

**Request for Proposal for Appointment of Audit Firms for conducting cost  
audit of REC Power Distribution Company Limited for the Financial Year  
2016-17**

**By**



**REC Power Distribution Company Limited**

(A wholly owned subsidiary of REC, a 'Navratna CPSE'  
under the Ministry of Power, Govt of India)

**Corporate office**

1016-1023, Devika Tower, Nehru Place,  
New Delhi-110019  
Telefax : 011-44128768

Description of task, qualification required, EoI submission format and procedure is available on RECPDCL website ([www.recpdcl.in](http://www.recpdcl.in)), REC website ([www.recindia.com](http://www.recindia.com)), Central Publication Portal ([www.eprocure.gov.in](http://www.eprocure.gov.in))

**-Sd-**

**Addl. C.E.O.**

[This document is meant for the exclusive purpose of Audit against this EoI and shall not be transferred, reproduced or otherwise used for purposes other than that for which it is specifically issued]

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## SECTION-I EOI INFORMATION

Name of the assignment: **Request of Proposal for Appointment of Audit Firms for conducting Cost Audit of REC Power Distribution Company Limited for the Financial Year 2016-17.**

### Important information

Sl.No.	Event	Information to the agencies
1	Date of Release	24.11.2016
2	Last date of submission	08.12.2016 up to 15:00 hrs.
3	Date of Opening	08.12.2016 at 15:30 hrs.
4	Eoi document	The details can be downloaded free of cost from the websites <a href="http://www.recpdcl.in">www.recpdcl.in</a> <a href="http://www.recindia.com">www.recindia.com</a> . (or) <a href="http://www.eprocure.gov.in">www.eprocure.gov.in</a>
5	Address for communication	REC Power Distribution Company Limited., 1016-1023, 10 <sup>th</sup> Floor, Devika Tower, Nehru Place, New Delhi- 110019, India. Telefax : +91-11-44128768, Phone :+91-11-44128761/58, Email- <a href="mailto:recpdcl@rediffmail.com">recpdcl@rediffmail.com</a> , <a href="mailto:recpdcl.fin@rediffmail.com">recpdcl.fin@rediffmail.com</a> .
6	Contact Person	Sh. Somya Kant,  CFO Phone:011-44128761; Fax:011-44128768 Email- <a href="mailto:fin.delhi@recpdcl.in">fin.delhi@recpdcl.in</a>



## SECTION-II PREFACE

REC Power Distribution Company Limited (an ISO 9001:2008 & 14001:2004 certified, a wholly owned subsidiary of REC Limited, a “Navratna” CPSE Govt. of India Enterprise under MOP, GOI) rendering expert consultancy services in power sector in general and Distribution sector in particular as per the need of power utilities across the country. REC PDCL is a leading service provider in the power sector and is providing end-to-end solutions for all the needs in Distribution sector across the country.

RECPDCL engaged in providing value added consultancy services in power sector arena covering Power Generation, Transmission & Distribution (T&D), Renewable Energy Sector and Energy Efficiency programs including Govt. of India’s power schemes for power utilities across the country and various regulatory assignments with CERC. It includes the Project Management Consultancy (PMC) of Substations along with its associated lines, Monitoring, Supervision and inspection work of Electrical Power Distribution Project of Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) works and Feeder Renovation Program (FRP), Feeder separation, HVDS program, Lender’s Engineers assignment, DPR preparation for electrical infrastructure projects viz., R-APDRP, IT related assignments in Distribution sector including web based MIS, Energy Audit, Evaluation study for HVDS/Distribution network, AT&C Loss assessment, Cost Data Book preparation, system study and MRI based billing as per the need of the power utilities, Central Electricity Regulatory Commission across the country.

### ***RECPDCL’s Strength:***

- ✓ A wholly owned subsidiary of Rural Electrification Corporation Limited, a Navratna CPSE.
- ✓ PAN India presence.
- ✓ Methodical and transparent approach in execution of works.
- ✓ Benchmarking Quality Standard / Quality Policy for the Distribution Sectors.
- ✓ ISO certified 9001:2008 company and ISO 14001:2004
- ✓ Recognitions:-
  - SKOTCH Merit Award
  - IPE Asia Pacific HRM Congress Award.

