audit Team(s)' to complete the work within scheduled time as mentioned in SOW of this document and each Audit Team should comprise sufficient number of incumbents headed by qualified CA. Name of the Qualified CA/ to be intimated in writing to MTNL at each Unit level. Any change in name of CA may be intimated to MTNL at each Unit level.

(j) The appointed Firm will be debarred from getting, in future, any work in MTNL in the following cases:

(i) If it is found that the Firm has obtained the appointment on the basis of false information, false statements, misrepresentation, unfair means and solicitation.

(ii) If the Firm does not take up the assigned work in terms of appointment.

(iii) If the Firm does not submit the report completed in all respect in terms of appointment.

(iv) If the Firm violates any of the terms and conditions stipulated under this EOI. Also the Internal audit work assigned through this EOI may be withdrawn with immediate effect.

(k) Service Tax or GST as applicable on the date of payment will be paid extra by the MTNL. Rates should be offered exclusive of service tax.

(l) TDS or other statutory deductions as applicable will be deducted by MTNL at the rates notified by the Govt. of India from time to time for each bill.

(m) In case of discrepancies in the amounts quoted in the financial bid, the amount quoted in words in price bid form would prevail.

(n) Payment shall be released by the respective units on quarterly basis along with a certificate confirming number of persons deployed during the quarter and timely submission of the Report along with satisfactory completion certificate at each Unit level.

(o) Date of start of audit will be within 5 days from the date of issue of letter of appointment.

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(p) No extra days will be allowed or no extra cost is to be paid for consumption of extra days beyond the stipulated period without showing convincing reason and obtaining specific prior approval/order of the competent authority.

(q) The designated team will work in strict confidence and will ensure that the information in respect of the operation of the area/unit is dealt in strict confidence and secrecy.

(q) **Scope of work is given in Annexure-F, also available at MTNL's website.**

**GENERAL INSTRUCTIONS TO THE INTERNAL ADITORS:**

- (a) The internal auditor has to audit and report the existence and effectiveness of the Internal Control Systems and adequacy or otherwise of the same with focus towards improving the internal control structure as well as promoting better corporate governance and also evaluation of efficiency and effectiveness of the controls and recommending new controls wherever required including those of IT System in respect of ERM, the processes at various levels are to be reviewed.
- (b) Internal Auditor has to conduct internal investigations in the matters where there is suspected fraud or irregularity or a failure of internal control systems of the material nature and shall report such matters to audit committee/Board of Directors through the Head of the Finance Control i.e., CFO or CEO.
- (c) **The bidding companies have to give clause by clause compliance by signing all pages of EOI by an authorized signatory upto Annexure – F and also return a copy of this duly signed tender document along with the bid.**
- (d) Any other items of work or specified or special task assigned exclusively with reference to any of the subject matter mentioned or any other issue although not mentioned related to above broad scope of work.

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## SECTION – IV

### **Terms & Conditions of On-Line tender:-**

The tender can be submitted offline and online. To send online, the tender shall be submitted through e-tendering system on website <http://www.tcil-india-electronictender.com/> Please note that bidding on-line requires the bidder to possess a Digital Signature Certificate).It is also essential that the bidders should familiarize themselves adequately with the electronic procurement system of TCIL well in advance to avoid last minute glitches/errors preventing successful uploading of bid within specified time frame. Intending bidders may download the tender document from the website <https://www.tcil-india-electronictender.com/> by making **payment of Rs.525/- as cost of tender document. The cost of tender document can also be paid in the form of DD/pay order of Rs. 525/- drawn** in favor of MTNL payable at Delhi before scheduled date and time of opening of bids.

The bidders are required to keep a watch on the MTNL's website w.r.t. any amendment to the tender document or to any clarification to the queries raised by the bidders till ten days prior to opening of the tender.

MTNL reserves the right for rejection of bids if the bids are submitted without taking into account these amendments/clarifications. Further, bidders shall be fully responsible for downloading of the tender document and amendments for their completeness.

For any clarification, please feel free to contact Smt. Kiran Bala/Smt. Madhu Bedi on mobile nos: 9868131002/9868132429 and e-mail id [caoifco@gmail.com](mailto:caoifco@gmail.com).

### **2. AMENDMENT TO BID DOCUMENTS:**

At any time, prior to the date of submission of bids, the Purchaser may, for any reason, whether at its own initiative or in response to clarification requested by a prospective bidder, modify bid documents, if any. The amendment shall be displayed on MTNL's website <http://www.tcil-india-electronictender.com/> and these amendments will be binding on all the bidders. In order to afford prospective bidders a reasonable time to take the amendment into account for preparing their bids, the purchaser may, at its discretion, extend the deadline for the submission of bids suitably. Pre-bid meeting, if required, shall be held and minutes circulated.

### **3. LATE BIDS:**

E-procurement is date and time locked. The system will not accept any bid after the scheduled date and time of submission of the bids.

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#### **4. MODIFICATIONS AND WITHDRAWAL OF BIDS:**

The bidders may modify or withdraw his bid after submission prior to the deadline prescribed for submission of bids. No bid shall be modified subsequent to the deadline for submission of bids.

#### **5. EARNEST MONEY AND SECURITY DEPOSIT:**

(a) The bidder shall furnish, as part of his bid, a bid form **Annexure 'C'** and a bid security in the form of Bank Guarantee for an amount of Rs. 42,000/- (Rs. Forty Two thousand only) as **per Annexure D**. The Bid Security can also be paid in the form of DD/Pay Order of Rs. 42,000/- drawn in favour of MTNL payable at Delhi along with the bid.

(b) The bid security is required to protect the purchaser against the risk of bidder's conduct, which would warrant the forfeiture of bid security pursuant to para mentioned above.

©The bid security the form of a bank Guarantee issued by a scheduled bank in favour of the MTNL shall be valid for a period of 180 days from the date of tender opening.

(d) The bid not secured in accordance with para mentioned above shall be rejected by the Purchaser being non-responsive at the bid opening stage and returned to the bidder unopened.

(e)The bid security of the unsuccessful bidder will be discharged/ returned as promptly as possible as but not later than 30 days after the expiry of the period of the bid validity prescribed by the purchaser.

(f)The successful bidder's bid security will be discharged upon the bidder's acceptance of the advance purchase order satisfactorily furnishing the performance security.

(g)The bid security may be forfeited: If the bidder withdraws his bid during the period of bid validity specified by the bidder in the Bid form or In the case of successful bidder, if the bidder fails to sign the contract or furnish performance security/Security Deposit. In both the cases, the bidder will not be eligible to participate in the EOI for same work for one year from the date of issue of LOI. The bidder will not approach the court against the decision of MTNL in this regard.

(h)The Firm shall furnish performance security to the MTNL for an amount equal to 5% of the Work Order as per number of units allotted within 14 days from the date of issue of LOI by the MTNL.



(i)The proceeds of the performance security shall be payable to the MTNL as compensation for any loss resulting from the supplier's failure to complete its obligations under the period of EOI

(j)The performance security bond will be discharged by the MTNL after completion of the Firm's performance obligations under the period of EOI with extension if any.

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(k)The format for performance bank guarantee will be notified to the successful bidders at the time of LOI.

(l)Without prejudice to its rights of any other remedy, MTNL shall en- cash the BG in case of any breach in terms and conditions of the contract or in case of failure to carry out internal audit work as per the agreed schedule & parameters, on part of Firm. If the firm breaches the term and conditions of the EOI or in case of failure to carry out internal audit work as per terms and conditions prescribed under EOI, it shall be the responsibility of the concerned GM/DGM to intimate the C.O. such failure on the part of bidder.

