



HINDUSTAN AERONAUTICS LIMITED
AIRCRAFT DIVISION
VIMANAPURA POST
BANGALORE -560017
KARNATAKA- INDIA

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22321219
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INVITATION FOR EXPRESSION OF INTEREST (EOI)

EOI No: **HAL/A/EOI/Internal Auditors/08-2015** dtd: **04.08.2015**

Due date & time for submission of EOI : **27th Aug. 2015 @ 14:30 hrs(IST)**

TO BE SUBMITTED IN SEALED COVER IN POST / REGISTERED POST / COURIER

IMPORTANT NOTE

Applicants are requested to submit their proposals in a sealed cover with EOI reference and should reach DGM(Pur), Aircraft, HAL on or before the due date & time.

Total pages : **10 Pages**

Invitation for EOI : Covering letter

Format for submission of EOI – **Annexure 1**

Evaluation table for EOI – **Annexure 2**

Scope of Internal Audit – **Annexure -3**

Terms & Conditions –**Annexure -4**

Information on various Divisions/Office of BC & CO, HC and DC – **Annexure - 5**

Dear Sir/Madam,

Sub : Request for submission of EOI

Hindustan Aeronautics Limited (HAL) is a Public Sector Undertaking under the Administrative control of the Ministry of Defence. Bangalore Complex, Helicopter Complex and Design Complex are three of the five Complexes under HAL. These three Complexes are engaged in the Design, Manufacture, Repair, Overhaul of Aircraft/Helicopters/Engines and Aircraft accessories. These Complexes (consisting of 22 Divisions/Offices) have total annual turnover in excess of Rs. 6000 Crores for the year 2013-14. These Complexes are inviting EOI in the enclosed format from Chartered Accountant (CA) / Cost Accountant (CMA) Firms for appointment of Internal Auditors for its Divisions for carrying out the Internal Audit function for each Division / Office separately for the period from 1st April 2015 to 31st March 2017). Keeping with the requirements of transparency and equality of opportunity, we are seeking to make these appointments on the basis of tenders.

2. Interested Chartered Accountant (CA) / Cost Accountant (CMA) Firms may please fill in the enclosed formats (please note that only the enclosed formats must only be used) and send us the same to the following address:

Deputy General Manager(Pur)
Hindustan Aeronautics Limited
Aircraft Division, Vimanapura Post,
Bangalore -560017.

So as to reach, latest on or before **27th Aug. 2015 @ 14:30 hrs(IST)**

3. Expression of Interest (EOI) proposal as per the format enclosed duly filled in and

signed should reach us on or before due date and time in a sealed cover duly super scribed with our EOI No, EOI due date and “**Appointment of Internal Auditors**”. The offers received in any other mode E Mail/Fax will not be considered as valid offers for evaluation and summarily rejected. Responses received after due date and time shall not be considered and no further correspondence on such responses shall be entertained. HAL will not be responsible for any loss or delay in receipt of EOI response. **LATE RESPONSES SHALL NOT BE CONSIDERED AND OPENED.**

4. EOI response should be free from correction, over writing, erasures etc. Each page should be numbered. This should be ink signed by authorized signatory indicating name and designation with Office seal.

5. The offers received in time are considered as valid and shall be opened **on 28thAug. 2015 at 10:30 AM in Aircraft Division – HAL.** The interested Applicants who desire to witness the opening of responses may attend the session along with their identity and signed authorization letter.

6. Canvassing by respondents in any form, including unsolicited letters on EOI submitted or post corrections shall render their EOI response liable for summarily rejection.

7. The cost or charges incurred in preparation and submission of EOI response shall not be entitled by any respondent.

8. Conditional offers will be summarily rejected.

9. HAL is not bound to accept any response or part of the response and the decision of HAL is final in this regard.

10. Disregard of any instruction may result in offer being ignored.

This EOI is governed by TERMS AND CONDITIONS as attached.

No Agent/Agents or third party / parties are engaged by HAL in this process.

