

Tender Notice

No. NIRC/
2016

Dated : 05th Nov,

Expression of Interest for Empanelment of Cost Accountant Firms for conducting Internal Audit of Northern India Regional Council of The Institute of Cost Accountants of India for the Year 2016-2017 along with the term and reference. For complete detail/Scope of Work see the official website : www.nirc-icmai.in

Eligible and interested firms are requested to submit their application in sealed envelope super scribing “**Application for Empanelment as Internal Audit of The Northern India Regional Council of The Institute of Cost Accountants of India** “ to the Chairman of Northern India Regional Council along with Annexure 2, Certificate 1, Certificate 2 and all supporting documents in the following address through Speed Post / Courier on date 12th Nov, 2016 by the necessary documents duly signed by the authorized partner of the firm .

Chairman
The Institute of Cost Accountants of India
Northern India Regional Council
CMA Bhawan,
3, Institutional Area, Lodi Road,
New Delhi -110003

**EXPRESSION OF INTEREST FOR EMPANELMENT OF COST
ACCOUNTANT FIRMS FOR CONDUCTING INTERNAL AUDIT OF
NORTHERN INDIA REGIONAL COUNCIL ,OF THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**

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(A) Minimum Eligibility Criteria

1. The firm should be a partnership firm registered with the Institute of Cost Accountants of India (ICAI) on the date of application.
2. The firms should be in existence for at least three years and must possess previous experience in conducting Internal Audit.
3. The Firm must have PAN and Service Tax Registration number.
4. A firm will not be eligible for empanelment if any of its partners or staff (as a related party defined in Company's Act 2013) is/was associated as an office bearer in any Managing Committee of Chapter/Regional Council/Central Council of the Institute for the last 8 years. A declaration confirming such non association should be given by the managing partner along with the application for empanelment.
5. Firm has to apply for local chapter according to address of the firm for Internal Audit (details given in point N). However, the selection criteria will be as per (B) below.

(B) Selection Criterion

1. The norms for selection of firms for Internal Audit will be as follows

Sl no	Particulars	Points Fixed	Maximum Point
1	Number of Partners		25
	(a) Equal to 2 partners	5	
	(b) More than 2 partners	10	
	Additional 2 points for every Fellow member Partner	10	
2	Number of Qualified Assistants (Cost accountants only) employed with the Firm	2 points per qualified assistant	20
3	Age of the Firm	2 points for every year	20
4	Experience in conducting Internal Audit:		25
	(i) Experience in Educational Institution/PSU/Autonomous & Statutory Bodies	15	

	(ii) Experience in other organisations	10	
5	No. of years of experience in Internal Audit		10
	(i) 3 - 5 years	3	
	(ii) > 5 years	7	
	Total Points		100

Note1. Documentary evidence of all the information as stated above is to be furnished along with the offer.

2. Where a Cost accountant is a partner/ owner of more than one firm, in such case, only one firm carrying the highest marks shall be allowed to take part in the EOI process.

3. Each selected firm will be allotted only one work and can be appointed for a maximum period of two years as mentioned in Clause D below. Thereafter there will be a cooling period of two years.

4. If there is a tie, a firm with a higher number of Fellow Member of the Institute of Cost Accountants will be considered.

(C) Other Terms & Conditions

The appointment of the firm is subject to the following:

i) The firm should not subcontract the work.

ii) The 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. A certificate towards maintaining confidentiality to be provided by the Auditor before commencement of audit.

iii) No relative/auditee/partner or any related party of the Management Committee of any chapter can be auditor/staff of the audit firm.

iv) The firm will be debarred from getting Internal Audit in future in ICAI in the following cases:

a. If the firm obtains the appointment on the basis of false information / false statement.

b. If the firm does not take up the job in terms of appointment letter.

c. If the firm does not submit the report, complete in all respects in terms of appointment letter.

d. If the firm violates any of the stipulation from (i) to (iii).

e. If the performance of job is found to be unsatisfactory.

iv) All applications received after the due date and closing time of submission of applications shall be ignored.

vi) Disclaimer: ICAI reserves the right to accept or reject any or all responses and to request additional submission or clarifications from one or more Appointment(s) at any stage or to cancel the process entirely without assigning any reason.

(D) Scope of Work & Period of Audit

The scope of work regarding Internal Audit is given in **Annexure-1**. The scope of work may increase depending upon the requirement. The initial period of engagement for internal audit shall be for one year which may be extended for further one year depending on the performance and on the mutual consent of both parties on the same terms and conditions.

(E) Audit Team

In case of internal audit, the team should be led by a senior partner of the firm and should comprise of one qualified/semi qualified assistant.

(F) Time period for completion of Audit

The Internal Audit should be in the mode of 3 phase audit

1st Phase covering 6 months from the period from 1st April 2016 till 30th September 2016: The auditor must provide his report within November 30, 2016.