REC Power Distribution Company Limited (RECPDCL) intends to appoint an **Audit Firm for conducting cost audit of REC Power Distribution Company Limited for the Financial Year 2016-17**. You are therefore requested to send your Proposal as per the Terms of Reference described below:



## SECTION-III SCOPE OF WORK

### SCOPE OF WORK:

- Preparation of Cost Records for FY 2016-17 as per the provisions of Companies Act.
- Designing of system for maintaining Cost Records by the Company in future,
- Analysing the prevalent system and advising on plugging the loopholes in the existing costing mechanism and helping in devising a system for costing methodology to derive the maximum benefits for the company
- Any other work as may be necessary in regards to above work scope and to ensure Cost Audit compliance in future.
- To conduct Cost audit in accordance with the provisions of the Companies (Cost Records and Audit) Rules 2014. Cost audit shall be in adherence to the relevant orders/clarification issued by Cost Audit Branch, Ministry of Corporate Affairs, Govt. of India and the Cost Accounting Standards issued by the Institute of Cost Accountants of India from time to time.
- Cost audit team should consist of atleast 1 qualified Cost Accountant and 2 article assistants led by a senior partner of the Firm so as to be commensurate with cost audit work requirements.
- Verification and certification of cost proformas maintained by the Company as per Companies (Cost Records and Audit) Rules, 2014.
- Certification and certification of annexures to the cost audit report.
- The cost audit firm shall ensure submission of cost audit report and annexures to the cost audit report along with their reservation(s) or qualification(s) or observation(s) or suggestion(s), if any, in form CRA-3.

### DELIVERABLES:

The Cost Audit Firm so appointed shall commence cost record review immediately after “Offer of Appointment” so as to submit Cost Audit Report latest by 5<sup>th</sup> April, 2017. The audit should be executed by a competent team of professionals, comprising of at least 1 qualified Cost Accountant having experience of 5 years and 2 Senior Article Assistants to be deputed on full time basis to REC PDCL’s office for a minimum period of 5 working days.



## SECTION-IV INSTRUCTIONS TO AUDIT FIRM

### SELECTION CRITERIA:

The following will be the eligibility criteria for the selection of Cost Auditor:

Sl.No.	Particulars	Minimum Eligibility	Documents required
1	No. of completed years of existence.	5 years	Copy of Certificate of Incorporation from the <b>Institute of Institute of Cost Accountants of India.</b>
2	No. of CMA qualified partner (atleast one should be CMA)	2 partners	Copy of Certificate of Incorporation from the <b>Institute of Institute of Cost Accountants of India.</b>
3	Experience of Cost Audit assignment in atleast one Central/State Government PSUs and two Private Companies, having turnover of Rs. 250 Crores in any of the preceding three financial years.	3 assignments	Work Order and copies of completion certificate of respective PSU's/proof of final payment received.
4	Average Annual Turnover of preceeding three years.	50 Lakhs average turnover	Statement of Profit and Loss duly audited stating Membership no. of such auditor.
5	Firm having HO/Branch office registration in Concerned CO/ZO/PO/CIRE City	HO/Branch office in Delhi	Rent Agreement/Electricity bill/Telephone Bill/Copy of Certificate of Incorporation from the <b>Institute of Institute of Cost Accountants of India.</b>

“Professional firms qualifying the minimum eligibility criteria would be considered for opening of financial bids and selection of bidder shall be based on the lowest commensurate fees quoted by the professional firm.”

#### Note:

1. Clear and complete details in separate sheets, for determination of selection criteria in support of information against Item Sl. No.1 to 5 above are to be furnished.
2. Documentary evidence(s) in support of Criteria at (1) to (5) mentioned in table to para-4.2 above is required to be submitted. Proposals without the required documentary evidence(s) shall be ignored.
3. In case of tie of bid, the firm having maximum PSU's assignments shall be considered. Further, in case of tie in no. of PSU assignments, the firm having audit assignment of PSU client with largest turnover in any of the preceding 3 years will be considered for award of present audit work.

### TERMS AND CONDITIONS

1. The tenure of appointment for conducting Cost Audit shall be initially for one financial year i.e. FY 2016-17. However, considering satisfactory work, the tenure may be renewed year on year for a maximum of further three financial years at the sole discretion of the Company. Further, it is expressly stated here that the said tenure is not to be construed as assured and the Company reserves the right not to make reappointment at its sole discretion without assigning any reason for there.
2. The Company reserves the right to terminate the appointment by a written notice of one month at its sole discretion without assigning any reason.



3. RECPDCL reserves the right to accept or reject the proposal at any time prior to award of Contract, without thereby incurring any liability to the Audit Firm concerned or any obligation to inform the Audit Firm concerned of the grounds for the Owner's action. The Company also reserves the right to accept or reject any or all responses and to request additional submissions or clarification from one or more applicant(s) at any stage or to cancel the process entirely at its sole discretion without assigning any reason whatsoever. Further, RECPDCL reserves its right to award the work order to any audit firm to whom it considers fit for the work and eligible at its own discretion and no further correspondence, whatever shall be, entertained from anyone in this regard.
4. Overwriting/correction/erase and/or use of white ink should be avoided in the Offer. However, if any overwriting/correction/erase is inevitable, the same should be authenticated with the signature & seal of authorized person of applicant firm.
5. Documentary evidence(s) in respect of all the information above by the applicant firm(s) must be furnished along with the proposal. No further opportunity will be given for submission of any document, subsequent to submission of tender document.
6. All the pages of the proposal document shall have to be signed by the applicant firm(s) with the firm's seal and documents submitted along-with the offer shall also have to be authenticated by the authorized signatory of the applicant firm(s) with the firm's seal.
7. The proposal should be submitted strictly as per the terms & conditions laid down in the document.