(m)The Firm shall extend the validity of the BG on yearly basis or as directed by C.O. till the entire internal audit work with extension if any under the EOI is satisfactorily completed.

**SECTION – V****COST OF BIDDING:**

The bidding firm shall bear all costs associated with the preparation and submission of bids. The purchaser, will, in no case be responsible or liable for these costs, regardless of the conduct or outcome of the bidding process.

**PERIOD OF VALIDITY OF BID:**

The validity of the proposal shall for 150 days from the date of opening of the Technical Bid without any change in the proposed price for the assignment.

**SUBMISSION OF BIDS:**

Bids can be submitted **OFFLINE** and **ONLINE**. In any case, hard copies of the documents have to be submitted and it is mandatory.

EOIs are to be submitted in two separate sealed covers with **Part-A Eligibility Criteria/Technical bid- Annexure ‘A’** in one cover and **Part – B Financial in the enclosed prescribed format- Part B- Annexure ‘B’** in another sealed envelope as well as online before the due date and both these envelopes should be put together **in one sealed envelope**. The financial bids will be opened in respect of only those bidders who qualify the Eligibility criteria.

Last date of submission of bids is **24.05.2017 (12.00 hrs)** offline and online. A hard copy of the bid is to be submitted in sealed envelope upto the due date super scribed as **“Bid for Appointment of Internal Auditors”** addressed to the undersigned in the drop box placed at room no: 4302, 4<sup>th</sup> floor, Mahanagar Door Sanchar Sadan, 9, CGO Complex, Lodi Road, New Delhi -110003. In case, on-line bidding is not materialized due to connectivity problems or for any other reason, hard copies of the bids shall be opened and evaluated in which case; the bidders shall be advised to participate in bid opening procedure. Technical Bids will be opened on the same day i.e., **on 24.05.2017 at 12.30 hrs. First the online bids and thereafter the offline bids and later the date of opening of Financial bids shall be intimated to the technically qualified bidders.**

**Some Bidding related Information for this Tender (Sealed Bid)**

The entire bid-submission would be online on ETS and offline also if not able to submit online. Broad outline of submissions are as follows:

- Submission of Bid-Parts/ Envelopes
  - Technical-Part
  - Financial-Part

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### **Offline Submissions:**

*The bidder is requested to submit the following documents offline at the address mentioned in submission of bids before the start of Public Online Tender Opening Event in a Sealed Envelope.*

*Contact Persons Name*

*Address:*

*The envelope shall bear (the project name), the tender number and the words 'DO NOT OPEN BEFORE' (due date & time).*

1. *Original copy of the Bid Security in the form of a Bank Guarantee/DD for Rs. 42,000/-*
2. *Pass Phrase*
3. *Power of Attorney*
4. *DD/ Bankers cheque of Rs. 525/- drawn in favour of MTNL, payable at Delhi/New Delhi against payment of tender fee/ Cost of Tender Documents.*
5. *Certificate that none of his relatives working in MTNL as per wordings given on page 3.*
6. *'ETS Bidding Fee' for use of ETS is required to be paid online. Note: Failure to pay this amount will result in rejection of the bid.*

*Note: The Bidder should also upload the scanned copies of all the above mentioned original documents as Bid-Annexures during Online Bid-Submission.*

### **OPENING OF THE BID:**

Tender will be opened online by the designated tender opening committee of MTNL on the scheduled date and time of opening of the bids. The representative of the bidders may attend the bid opening either online after logging on to the TCIL's EPS portal or at MTNL premises.

### **PROCEDURE FOR EVALUATION:**

Six Firms which will satisfy prescribed eligibility conditions and whose technical bids are accepted shall be shortlisted solely on the basis of ranking of fees quoted from L-1 to L-6. The bidders shall quote for all the 24 units referred to in Annexure – E of EOI

and the evaluation will be done on the basis of all inclusive composite rate for all 24 units exclusive of cenvatable duties/taxes.

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The L-1 firm will be awarded the work of 8 units. The L-2 firm will be awarded 4 units at the rate of L-1. The L-3 firm to L-6 firm will be awarded 3 units each at L-1 rate. In case, the L-2 to L-6 firms do not accept the offer to work on L-1 rate, then the units will be offered to five other bidders down the ranking L-7 to L-11 at the rate of L-1 unconditionally. In case, no bidder accepts the L-1 price, then the units of L-2 to L-6 firms will be offered to L-1 bidder and L-1 bidder will be required to accept the full assignment as per Scope of work. The decision of the MTNL for allotting the units either in Delhi or Mumbai shall be binding on the selected bidders.

In case of tie amongst Firms, the Firms will be evaluated based on the conditions detailed under the head 'eligibility conditions'. A tie in this stage also will further lead the evaluation based on the date of registration and the Firm with oldest date of registration will be selected. If there is tie for date of registration also, then the selection of a Firm will be based on the greater number of partners in the Firm. However, MTNL reserves the right to consider/ not to consider the Firm with the least quote due to any reason. The decision of the MTNL would be final and binding on the bidder in this regard.

**PLACE OF AUDIT:**

The appointed Firm will depute their 'Audit Team(s)' at the Units located at Delhi and Mumbai as per List attached with the EOI and Unit (Delhi/Mumbai) assigned to them. The audit should be conducted at MTNL premises only and no auditor will be allowed to carry Company's documents outside the premises of MTNL's office.

**PERIOD OF WORK ORDER :-**

The work shall initially be awarded for a period of **one year i.e. from 1.7.2017 to 30.6.2018**, which can be extended further for a period of **another two years** on yearly basis subject to mutual consent and satisfactory completion of work.

**ARBITRATION:**

In case of any dispute, the decision of CMD, MTNL shall be final and binding on the C.A. firm or arbitration clause. Jurisdiction of court/arbitration will be New Delhi only. MTNL reserves the right to accept or reject any or all responses and to request additional submission or clarification from one or more

applicant(s) at any stage or to cancel the process entirely without assigning any reason.

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## SECTION - VI

### **Special instructions to Bidders for e-Tendering**

#### **General**

The Special Instructions (for e-Tendering) supplement 'Instruction to Bidders', as given in these Tender Documents. Submission of Online Bids is mandatory for this Tender.

E-Tendering is a new methodology for conducting Public Procurement in a transparent and secured manner. Now, the Government of India has made e-tendering mandatory. Suppliers/ Vendors will be the biggest beneficiaries of this new system of procurement. For conducting electronic tendering, **MTNL** has decided to use the portal **<https://www.tcil-india-electronictender.com>** through TCIL, a Government of India Undertaking. This portal is based on the world's most 'secure' and 'user friendly' software from ElectronicTender<sup>®</sup>. A portal built using ElectronicTender's software is also referred to as ElectronicTender System<sup>®</sup> (ETS).

Benefits to Suppliers are outlined on the Home-page of the portal.

#### **Instructions**

#### **Tender Bidding Methodology:**

##### **Sealed Bid System**

- **Single Stage Two Envelope**

#### **Broad Outline of Activities from Bidder's Perspective:**

1. Procure a Digital Signing Certificate (DSC)
2. Register on ElectronicTendering System<sup>®</sup> (ETS)
3. Create Marketing Authorities (MAs), Users and assign roles on ETS. It is mandatory to create at least one MA.
4. View Notice Inviting Tender (NIT) on ETS
5. For this tender -- Assign Tender Search Code (TSC) to an MA
6. Download Official Copy of Tender Documents from ETS.