HAL is also not responsible for any person/firm expression or representing to express himself / herself/ themselves to be the agent or third party representing HAL in this process.

It is advised to deal directly with HAL representative who is the signatory to this document.

For general correspondence, kindly make use of **email ID : contractcell_ac@hal-india.com and Phone no. 080-22321585 / 22321219 and fax no: 080-22315188**

**Yours faithfully
For Hindustan Aeronautics Limited**

**H K Prakash
Dy. General Manager (Pur)
Aircraft Division**

Format for submission of Expression of Interest**Name of the Firm** :**Number of Partners** :

Sl No.	Name	Qualification	Associate/ Fellowship	Membership No.	Certificate of practice No.
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(Enclose copy of constitution certificate issued by The Institute of Chartered Accountants of India / The Institute of Cost Accountants of India. Date of certificate to be after 1st January 2014)

Number of Qualified employees :

(With either a CA or CMA qualification)

Sl No.	Name	Qualification	Associate/ Fellowship	Membership No.	Certificate of practice No.
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Date of formation :

(As per constitution certificate issued by The Institute of Chartered Accountants of India / The Institute of Cost Accountants of India. Date of certificate to be after 1st January 2014)

Full Postal Address of Offices :
/ Branch Offices.

(This may be given on a separate sheet of paper attached)

Name of contact person along with :
landline and mobile numbers**Permanent Accountant Number** :
(PAN) of the firm
(For Information only)**Service Tax Registration No.** :
(For information only)

I....., authorized partner of the firm certify that the above information is true & genuine. If appointed as internal auditor, my firm will abide by the rules of the company in respect of maintaining secrecy of data/information.

Signature of Authorised Signatory of the Firm

Seal of the Firm

Evaluation table for Expression of Interest

Number	2 to 5	6 to 10	11 to 20	21 to 40	>40
Marks for number of partners (Copy of constitution certificate issued by The Institute of Chartered Accountants of India / The Institute of Cost Accountants of India, on/after 1st Jan, 2014)	1	8	10	4	3
Marks for number of qualified employees (CA / CMA)	1	8	10	4	3

Note:

1. *The percentage to be worked out for cut off purposes will be as follows:
(Total Marks scored / Maximum Marks) X 100*
2. *Minimum cut off percentage will be 50%.*

H K Prakash
Dy. General Manager (Pur)
Aircraft Division

Scope of Internal Audit

The scope of internal Audit has been considerably expanded over those of the previous years. Also certain aspects related to the scope are covered in the Terms and Conditions. Audit firms are advised to carefully study these documents and submit quotes on this basis. Arguments that a specific activity was not there in the earlier scope will not be accepted.

1. To ensure that quarterly and Annual Accounts are a fair representation of the state of affairs and the profit and loss in relation to the data reflected in the accounting transactions of the Company.
2. To provide suggestions for corrections/additions required in the presentation of financial statements, if any.
3. To perform adequate test checks of transactions recorded so as to obtain a reasonable degree of assurance on the quality, and integrity of accounting data generated apart from authenticity of payments.
4. To ensure that the Division obtain confirmation of balances from vendors/contractors.
5. To carry out stock verification on a continuous basis and issue stock certificates in respect of store verified during a year, and ensure that attractive items and others of High unit value are completely covered. Internal Auditors are expected to prepare Stock Verification Notes in accordance with prescribed formats to enable alignment of balances in the computer records with physical quantities in inventory.
6. Physical evaluation of Work-in-progress to be done in the first week of April of every financial year. Further quarterly examination, of review of the cost ledger done by the Division, to be carried out and commented upon.
7. Carry out physical verification of Fixed Assets in the Division over the financial year and to certify the same. A report on the fixed verification is to be submitted at the end of each financial year
8. To comment whether the adequate internal financial controls are in place as well as the operating effectiveness of such controls as per Section 143(3) of the Companies Act, 2013 and in terms of Rule 10 & 10A of the Companies (Audit and Auditors) Rules, 2014. The auditor is to evaluate the extent and implementation of internal controls with specific reference to transactions having an impact on the financial issues and comment on the same.
9. To cover identification of frauds, if any, happening in the division. To alert the top management of the Division, if necessary through confidential reports, against suspicious transactions that could indicate Frauds.
10. The Internal Auditors are required to develop a suitable checklist to ensure examination of all the above aspects and to keep sufficient working papers as evidence of the Audit done.