The offer in the Prescribed Format at Annexure – I & II, can be submitted in physical form to following address:

Rec Power Distribution Company Ltd.  
1013-1022, 10<sup>th</sup> Floor, Devika Tower  
Nehru Place, New Delhi-110019

8. The sealed offer containing expression of interest should be submitted separately for Technical and Financial bid in the office of above mentioned up to 15:00 hours on 08.12.2016. The Technical bid envelope must be sealed and super – scribed with “Offer for Appointment of Cost Auditor of REC PDCL – **Technical Bid**” and the **Financial Bid** envelope must be sealed and super – scribed with “Offer for Appointment of Cost Auditor of REC PDCL – **Financial Bid**”. The Name & Address of the Applicant firm must also be mentioned on the body of both envelopes. The Financial bid will be opened only for those firms who qualify in the Technical bid.  
  
Offers submitted in any other form shall not be considered.
9. The Firms are required to submit their Service Tax registration number if applicable in their offers.
10. The last date for receipt of the proposal is upto 15:00 hours on 08.12.2016 at REC PDCL, 1013-1022, 10<sup>th</sup> Floor, Devika Tower, Nehru Place, New Delhi-110019.



11. Delay in completion of audit:
  - A penalty of Rs. 200/- per day may be imposed on audit firm in case of any unjustified delay in successful completion of audit work at the sole discretion of CEO, REC PDCL subject to maximum 10% of amount of fee as and when due.
  - REC PDCL can repudiate the contract at the risk and cost of the audit Firm.
  - Liquidate damages, for delay in services can be recovered by the paying authorities of the owner, from the bill of services submitted by the audit firm.
  - Notwithstanding anything stated above, the services will be deemed to have been delivered when they have been carried out in terms of the assignment.
12. The audit should be executed by a competent team of professionals, comprising of at least 1 qualified Cost Accountant having experience of 5 years and 2 Senior Article Assistants to be deputed on full time basis to REC PDCL's office for a minimum period of 5 working days.

#### **TERMS OF PAYMENT:**

All payments would be claimed by the Firm from RECPDCL after successful submission of Cost Audit Report, and would be accepted for payment by Competent Authority of RECPDCL based on the satisfactory progress and quality of the work in sole discretion of RECPDCL.

#### **COMPLIANCES / DECLARATIONS / CERTIFICATES BY FIRM(S) ON APPOINTMENT:**

The cost audit firm(s) shall have to comply with and furnish declarations and certificates as required under Statutory/Company rules, upon appointment as cost auditor(s), as under:

1. Audit firm to whom work is awarded is not allowed to sub contract the work to any other parties either in part or full.
2. The cost audit team will work in strict confidence and will ensure that the cost data, cost statement and cost information and any other information in respect of the operation of the location / work centre / Company is dealt with in strict confidence and secrecy. The Audit firm shall during the tenure of the contract and at any time thereafter keep all information relating to the work in full confidence and shall not, unless so authorized in writing by RECPDCL, divulge or grant access to any information about the work or its result and shall prevent anyone becoming acquainted with either through the firm or its personnel or agents also best professional diligence and ethics. The Audit Firm shall not disclose the documented management systems to any third party including your internal department.
3. No partner of the cost audit firm should be related to either Managing Director or Director of the Company within the meaning of the Companies Act, 2013.
4. Neither the cost audit firm nor its partner(s) or associates should have any interest in the business of the Company.
5. The cost auditor(s) will be required to issue & submit certificate of Independence and arm's length relationship.
6. Cost audit firm(s) shall have prime responsibility to ensure that the maximum number of audit limits specified under Companies Act, 2013 are not violated.
7. The cost audit firm(s) shall be free from any disqualification under The Companies Act, 2013. In addition to this, the cost audit firm(s) must not be holding any assignment as Statutory Auditor(s) or Internal Auditor(s) of the Company.





## **TENDERING PROCESS:**

The tender documents will consist of two envelopes which should be superscribed as **Appointment of Audit Firm for conducting Cost Audit of REC Power Distribution Company Limited for the Financial Year 2016-17.**

### **Envelop-1 consists:**

- (i) Form-1 (Technical Proposal)
- (ii) All the requisite documents to substantiate the eligibility.