*Note: Official copy of Tender Documents is distinct from downloading 'Free Copy of Tender Documents'. To participate in a tender, it is mandatory to procure official copy of Tender Documents for that tender.*

7. Clarification to Tender Documents on ETS
  - Query to *MTNL* (Optional)
  - View response to queries posted by *MTNL*
8. Bid-Submission on ETS
9. Attend Public Online Tender Opening Event (TOE) on ETS
  - Opening of relevant Bid-Part

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10. Post-TOE Clarification on ETS (Optional)
  - Respond to *MTNL* Post-TOE queries
11. Attend Public Online Tender Opening Event (TOE) on ETS
  - Opening of relevant part (i.e. Financial-Part)  
(Only for Technical Responsive Bidders)

For participating in this tender online, the following instructions are to be read carefully. These instructions are supplemented with more detailed guidelines on the relevant screens of the ETS.

### **Digital Certificates**

For integrity of data and authenticity/ non-repudiation of electronic records, and to be compliant with IT Act 2000, it is necessary for each user to have a Digital Certificate (DC), also referred to as Digital Signature Certificate (DSC), of Class 2 or above, issued by a Certifying Authority (CA) licensed by Controller of Certifying Authorities (CCA) [refer <http://www.cca.gov.in>].

### **Registration**

To use the ElectronicTender<sup>®</sup> portal <https://www.tcil-india-electronicstender.com>, vendors need to register on the portal. Registration of each organization is to be done by one of its senior persons who will be the main person coordinating for the e-tendering activities. In ETS terminology, this person will be referred to as the Super User (SU) of that organization. For further details, please visit the website/portal, and click on the 'Supplier Organization' link under 'Registration' (on the Home Page), and follow further instructions as given on the site. Pay Annual Registration Fee as applicable.

After successful submission of Registration details and Annual Registration Fee, please contact TCIL/ ETS Helpdesk (as given below), to get your registration accepted/activated

Important Note: To minimize teething problems during the use of ETS (including the Registration process), it is recommended that the user should peruse the instructions given under 'ETS User-Guidance Center' located on ETS Home Page, including instructions for timely registration on ETS. The instructions relating to 'Essential Computer Security Settings for Use of ETS' and 'Important Functionality Checks' should be especially taken into cognizance.

Please note that even after acceptance of your registration by the Service Provider, to respond to a tender you will also require time to complete activities related to your organization, such as creation of users, assigning roles to them, etc.

TCIL/ ETS Helpdesk	
Telephone/ Mobile	<p><i>Customer Support: +91-11-26241790 (From 10 AM to 6 PM Monday to Friday except on Govt. Holidays)</i></p> <p><i>Emergency Mobile Numbers: +91-9868393775 (Please contact only in emergency during non-working hours of the Helpdesk)</i></p>
E-mail ID	<p><i>ets_support@tcil-india.com</i></p> <p><i>[Please mark CC: <a href="mailto:support@electronic tender.com">support@electronic tender.com</a>]</i></p>

MTNL Contact	
MTNL Contact Person	Smt. Madhu Bedi
Mobile no. & E-mail ID	Mobile no: 9868132429 & e-mail id <a href="mailto:bedi.madhu@gmail.com">bedi.madhu@gmail.com</a> .

### Special Note on Security and Transparency of Bids

Security related functionality has been rigorously implemented in ETS in a multi-dimensional manner. Starting with 'Acceptance of Registration by the Service Provider', provision for security has been made at various stages in Electronic Tender's software. Specifically for Bid Submission, some security related aspects are outlined below:

As part of the Electronic Encrypter™ functionality, the contents of both the 'Electronic Forms' and the 'Main-Bid' are securely encrypted using a Pass-Phrase created by the Bidder himself. Unlike a 'password', a Pass-Phrase can be a multi-word sentence with spaces between words (e.g. I love this World). A Pass-Phrase is easier to remember, and more difficult to break. It is recommended that a separate Pass-Phrase be created for each Bid-Part. This method of bid-encryption does not have the security and data-integrity related vulnerabilities which are inherent in e-tendering systems which use Public-Key of the specified officer of a Buyer organization for bid-encryption. Bid-encryption in ETS is such that the Bids cannot be decrypted before the Public Online Tender Opening Event (TOE), even if there is connivance between the concerned tender-opening officers of the Buyer organization and the personnel of e-tendering service provider.

CAUTION: All bidders must fill Electronic Forms™ for each bid-part sincerely and carefully, and avoid any discrepancy between information given in the Electronic Forms™ and the corresponding Main-Bid. For transparency, the information submitted by a bidder in the Electronic Forms™ is made available to other bidders during the Online Public TOE. If it is

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found during the Online Public TOE that a bidder has not filled in the complete information in the Electronic Forms™, the TOE officer may make available for downloading the corresponding Main-Bid of that bidder at the risk of the bidder. If variation is noted between the information contained in the Electronic Forms™ and the 'Main-Bid', the contents of the Electronic Forms™ shall prevail. Alternatively, the Buyer organization reserves the right to consider the higher of the two pieces of information (e.g. the higher price) for the purpose of short-listing, and the lower of the two pieces of information (e.g. the lower price) for the purpose of payment in case that bidder is an awardee in that tender.

Typically, 'Pass-Phrase' of the Bid-Part to be opened during a particular Public Online Tender Opening Event (TOE) is furnished online by each bidder during the TOE itself, when demanded by the concerned Tender Opening Officer.

There is an additional protection with SSL Encryption during transit from the client-end computer of a Supplier organization to the e-tendering server/ portal.

### **Public Online Tender Opening Event (TOE)**

ETS offers a unique facility for 'Public Online Tender Opening Event (TOE)'. Tender Opening Officers, as well as, authorized representatives of bidders can simultaneously attend the Public Online Tender Opening Event (TOE) from the comfort of their offices. Alternatively, one/ two duly authorized representative(s) of bidders (i.e. Supplier organization) are requested to carry a Laptop with Wireless Internet Connectivity, if they wish to come to UTITSL office for the Public Online TOE.

Every legal requirement for a transparent and secure 'Public Online Tender Opening Event (TOE)', including digital counter-signing of each opened bid by the authorized TOE-officer(s) in the simultaneous online presence of the participating bidders' representatives, has been implemented on ETS.

As soon as a Bid is decrypted with the corresponding 'Pass-Phrase' as submitted online by the bidder himself (during the TOE itself), salient points of the Bids (as identified by the Buyer organization) are simultaneously made available for downloading by all participating bidders. The tedium of taking notes during a manual 'Tender Opening Event' is therefore replaced with this superior and convenient form of 'Public Online Tender Opening Event (TOE)'.

ETS has a unique facility of 'Online Comparison Chart' which is dynamically updated as each online bid is opened. The format of the chart is based on inputs provided by the Buyer for each Bid-Part of a tender. The information in the Comparison Chart is based on the data submitted by



the Bidders. A detailed Technical and/ or Financial Comparison Chart enhances Transparency. Detailed instructions are given on relevant screens.

ETS has a unique facility of a detailed report titled 'Minutes of Online Tender Opening Event (TOE)' covering all important activities of 'Online Tender Opening Event (TOE)'. This is available to all participating bidders for 'Viewing/ Downloading'.

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There are many more facilities and features on ETS. For a particular tender, the screens viewed by a Supplier will depend upon the options selected by the concerned Buyer.