11. Adequate test check of reported Rejection on shop floor and comment thereon.

12. The C&AG have introduced a system of three phase audit as follows:

Phase I: After half yearly results consisting of Review of accounting system, internal control assessment, analysis of accounting policies, notes to accounts with respect to applicable laws & disclosures in conformity with Accounting Standards.

Phase II : At the end of the financial year consisting of actual audit of units, review of systems of verification of inventories, Cash & bank balances and other items, compliance of instructions issued & highlight deviations.

Phase III: Pertains to actions after receipt of certified accounts and comprise of actions such as verification of compliances against phase I and Phase II, checking of compliances etc.

Accordingly the internal Auditors will have to ask the Division for the Phase I and Phase II reports issued by Govt. Audit, the assurances given in the previous years and check compliances so as to ensure that Phase III comments are minimized. The aspects related to Phase 1, Phase 2, and phase 3, of Govt. Audit have to be examined and commented upon.

H K Prakash
Dy. General Manager (Pur)
Aircraft Division

TERMS AND CONDITIONS

These terms and conditions are applicable to Expression of Interest, Technical & Commercial Bids and Scope of Work.

In the interest of equity of treatment, Expression of Interest will be processed strictly as per standard prescribed format enclosed at **Annexure-1**. Non-adherence to the format shall lead to rejection of such bids. Further correspondence in respect of non standard bids will not be entertained.

1. CA/CMA firms, appointed, will have to do the Audit themselves and not resort to any kind of outsourcing whatsoever. In case, it is subsequently revealed at any stage of the appointment process / post appointment that outsourcing has been resorted to, the appointment is liable to be summarily cancelled with immediate effect.
2. The appointment, for Internal Audit, is for a period of two years, on the quoted audit fees subject to satisfactory performance in the first year.
3. The scope of the Internal Audit is as indicated at **Annexure-3**.
4. The Internal Audit is expected to be based on sufficient verification of the aspects covered in the scope of audit and not be on mere confirmations obtained from the Finance and other related departments.
5. It is expected that the Audit will be undertaken in accordance with the Internal Audit Standards issued by the ICAI to the extent they are applicable to the given scope.
6. The Internal Audit report is to be submitted within one month (specific end dates will be given in the appointment letter) following the close of each quarter. The Internal Auditor is expected to draw up the Audit Program in consultation with the Divisional Finance Chiefs for this purpose in order to stick to the prescribed date for the submission of the report.
7. The report is to be submitted In four hard copies. Additionally, soft copy of the report would be required. The distribution will be indicated later. Soft copy may be either in Word or PDF files and may have tables in Excel on a CD.
8. The efficacy of the Internal Audit will be judged on the basis of the following parameters:
 - a. Number of points raised by the Statutory Branch/Main Auditors of the Company.
 - b. The number of points raised by Govt. Audit.
 - c. Quality of the Accounts during reviews by the Corporate Office.
9. The Audit Reports would be addressed to the General Manager / in-charge of the Office with a copy to Head of Complex Finance and General Manager (Systems

Audit), Corporate Office would have an executive summary highlighting the important points requiring the action / attention of the Divisional Management. The Executive Summary should be cross referenced to the paragraphs in the Internal Audit report containing the elaborate details.