### **Envelop-2 consists:**

- (i) Form-2 (Financial Proposal) duly sealed.

**Note:** - All the attested copies of required documents to substantiate the eligibility must be submitted along with the Form- 1. No further opportunity will be given for submission of any document, subsequent to submission of tender document.

Interested Audit firm may send the bids latest by 15:00 hours on 08.12.2016.

In case of any further information in this regard, under signed may please be contacted as per details mentioned hereunder.

**Address-**1016-1023, 10th floor, Devika Tower, Nehru Place, New Delhi-110019

**E-Mail-**[fin.delhi@recpdcl.in](mailto:fin.delhi@recpdcl.in)

### **Contact**

**No-** (011)44128755, (011)44128768(Fax)



## **SECTION- V EOI FORMATS**



On Audit Firm Letter Head

## Annexure-I

**FORM-I**

### Technical Proposal

To,

Chief Executive Officer,

REC Power Distribution Company Ltd.,

1016-1023, 10<sup>th</sup>Floor, Devika Tower,

Nehru Place, New Delhi-110019

**Sub: Appointment of Audit Firms for conducting cost audit of REC Power Distribution Company Limited for the Financial Year 2016-17**

Sir,

1. With reference to your Tender No. \_\_\_\_\_ dated \_\_\_\_\_ for appointment of Audit Firms for conducting cost audit of REC Power Distribution Company Limited for the Financial Year 2016-17, I wish to apply to RECPDCL.
- 2.

Sl.No.	Particulars	Minimum Eligibility	Documents required
1	No. of completed years of existence.	5 years	Copy of Certificate of Incorporation from the <b>Institute of Institute of Cost Accountants of India.</b>
2	No. of CMA qualified partner (atleast one should be CMA)	2 partners	Copy of Certificate of Incorporation from the <b>Institute of Institute of Cost Accountants of India.</b>
3	Experience of Cost Audit assignment in atleast one Central/State Government PSUs and two Private Companies, having turnover of Rs. 250 Crores in any of the preceding three financial years.	3 assignments	Work Order and copies of completion certificate of respective PSU's/proof of final payment received.
4	Average Annual Turnover of preceeding three years.	50 Lakhs average turnover	Statement of Profit and Loss duly audited stating Membership no. of such auditor.
5	Firm having HO/Branch office registration in Concerned CO/ZO/PO/CIRE City	HO/Branch office in Delhi	Rent Agreement/Electricity bill/Telephone Bill/Copy of Certificate of Incorporation from the <b>Institute of Institute of Cost Accountants of India.</b>

**Note:** - "Professional firms qualifying the minimum eligibility with the lowest financial bid would be considered for the appointment of Cost Auditor for FY 2016-17." In case of tie of bid, the firm having maximum PSU's assignments shall be considered. Further, in case of tie in no. of PSU assignments, the



firm having audit assignment of PSU client with largest turnover in any of the preceding 3 years will be considered for award of present audit work.

Further more, I hereby certify that:

I have read the provisions of the all clauses and confirm that notwithstanding anything stated elsewhere to the contrary, the stipulation of all clauses of Limited Tender are acceptable to me and I have not taken any deviation to any clause.

3. I further confirm that any deviation to any clause of Tender found anywhere in my bid, shall stand unconditionally withdrawn, without any cost implication whatsoever to the REC PDCL.

Date:

Place:

Signature.....

Full name.....

Designation.....

Address.....

**Note: In absence of above declaration/certification, the response is liable to be rejected and shall not be taken into account for evaluation.**



On Audit Firm Letter Head  
**Financial Proposal**

**Annexure-II**

**Form-2**

To,  
Chief Executive Officer,  
REC Power Distribution Company Ltd.,  
1016-1023, 10<sup>th</sup>Floor, Devika Tower,  
Nehru Place, New Delhi-110019

**Sub: Appointment of Audit Firms for conducting Cost Audit of REC Power Distribution Company Limited for the Financial Year 2016-17**

**Table for Quoting Fee for the Assignment in terms of the Tender.**

**(To be kept in a separate Envelope sealed properly while sending the proposal)**

S. No.	Particulars	Fee in INR (Rs.)	
		Price bid shall be quoted	
1.	All-inclusive Lumpsum fee (including travel and other out of pocket expenses, etc.)for the entire scope of work covered under the Terms of Reference on a FIRM price basis (with no escalation provision for whatever reason) valid till the complete execution of the assignment	<u>In Figure</u>	<u>In words</u>

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

Date:

Signature.....

Place:

Full name.....

Address.....

.....

Stamp.....