### **Other Instructions**

For further instructions, the vendor should visit the home-page of the portal <https://www.tcil-india-electronictender.com>, and go to the **User-Guidance Center**

The help information provided through 'ETS User-Guidance Center' is available in three categories – Users intending to Register / First-Time Users, Logged-in users of Buyer organizations, and Logged-in users of Supplier organizations. Various links (including links for User Manuals) are provided under each of the three categories.

Important Note: It is strongly recommended that all authorized users of Supplier organizations should thoroughly peruse the information provided under the relevant links, and take appropriate action. This will prevent hiccups, and minimize teething problems during the use of ETS.

### **SEVEN CRITICAL DO'S AND DON'TS FOR BIDDERS**

Specifically for Supplier organizations, the following '**SEVEN KEY INSTRUCTIONS for BIDDERS**' must be assiduously adhered to:

1. Obtain individual Digital Signing Certificate (DSC or DC) well in advance of your first tender submission deadline on ETS.
2. Register your organization on ETS well in advance of the important deadlines for your first tender on ETS viz 'Date and Time of Closure of Procurement of Tender Documents' and 'Last Date and Time of Receipt of Bids'. Please note that even after acceptance of your registration by the Service Provider, to respond to a tender you will also require time to complete activities related to your organization, such as creation of -- Marketing Authority (MA) [ie a department within the Supplier/ Bidder Organization responsible for responding to tenders], users for one or more such MAs, assigning roles to them, etc. It is mandatory to create at least one MA. This unique feature of creating an MA enhances security and accountability within the Supplier/ Bidder Organization.
3. Get your organization's concerned executives trained on ETS well in advance of your first tender submission deadline on ETS.

4. For responding to any particular tender, the tender (i.e. its Tender Search Code or TSC) has to be assigned to an MA. Further, an 'Official Copy of Tender Documents' should be procured/ downloaded before the expiry of Date and Time of Closure of Procurement of Tender Documents. **Note:** Official copy of Tender Documents is distinct from downloading 'Free Copy of Tender Documents'. Official copy of Tender Documents is the equivalent of procuring physical copy of Tender Documents with official receipt in the paper-based manual tendering system.

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5. Submit your bids well in advance of tender submission deadline on ETS (There could be last minute problems due to internet timeout, breakdown, etc)
6. It is the responsibility of each bidder to remember and securely store the Pass-Phrase for each Bid-Part submitted by that bidder. In the event of a bidder forgetting the Pass-Phrase before the expiry of deadline for Bid-Submission, facility is provided to the bidder to 'Annul Previous Submission' from the Bid-Submission Overview page and start afresh with new Pass-Phrase(s).
7. ETS will make your bid available for opening during the Online Public Tender Opening Event (TOE) 'ONLY IF' your 'Status pertaining Overall Bid-Submission' is 'Complete'. For your record, you can generate and save a copy of 'Final Submission Receipt'. This receipt can be generated from 'Bid-Submission Overview Page' only if the 'Status pertaining overall Bid-Submission' is 'Complete'.

*NOTE: While the first three instructions mentioned above are especially relevant to first-time users of ETS, the fourth, fifth, sixth and seventh instructions are relevant at all times.*

#### **Minimum Requirements at Bidder's End**

Computer System with good configuration (Min PIV, 1 GB RAM, Windows 7 or above), Broadband connectivity, Microsoft Internet Explorer 6.0 or above, Digital Certificate(s)

Pl. note Windows XP is not supported on ETS Portal of TCIL w.e.f. 30th April 2015. The minimum Operating System requirement for end-user would be Windows 7 or above.

Dy. Genl. Manager (FC & IA),  
MTNL, Corporate Office,  
New Delhi

Documents to be attached with the EOI:-

- I. EOI document fee
- II. Technical bid as per Annexure A
- III. Financial bid as per Annexure B

- IV. Bid Form as per Annexure C
- V. All eligibility conditions related qualifying certificates/proofs as mentioned in Technical Bid.
- VI. No-relative Certificate As per proforma in EOI pg. 3
- VII. EMD in the Form of BG (as per Annexure D)/DD/Pay Order.
- VIII. Any other relevant document as per T&C of EOI.

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**ANNEXURE 'A'**

Sl.no.	Particulars	
1.	Name of the firm & address of the registered office Of the firm along with Regn.no.for existence	As per certificate issued by Institute of Chartered Accountants//Cost Accountants of India. Proof of Regn.no.
2.	Date of formation of the firm	As per certificate issued by Institute of Chartered Accountants//Cost Accountants of India. Proof of Regn.no.
3.	No. of partners along with details	Latest certificate issued by the institute concerned along with partnership deed
4.	No. of qualified employees CA/ICWA along with their names and qualification	Copy of certificate
5.	Details of audit experience of central PSU or Telecom Company as Internal Auditors or Statutory auditors for the last seven years	Work order and completion certificates of the respective PSUs
6.	Turnover of the firm for the last three financial years	P&L accounts of the company for the last three years
7.	Name of the contact person along with landline and mobile numbers	
8.	Permanent account no. (PAN) no. of the firm	proof
9.	Service tax registration no. of the firm	proof
10.	E-mail address, phone no and fax number of the firm of the Head office	

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**Annexure 'B'**  
**PROFORMA FOR FINANCIAL BID FOR INTERNAL AUDIT WORK**

S.no.	Rate offered per unit per annum ( <u>exclusive of service tax</u> )	Service tax as applicable

- **Note: The bidder shall quote for all the 24 units and the ranking will be decided on the basis of lowest offer received exclusive of Cenvetable taxes. The distribution of units from -1 to L-6 is also the prerogative of MTNL.**

**ANNEXURE 'C'**

**BID FORM**

Tender No. ....  
.....

Date:

To DGM (FC&IA,)

MAHANAGAR TELEPHONE NIGAM LIMITED,

.....

Dear Sir,

1. Having examined the conditions of contract and specifications including addenda Nos.....the receipt of which is hereby duly acknowledged, we, undersigned, offer to supply and deliver ..... in conformity with the said drawings, conditions of contract and specifications for the sum shown in the schedule of prices attached herewith and made part of this Bid.

2. We undertake, if our Bid is accepted, to commence deliveries within ( ) months and to complete delivery of all the items specified in the contract within ( ) months calculated from the date of issue of your purchase order.

3. If our Bid is accepted, we will obtain the performance guarantees of a Scheduled Bank for a sum @ 5% of the contract value for the due performance of the contract.

4. We agree to abide by this Bid for a period of ----- days from the date fixed for Bid opening and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

5. Until a formal Purchase Order of Contract is prepared and executed, this Bid together with your written acceptance thereof in your notification of award shall constitute a binding contract between us.

6. Bid submitted by us is properly sealed and prepared so as to prevent any subsequent alteration and replacement.

7. We understand that you are not bound to accept the lowest or any bid, you may receive.

Dated this ..... day of ..... 201

Name and Signature ----- In the capacity of ----- Duly authorized to  
sign the bid for and on behalf of ..... witness.....  
Address.....

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**ANNEXURE 'D'**

**BID SECURITY FORM**

**To be submitted on a stamp paper of Rs. 100/-**

Whereas ..... (hereinafter called "the Bidder") has submitted its bid dated.....for the supply of ..... vide Tender No..... dated.....  
KNOW ALL MEN by these presents that WE .....OF ..... having our registered office at .....(hereinafter called "the Bank") are bound unto MAHANAGAR TELEPHONE NIGAM LIMITED (hereinafter called "the Purchaser") in the sum of Rs..... for which payment will and truly to be made of the said Purchaser, the Bank binds itself, its successors and assigns by these present.