10. Financial information on the Divisions is given at **Annexure-5**. However this is wholly and solely for the purpose of helping you assess the workload for the Audit and is confidential and cannot be used for any other purpose whatsoever.
11. EOI should be submitted in Annexure-1 format only. No other format will be accepted.
12. Every page of the EOI / Bids will be authenticated by the signature of the authorized signatory of the firm and the Firm's seal. Unauthenticated pages will be rejected.
- 13. Short listed firms based on Expression of Interest shall be issued with tender documents in TWO BID System, ie. Technical Bid and Commercial (Price) Bid to be submitted in separate sealed envelope.**
14. Short listed firms based on the EOI shall strictly follow the below noting while submitting their Technical and Commercial Bids:
 - I. Short listed Firms should make only one commercial bid. In case more than one bid is received, HAL will have the discretion to select any one of the bids for considering in the tender.
 - II. Internal Audit Fees should be quoted per annum and payment would be on quarterly basis as calculated from the annual fees.
 - III. Taxes on the Audit Fees will be treated as follows:
 - a) TDS on Income Tax at applicable rates will be deducted from the Quoted Fees invoiced.
 - b) Service Tax will be paid additionally upfront, as invoiced, at the applicable rates.
 - c) Levy of taxes not existing in the legislation so far will be reimbursed / paid additionally from the date they come into effect.
 - IV. Payment of Audit Fees will be against submission of the Quarterly Audit report and invoice pertaining to the same, whichever is later.
 - V. Audit Fees per annum should be quoted separately for each Division / office. The audit will be assigned on L1 basis for each Division. The Audit firms are free to decide on the Divisions / offices for which they will submit quotes. However, these quotes should be as per HAL format which will be issued to the short listed agencies in the EOI.

- VI.** The quoted fee should include all expenses like TA / DA, out of pocket expenses etc. No other reimbursement of expenses apart from Audit fees will be applicable.

H K Prakash
Dy. General Manager (Pur)

Annexure – 5

Information on respective Divisions of BC / HC/DC, Bangalore as per Accounts for the year 31.03.2014

(To be retained by Bidder)

Sl. No	Division	Turnover (Rs. Crs)	Gross Block (Rs. Crs)	Net Block (Rs. Crs)	Inventory (Rs. Crs)	Strength as on 31.03.2014
	Bangalore Complex & CO					
1.	Aircraft Division (including Liason Office, Chennai)	1725.47	116.36	21.58	1052.31	2736
2.	Engine Division	1475.11	256.45	75.16	2670.51	1771
3.	Overhaul Division	350.71	41.62	13.96	356.41	1232
4.	Foundry & Forge Division	102.56	153.39	78.01	134.75	661
5.	Central Materials & Processing Laboratory	0.57	6.92	2.23	0	32
6.	IMGT Division	94.01	11.23	5.53	49.97	59
7.	Aerospace Division	80.19	14.30	5.45	10.38	584
8.	Facilities Management Division	0	166.24	103.88	1.78	282
9.	LCA – Tejas Division	177.25	3.75	1.82	1106.82	703
10.	IJT Division	0	1.40	0.40	321.83	211
11.	Airport Services Centre	13.13	98.87	35.64	0	140
12.	Office of Managing Director(Bangalore Complex) (including Liason Office, London)	0	1.85	0.51	0	64
13.	HAL Corporate Office	21.85	20.93	9.21	0	253
14.	HAL Management Academy(HMA)	0	4.81	2.83	0	318
	Helicopter Complex					
15.	Helicopter Division	1166.06	233.78	85.37	1723.11	2091
16.	Helicopter –MRO Division	335.06	60.69	50.04	222.03	596
17.	Composite Manufacturing Division	111.57	128.66	71.12	168.85	584
18.	Rotary Wing Research & Design Centre (RWRDC)	116.94	97.09	35.09	70.60	868
	Design Complex					
19.	Aircraft Research & Design Centre	334.20	52.14	11.58	12.75	1523
20.	Mission Combat Research & Design Centre	68.01	4.40	2.48	38.15	208
21.	Aero Engine Research & Design Centre	49.05	20.32	9.55	18.88	192
22.	Office of Director (D & D)	0	1.42	0.46	0	18

Note : For 22 Divisions/Office separate quarterly Internal Audit and Report needs to be given.

H K Prakash
Dy. General Manager (Pur) - Aircraft Division