THE CONDITIONS of the obligation are:

1. If the Bidder withdraws his bid during the period of bid validity specified by the Bidder on the Bid form or
2. If the Bidder, having been notified of the acceptance of his bid by the Purchaser during the period of bid validity
  - (a) fails or refuses to execute the Contract, if required; or
  - (b) fails or refuses to furnish the Performance Security, in accordance with the instructions to Bidders.

We undertake to pay to the Purchaser up to the above amount upon receipt of its first written demand, without the purchaser having to substantiate its demand, provided that in its demand, the purchaser will note that the amount claimed by it is due to it owing to the occurrence of one or both of the two conditions, specifying the occurred condition or conditions.

This guarantee will remain in force as specified in clauses 12 and 28.2 of section II of the Bid Document up to and including THIRTY (30) days after the Period of bid validity and any demand in respect thereof should reach the Bank not later than the specified date/dates.

Signature of the Bank Authority.

Signed in Capacity of Signature of witness	Name Full address of Branch	Name &
Address of witness Fax No. of Branch	Tel No. of Branch	

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**ANNEXURE - E**

**List of units in Delhi and Mumbai**

**DELHI UNIT:**

1. Bhikaji Cama Place
2. Nehru Place
3. Transyamuna
4. East
5. North
6. Central
7. Rajouri Garden
8. Transmission, BD, LD, Vas
9. Plg. & MM
10. HQ

**MUMBAI UNIT:**

1. South,
2. North,
3. Central
4. Navi Mumbai,
5. East-I
6. East-II,
7. CETTM
8. West-I,
9. B&D, HQ, MM, TCA
10. West-II
11. West-III

**WS units 2 ( 1 in Delhi and 1 in Mumbai)**

CO -1

Total : 24 units

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**ANNEXURE - F**  
**MAHANAGAR TELEPHONE NIGAM LIMITED**

**SCOPE OF WORK**

**1. Cash & Bank balances:**

To confirm that:

- Cash in hand has been verified physically on monthly/quarterly/yearly basis and tallies with the cash book balances. A certificate should be given by the Internal Auditor in the cash book and signed by him.
- Monthly/quarterly/yearly balance as per cash book agreed with physical cash in hand and no unauthorized appropriation is made in physical cash balance.
- Revenue and postage stamps and balance in franking machine is verified physically and certified by the concerned units. Entry for consumption of stamps is passed correctly in the accounts books on regular basis.
- Certificate for closing balance with bank is taken from the respective bank and balance agreement is done with MTNL records. Cheques collected but not remitted to bank is taken correctly under the head "Cheques in hand".
- Comment on the utilization of weekly fund may be offered.

**Bank Reconciliation:**

- Review of bank reconciliation statement of Revenue and Operational A/c. Ageing analysis of un-reconciled/pending items more than 30days is to be reported.
- Details of wrong debits/credits/cheques dishonoured and bank charges is taken from the bank and adjusted in respective bank book.
- Commission and other service charges debited by bank is checked from records and no discrepancy is found in its calculation.
- Delay in deposit of Cash/Cheques and their realization may be commented upon along with loss of interest thereon.

**2. Fixed Assets:**

To Confirm that :-



- Stock register is kept for each item of Assets by the concerned unit officer.
- Fixed Asset Register is maintained in the proper format and kept upto date.
- Periodical verification of fixed assets is done and ensure that it is in agreement done with stock register and fixed asset register.
- Adjustment is made in the account books for excess /shortage / losses of assets and scrapped / unserviceable / decommissioned assets.

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- Fixed Assets schedule is prepared in proper format. Inter unit transfer and adjustment for differences in opening balance is taken separately in adjustment column in fixed assets schedule. Deduction from gross block and depreciation is made to the extent of original cost and accumulated depreciation in case of assets sold/decommissioned/scrapped. Such transaction is shown separately in the fixed assets schedule. The same shall be in the FMS duly complied with manual.

### **3. Depreciation:**

To confirm that:

- 100% depreciation is charged on assets of small value as under :-
- Purchases below 5000/- (Rs. Five thousand only)
- A&P, Training & Testing equipments upto Rs. 10,000/- (Rs. Ten thousand only)
- Partitions upto Rs. 2,00,000/- (Rs. Two lacs only)
- Depreciation is worked out on pro-rata basis at following rates:

<b><u>Description of Assets</u></b>	<b><u>Present useful life</u></b>
1. Lease hold land (To amortize in 99 years)	
<b>2. <u>Building:</u></b>	
(i) Office Building	60
(ii) Exchange Building	30
<b>3. <u>Electrical fittings</u></b>	
(i) A.C. - Window/Split Type/Package Type (Air Cooled)	10
(ii) A.C. – Package Type (Water Cooled)/ Single Phase Elec. Motor/Elec. Pumps (3000RPM)	10
(iii) Chilled Water central AC Plants (Water Cooled)/ Mechanical Ventilation Fans/3 phase elec. Motors/ Lifts/Fire detection System	10
(iv) Chilled Water central AC plants (Air Cooled)/ Diesel Engine pumps above 10 HP	10
(v) Ceiling Fans	10

(vi)	Exhaust fans/Table Fan/Pedestal Fan/Air Circulator/ Elec. Pumps – 1500 RPM/Diesel Engine Pimp up to 10HP/MDF Tag Block NE/DP	10
<b>4.</b>	<b><u>Apparatus &amp; Plants</u></b>	
(i)	(a) New Tech. Switching Equipments –OCB/EWSD/ 5ESS/NGN, (b) Substation Equipment-HT/ LT Switchgear/Panels/Transformers	10
(ii)	DLC/BBDLC/EPABX/WLL CDMA Access	10
(iii)	MES Equipment/SDH Equipment/MPLS	10
	25	
(iv)	GSM Legacy Switch/Wireless Equipments	10
(v)	Towers of Wireless Services	10
(vi)	Mast & Aerials	10
(vii)	Coaxial Equipment incl. Terminal, Repeater, carrier, VFT	10
(viii)	PCM/MUX & Data Modems/MDLN/MLLN/Modems	10
(ix)	Broadband Equipments-NOC/BBRAS/Tier 1&2/DESLAMs	10
(x)	ADSL, VDSL and MES CPEs	10
(xi)	Power plant-SMPs/Conduit wiring in coastal area/ Casing & capping Wiring	10
(xii)	Power Plant – Conventional/ Engine Alternators up to 62.5 KVA	10
(xiii)	Power plant-Output cabinet	10
(xiv)	UPS/Battery sets more than 200AH capacity	10
(xv)	Battery sets upto 200AH capacity	10
(xvi)	Inverters	10
(xvii)	Engine Alternators above 62.5 KVA capacity	10
(xviii)	Subscriber Telephone Instrument	10
<b>5.</b>	<b><u>Cables:</u></b>	
(i)	Under Ground Cables (Electricals)/Un-armoured local cable	18
(ii)	Aerial Cable/Submarine Cable	18
(iii)	Armoured Local Cable/OFC, Unarmoured in HDPE pipe/OFC	18
(iv)	Coaxial Symmetrical and other Trunk Cables	18
(v)	Aerial OFC	18
<b>6.</b>	<b>Lines &amp; Wires</b>	10
<b>7.</b>	<b>Furniture &amp; Fitting</b>	10
<b>8.</b>	<b><u>Motor Vehicles:</u></b>	
(i)	Motor Cycle, Scooter and other mopeds	10

(ii)	Motor Buses, Motor Lorries (Heavy Vehicles)	8
(iii)	Motor Cars (including electrically operated vehicles)	8

9. **Office Equipment**

(i)	Printer/Scanner/Fax	5
(ii)	Teleprinters	5

10. **Other Electric Installation & Equipments** 10

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**Computer & Data Processing Unit and IT Equipments:**

(i)	Server/Routers/Switches	6
(ii)	Modems/Misc. Internet equipments	6
(iii)	Laptop/Desktop/PC Terminal	3

**4 Advances:**

To Confirm that:

- Agreement of subsidiary records with general ledger done on monthly basis and action taken for adjustments in respect of expenditure already incurred during the year and recovery for delayed supply/execution of work or non performance for any other reason.
- Interest bearing advances is being recovered from the staff and others. Records maintained as per terms and conditions if the agreement and recoveries of principal amount made and interest is worked out correctly and outstanding amount of interest is being recovered and credited to "Interest Received" in time.
- Tax is deducted as source on payment of advance to contractors, landlords, and others as per income tax act and deposited in Govt. accounts in time.
- Leave cases of staff is settled and over payment is worked out and taken under the HOA " 120900". Action is taken to recover the amount from the staff and reasons for heavy outstanding balance against staff to be ascertained.
- Temp. Advance and Imprest is reviewed periodically and expenditure incurred for the purpose it is taken and advance fully recovered / adjusted regularly.
- Accrued interest on HBA has been calculated properly.

**5. Personnel and Establishment:**

- All the promotions, creation of posts, fixation of pay, Special pay, allowances and confirmation are according to administrative orders.
- The particulars of amounts held under objections and their subsequent adjustment by recovery are noted in the register and recovery particulars are entered in the register.

- The service books are being maintained and completed in all respects. Leave account of employee is maintained upto date.
- Is an Index register for Service Books for staff of the unit maintained and complete? For staff posted to unit and transferred out and appointed – their service books are maintained properly and all the entries are made and noted therein.
- Have all the nominations in respect of DCRG / CPF / Pension / Family Pension/ Insurance been obtained and kept on record in service book.
- Have the retention / sanctions for the temporary posts obtained in all cases. Accordingly Scale check register has been maintained by the unit and may be critically examined. Any deviation/objections may be reported in the report.
- PIC is issued in each case.

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## **6 Pension Cases:**

- Whether annual verification of service of all the officials for previous years w.r.t. pay bills was completed and necessary certificate has been recorded in the service book.
- In respect of employees who have either completed 25 years of service or have 5 years of service left before retirement on superannuation whichever is earlier and period of qualifying service has been reviewed. In case of non completion, whether action has been initiated to get the work completed.
- Whether a register of Pension cases is maintained to watch that various cut off dated are being followed strictly as per pension rules.
- Whether checking of calculation of Pension/DCRG/Leave encashment has been done and cases settled are with reference to prevailing rules applicable to MTNL/PSU.
- Cases where payment of Pension is delayed should be reviewed and cause of delay identified and commented upon.
- Whether Head of Office is issuing forms of Pension/DCRG/Commutation and Nomination papers in time.

## **7 Current Liabilities:**

To confirm that:

- Subsidiary records are maintained in respect of all liability heads and agreement done with the general ledger.
- Saving declaration forms of all the employees to be checked for Income Tax purpose.
- Income tax is recovered at source at the time of credit to the account of staff and contractor and paid to Govt. account on due date. Agreement is done between the tax paid and amount shown in the tax return filed in time.
- Liability for stores supplied, works done or service rendered by the suppliers/contractors or other parties for which no bill received or paid are provisionally adjusted with reference to available records i.e., Purchase Order, Proforma Invoice, Delivery Challan etc.

- Sales Tax is recovered correctly and paid through “ MM” branch to Govt. account on due date and return filed in time.
- The CENVAT Credit Rules are followed strictly and credits are availed.
- Stale cheques are transferred to the HOA “ 130103” after the expiry of three months from the date of issue and recorded in a separate register. Any payment made from this account is done after detailed scrutiny and certification by customers with the consent of competent authority.
- Recoveries from Salaries are remitted to the respective authority offices in time e.g., LIC, PLI etc. and CPF & EPF recoveries remitted to Corporate office by 3<sup>rd</sup> of following month through AO (TA).

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- Provision for Pension contribution is to be made as per the percentage prescribed on the maximum of basic pay on corresponding BSNL scales for GPF optees. Similarly provision has to be made for Pension contribution and Leave Salary for non-absorbed employees as per FR/SR. Any payment to unabsorbed employees on superannuation or death as well as leave salary of leave availed while deputation are recoverable from DOT till terms of deputation are finalized. For all absorbed employees provision for Leave encashment is to be made on actuarial valuation & Gratuity provision for CPF optees is to be made on actuarial valuation.
- Following Ind-AS related checks are to be specifically made:
  - (a) To check specifically viz. Customer Relation Period (C.R.P), Expected Credit Loss (E.C.L), Discounting Rate, Subsidiary ledgers vis-à-vis Schedules and Party wise ledger accounting, Tax accounting including service tax and Cenvat Credit, reconciliation of Debtors & Creditors balances, B.R.S., Assets held for sale in Non Current assets etc.
  - (b) To check the GPF Trust, Gratuity Trust & Leave Encashment Trust accounts w.r.t. the investment timing, yields at which ROR is placed, the quality of investment, timely realization of instrument Maturity proceeds w.r.t. cases of non-recovery of interest, principal amount of bonds repayment, debenture interest, dividend etc. as well as principal amounts of maturity. All cases of overdue maturity principal amount of interest more than 90 days shall be reported in the report.
  - (c) Implementation of GST in MTNL i.e., w.r.t. the compliance part, carry forward of balances to GST w.e.f. 01.07.2017.

## **8. Expenditure:**

To confirm that:

- All fixed overheads i.e., rent, electricity, water, hiring charges, police escorts etc. are adjusted for four months.
- Any arrear bill paid on receipt of court judgement for Govt. orders is taken to the current year expenditure and also any bill upto Rs. 1,00,000/- (Rs. One lac) even for the previous year is to be charged to current year.

- 100% verification of vouchers may be carried out – for their sanction and approval. Head of A/c. In case of Journal Vouchers – emphasis may be laid on narrations and proper reference vis-à-vis cash, bank voucher, ATC/ATD etc.

## **9. Audit Compliance:**

- To ensure that all paras of audit memos and half margins are complied with. Also, ensure that qualifications as given in the audited accounts of Delhi/Mumbai are not repeated.
- Whether costing records are maintained as per the provision of the Companies Act.

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## **10. Inter – Unit Transactions:**

- To ensure that inter-unit balance with other areas are confirmed and ATD raised by the unit are acknowledged.

## **11. Work in Progress:**

To confirm that:

- Proper records are maintained for sanction of estimate and actual expenditure incurred/booked under WIP.
- Expenditure incurred for capital works has only been taken in WIP and maintained expenditure charged in the year of transaction made.
- Confirmation for status of on-going works taken on regular basis from respective unit officer and reconciled with records.
- Spill over/Surplus store adjusted based on intimation/ACE-5 received from units.
- Age-wise analysis of pending balance in Work-in-Progress to be reported:
  - < 6 Months
  - 6-1 Year
  - >1 <2 Years
  - >2 <3 Years
  - >3 Years

## **12. Capitalization and scrapping & Insurance of assets:**

To confirm that:

- Fixed asset is capitalized as per certificate of the unit officer, wherever applicable.
- Land is capitalized when possession of land is taken. Freehold and leasehold land is shown correctly and separately in Accounts and Fixed Assets Schedule.
- Building is capitalized to the extent it is ready for use.

- A&P is capitalized as and when the exchange is commissioned and put to use in full or in part.
- Lines & Wires are capitalized as and when erected or laid and to the extent of completion certificate issued.
- Cable sis capitalized as and when ready for connection to the main system.
- Vehicle & other items not forming part of the project and capitalized as and when purchased.
- Temporary sheds and maintenance tools are charged to revenue and not capitalized.
- Directly allocable overheads are also allocated to project works in the year expenditure is incurred.
- Expenditure on replacement and rehabilitation work is capitalized if enhancement in revenue earning capacity is certified by the unit officer.

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- Electrical works executed through DOT is capitalized based on certificate from DOT electrical wing or consignee unit. Provision is made for estimated liability on jobs completed but not billed.
- Full amount of cost of assets is capitalized even though payment is made in part but item received in full as per purchase order by taking the unpaid amount as liability in books.
- Scrapping of assets is done as per rules of the company and scrapped assets sold are removed from gross block and sale proceeds are properly accounted for by unit concerned instead of simply booking as revenue.
- Insurance of assets is available and claims of losses are raised in time and settled on time and status of insurance claims.

### **13. Inventory:**

To confirm that:

- Physical verification of inventory done and item wise list showing quantity of stores in hand and value prepared and reconciled with general ledger and priced store ledger.
- Excess/Storage/Crapped/Unserviceable/Slow moving items identified and adjusted in the books.
- 100% cost charged to inventory items on receipt of stores even though part payment made to the suppliers.
- Items under store in transit are not kept for more than 15 days and value agreed with general ledger HOA "111200".
- Adjustments made for exchanges decommissioned/ assets scrapped during previous year and also for the sale / auction of these stores during this period.
- Scrapped assets are taken at written down value or market value whichever is low and loss, if any, is adjusted under loss. Final adjustment under profit or loss will again be made in the year of sale.
- Provisions for slow/non-moving and obsolete store are done.

## **14. Telephone Revenue Account:**

### **(a) Landline and Broadband:**

To confirm that:

- Revenue assurance of all billed amount for fixed line services, Broadband services and other value added services.
- Bills are issued in respect of all working connections of the area and accounted for as revenue under the concerned detailed heads. "No Master Cases" may be examined and action taken to complete them may be commented upon.
- Adjustment made under "Misc. income" as per computer output is taken under the concerned liability and deposit heads.

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- Opening balance of accrued debit to the revenue for the year under the respective heads and accrued revenue for the year is worked out based on computer output and exchange records and adjusted in the concerned revenue heads.
- Opening balance of advance revenue credited to the respective revenue heads and income received in advance during the year is not taken as revenue and transferred to advance revenue head.
- Proper billing of broadband usage, accounting and revenue assurance.
- In case of private local /STD PCOs full amount of revenue is accounted for and Commission paid to the PCO holder is taken as expenditure item separately.
- In case of Deptl. CCB PCOs, collection efficiency as compared to exchange meter reading is not abnormally low.
- In case of EPABX/PABX/PBX bills are issued for services provided to all the customers except service connections, amount collected and accounted for correctly under the proper account code.
- Surcharge collected/cancelled on bills taken under the detailed surcharge heads.
- Service tax is calculated correctly in computerized bills/supplementary bills and demand notes issued by TRA and commercial branch credited to the HOA "132700" by debit to "070700" and balance under both the heads agreed with computer outputs.
- Adjustment made from 'Tatkal' deposit by transferring Rs. 12000/- to revenue in the year of provision of telephone connection to the subscriber and further transfer of Rs. 3000/- to revenue, if connection closed within 3 years.
- Adjustment made from voluntary deposit on account of outstanding telephone bills and other charges due from customers is transferred to the debtors head and balance of voluntary deposit is agreed with the computer output.
- Proper amount of Security Deposit is taken from the defaulting customers whose outstanding is abnormal and cheques for payments are frequently dishonoured by bank.
- Reconciliation of billed calls and metered calls.
- Comment on disconnection for non-payment of bills may be given whether the disconnection has been done on time.



- In case of value added services and other services chargeable from subscriber are billed or not.
- Accounting of VCC Cards, remittance, stocks etc.
- Reconciliation of money collected at QCSC i.e., sale of VCC, BOL, Anmol, Trump Recharge coupons, TR collections, Dolphin connections etc. and remittance thereof.
- Pursuit of old outstanding, DOD/DID billing, Clearance of payment errors, generalizing of ABF, Analysis of Sundry Debtors booking in Trial balance, Write off of bad debts.
- Review of journalizing of Refund transaction with reference to outstanding bills, calculation of advance income, journalizing of income relating Mobile Services, Pursuit of Court cases may be commented upon.
- Proper accounting of service tax and Cenvat Credit and also on implementation of GST, credits due to CGST, SGST & IGST and online return filling.
- Correct application of revenue recognition principal as per IND-AS.

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**(b) IUC Billing:**

- All the Payments and Receipts under IUC billing are to be properly checked and accounted for.
- To check all the billing for IUC is properly done.
- IUC reconciliation (internal/external efforts with other operators) – from WS unit.
- Revenue assurance of all billed amount.

**(c) Leased Line/Enterprise Business:**

- Billing for all leased line and enterprise business cases.
- Debtors reconciliation.
- Service tax reconciliation.
- Revenue assurance of all billed amount.

**(d) GSM**

- GSM Revenue billing for post paid and Accounting and Revenue reconciliation
- Sale of pre paid SIM and Recharge coupons and reconciliation thereof.
- Debtors reconciliation.
- Service Tax reconciliation and accounting.
- Stock verification of GSM instruments and reconciliation
- All the payments and receipts under IUC billing including SMS are properly checked and accounted for.
- Bulk SMS billing, revenue assurance, accounting, SMS IUC billing and payments.
- Revenue assurance of all post-paid, Pre-paid, IUC, Bulk SMS, VAS and Other revenue items.
- Settlement, accounting of national Roaming claims of other operators.
- Settlement, accounting of international Roaming receipts/claims of other operators.
- Stock verification of SIM cards and reconciliation

- Disposal of time barred Recharge coupons
- Calculation of WPC and license fee
- Roaming billing for inward roamers.
- Other items: (1) Checks of Billing, Recovery and Reconciliation of building rent recovery.  
(2) License fee and spectrum fee proper computation and accounting.

## **15 Current Assets**

To confirm that:

- Sundry debtors for surcharge and service tax is taken under the correct heads in account books and agreed with the computer output.

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- Sundry debtors contain debtors outstanding against bills issued after 1.4.1986 i.e., MTNL periods and also does not include DOT/MPs constituency outside Delhi / Sterling / UDI or M&N debtors. It is agreed with the sub ledger (Computer output).
- Cheques collected during previous year and dishonoured before the date of periodical /annual closing of accounts of the area is taken under sundry debtors.
- Ageing of debtors is done after review provision is made for doubtful debts in the books.

## **16 Monthly revenue:**

- Vouching of cash, bank, advances, purchases and salaries
- Bank reconciliation
- Reconciliation of subsidiary ledger with general ledger
- Reconciliation of fixed expenditure heads with subsidiary records
- Reconciliation of verification of stock and assets

## **18 (a) Building - Owned Building:**

- Whether a register of buildings is maintained and updated indicating further additions/alterations, sale, abandonment, change of ownership are recorded.
- Whether any portion of the building owned was let out to any private firm/person and if so, whether rent and other municipal taxes are being realized as per agreement entered in this regard and such agreements are renewed periodically.
- Classification of expenditure in respect of Telecom Building is as per the provision in accounting/purchase policy of MTNL
- Whether inventory of electrical fittings is maintained
- A register of furniture is maintained which musts contain the details of all furniture. It is to be seen that whether physical verification of furniture is conducted every year.
- Whether exchange and stores lying at site are fully insured.
- Whether the lease charges & property taxes (if any) for buildings and vacant plots are being paid regularly on time to avoid penalties and subsequent cancellation of plots.

**(b) Hired or Leased:**

- Whether proper lease deed has been executed by the lessee and deposits have been properly accounted for.
- Whether the lease deed has been renewed on due date and administrative approval/sanction have been taken to renew the lease.
- The rate of license fee fixed is being paid by the lessee on due dates.

**(c) Staff Quarters:**

- Review the allotment registers to see that the allotments are made as per seniority and wherever deviations are made, the competent authority's approval is obtained.
  - Review the quarters register to see whether any quarters are lying vacant /un-allotted for long periods. Find out whether proper justification exists for non-allotment of quarters.
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- See that there is no delay in receipt of advance from civil department about taking over/vacation of quarters and in advising Accounts thereof and rent recoveries are regulated according to allotment rules.

**( d ) Guest Houses:**

- Check the register of furniture & Fixtures with reference to Fixed Asset Register, Register of Occupation, Register of Trunk Calls, Property Register for crockery, utensils, Linens & other consumables etc.
- See that the register of occupation is properly maintained and proper rates of room rent etc. are charged & bringing out the short recoveries/discrepancies, if any. The Guest House collections are remitted promptly to the Accounts department.

**19 Electricity:**

Comments of power consumption/load:

- Sanction load vis-à-vis consumption load is as per standards. If the consumption load is more than the sanctioned load- Action has been taken to get the additional load sanctioned from the Electric company.
- If the consumption load is far below the sanctioned load – charges (if any) paid by MTNL for power factor may be examined.
- Whether the electricity connection is temporary or permanent, if any case for temporary connection is detected- Action taken to get permanent connection by the unit concerned.
- Checking utilization of diesel in exchanges in the event of power cuts with reference to records and comments on adequacies.

**20. I.T. & I.S. Auditing:**

**(a) HARDWARE:**

- Whether any contract exists for equipment maintenance
- If 'Yes', whether it is first line of maintenance or second line maintenance
- What is the down time per month between the two, in terms of hours and minutes and separate down time during the second line maintenance peripheral – wise?
- Whether any contract exists for the maintenance of A/C plants - any tender called for – how it is decided, to whom and at what rate is it given? What are the terms and conditions ? Any down time for the A/C maintenance and reason thereof.
- Whether any contract exists for procurement of consumables like ribbons etc. for line printers, procedure followed thereof and how these are accounted for etc.
- Procedure in regard to procurement of different type of Bands for Line Printers and maintenance of utility registers.
- What is the procedure followed for proper control on the inventory of computer spares – ways and means to procure tem, utility details and Register of Maintenance etc.

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**(b) SOFTWARE - CSMS:**

- What is the currency of wait listed exchanges updation regarding commercial file preparation in respect of additions, deletions, modifications and shifts?
- Whether any watch is kept on the error list thrown out in the billing operations for its re-feeding etc.by the TRA in the area.
- How is the DQ maintenance carried out regarding updation of Directory Master file.
- Whether detailed documentation of all the application programs are kept
- Whether any register is maintained to clearly indicate the authenticity of all modifications, and if so, the orders of the competent authority be indicated.
- Whether any documentation for all the billing application program exists.
- Any modification done to the existing programs have got proper order from the competent authority – any registers/files are maintained to denote these particulars.
- Whether any requests are coming from the TRA units etc for improvements or modifications to the existing programs and if so, what action is taken?
- Whether log book analysis is done on manual basis in the area.
- Whether ringing and Disc. lists are produced within a reasonable time from the date of issue of the bill, and if not, what action is taken to gear up the machinery – AO(TR) in area.
- While processing whether all the checks and pre-checks are being verified for all the runs and if so, whether any register is being maintained and reviewed – AO (CSMS) in area.
- For important runs of the billing system, whether proper back up policy is there or not to fall back in case of necessity.
- Whether any tape/MOD/cartridges/STD/ISD registers to loose leaf ledgers maintained and updated.
- After the billing process is over, whether a list of 'No Master Cases' is taken out for review..
- Whether reconciliation on Metered & Billed calls is being done.

- What is the procedure adopted for checking the output produced and whether there are any exception report produced after each billing period.
- Whether any time schedule followed for handing over to the mailing agency etc.
- Whether bills for high callers being checked by AOTRs for further disposal.

**(c) SOFTWARE - WFMS:**

- Any correction is amount/Cheque no:/HOA should be done by authorized officer.
- For security of the system, User password must be changed frequently on need basis.
- Since bank reconciliation for operational bank account is done, the same may be examined for correctness.
- Reconciliation of loans & Advances is to be critically examined with reference to manual registers and recovery register. The interest application on advance must be checked for its correctness.

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- In case of transfer/posting, the LPC issued by the unit should be checked for balance of advance/interest for the outgoing/coming officer.
- Similarly, Income Tax deducted, GPF/CPF transferred must be checked for its correctness.
- For Budget control, the programs available in the WFMS may be studied and any deviation may be pointed out in the report.
- In case of Inter-Unit Transaction (Schedule 51, 52, 54 & 55) may be studied and variables may be reported in the report for reconciliation.

**21.** License fee & spectrum fee calculations and AGR computation as per rules required to be verified.

**22. The Internal Control Audit:**

The internal auditor has to audit and report the existence and effectiveness of the Internal Control Systems and adequacy or otherwise of the same with focus towards improving the internal control structure as well as promoting better corporate governance and also evaluation of the enterprise risk management. It includes evaluation of efficiency and testing of effectiveness of the controls and reporting test results and recommending new controls wherever required including new controls wherever required including those of IT system in respect of ERM the process at various levels are to be reviewed.

**23** Internal Auditor has to look in to the matters where there is suspected fraud or scope for irregularity or a failure of internal control systems of the material nature and shall report such matters to management immediately through special report within shortest possible time.

**24.** Companies Act 2013, while giving statutory recognition to the Internal Audit and making it mandatory for certain class of companies vide Rule 13 of the Companies

(Accounts) Rules, 2014, recognizes the importance and usefulness of Internal Audit by providing that the report of Board of Directors shall contain the details in respect of adequacy of Internal Financial control with reference to the Financial Statement (sub rules 4 & 5 of Rule 8 of Companies (Accounts) Rules 2014. IA firms, therefore, to check the ICFR testing with test sampling report.

**25.** All the above activities in preparation of accounts under the IND AS principles and the compliance with reference to accounting and disclosure as per IND AS shall also be checked and confirmed in the Internal Audit report.

**26.** Miscellaneous: Any other items of works or specific or special task assigned exclusively with reference to any of the above subject matter mentioned or any other issue although not mentioned related to above broad scope of work.