2nd Phase covering 3 months from the period from 1st October 2016 till 31st December 2016: The auditor must provide his report within January 31st, 2017. The scope of audit would also include for any revision of the existing budget for the year 2016-17.

3rd Phase covering 3 months from the period from 1st January 2017 till 31st March 2017: The auditor must provide his report by 30th April, 2017. The scope of audit would also include the Annual Budget for the year 2017-18 and unaudited Accounts with Notes and Schedules for 2016-17.

(G) Fees Structure

The detailed fee structure is enclosed at **Annexure -3**.

(H) Application Procedure

Eligible and interested firms are requested to submit their applications in sealed envelope super scribing **“APPLICATION FOR EMPANELMENT AS INTERNAL AUDIT OF THE NORTHERN REGIONAL COUNCILS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA”** to the Chairman of Regional Council along with Annexure 2, Certificate 1, Certificate 2 and all supporting documents in the following address through Speed Post/Courier by all necessary documents duly signed by the authorized partner of the firm:

Annexure-1

Scope of Work

(A) Internal Audit

A1. Budgetary Control:

- Whether budgetary control is exercised for indenting and release of funds, statement of funds received vis-à-vis actual expenditure and budget provisions for major heads and various departments
- Whether the funds have been spent for the purpose for which they were intended. (instances where (a) bills indented for but not paid and (b) bills paid but not indented for may be given)

A2. Payments and Expenditures:

a) Capital Expenditure

- To vouch all purchases made and verify that capital expenditure was incurred after obtaining prior approval as per DOP and as per Budget and tender guidelines was followed.
- To check that fixed assets register is maintained properly.
- To ensure that fixed assets are sold/scrapped against written authority.
- To check that depreciation on fixed assets has been written off at appropriate rate.
- To ensure that all fixed assets are insured against fire, strike, Riots and civil commotion, Flood, Earthquake, war, malicious damage, nuclear radiation and equipment break-down.
- To review the Capital Expenditure status Report which includes all capital work undertaken by the Region/Chapter.

b) Revenue expenditure

- To verify all the expenditure are as permissible per CWA Act & Regulations.
- To check the approved budget for expenses as well as Delegation of Power and tender guidelines have been observed.
- Checking of all payments made to the suppliers and others through RTGS /NEFT with reference to relevant pay orders/instruments and approval notes.
- Verify whether bills are passed as per Supply/Work Order/Agreement/tender guidelines on test check basis.
- Checking of Petty Cash Register and reconcile Opening Bal / Rec. / Payments /Closing Balance.
- To ensure that capital expenditure are not treated as revenue expenditure.
- To examine whether the payment vouchers have relevant supporting documents.
- To review unusual items (i.e. debit balance, one supplier with balance in various categories etc.)
- To ensure that statutory and other deductions from the suppliers' bills are correct and the statutory dues are deposited to the appropriate authority within the stipulated time.
- To ensure the Expenses are not of personal nature.
- Checking of T.A bills of the Members of Managing Committee and employees as per rules and their subsequent payment to the Travel Agents.
- To ensure that controls and procedures in use are efficient, effective and economical.
- In case of cheque payments, whether cheques are sent by registered post, if not whether proper acknowledgements have been obtained.
- To check whether faculty honorarium for conducting oral coaching classes, computer training, GDBC classes are paid after deducting TDS as per Income Tax Act.

A3. Advances and Adjustment thereof:

- Checking Advance to Employees.
- Adjustment/ Recoveries of Advances during the month are as per stipulation.

A4. Cash and Bank (including BRS)

- Checking of quarterly Bank Reconciliation Statements of various Bank Accounts of the Institute and entries for adjustment of charges etc.
- Obtaining Balance Confirmation directly from Banks and checking with Book Balances at the year end.
- Returned draft/cheque with the subsequent realizations on a quarterly basis.
- To physically verify cash collected at cash counter and in accounts department at periodical intervals.
- To ensure all payments are recorded in the Bank Book and DPR as per the rules of the Institute.
- To check FDR in the Balance Sheet with ledger from the Bank for FDR. To verify the calculation of interest thereof, its accounting and TDS accounting.
- To check all the FDR appearing in the Balance Sheet are free from any lien/charge.
- Entries of stale cheques and necessary accounting like creation of liabilities etc. has been done timely and in proper manner.

A5. Payroll

- To check the correctness of recording attendance, leave, unauthorized leave, etc. and timely reporting for preparation of payroll.
- To ensure that festival allowance, if any, is computed accurately and to review whether the incentive schemes, if any, is operating effectively and benefit all employees.
- Checking payments to LIC on account of Gratuity & Leave Encashment Fund based on actuarial valuation and correction of payments to outgoing employees out of funds received from LIC.

- To examine the procedure followed in case of termination of employment by resignation, retirement, etc.
- To ensure compliance with statutory laws and rules connected with employment.
- To verify terms of appointment of employees/retainers appointed during the period under Audit.
- To check that reimbursement of Leave Travel Allowance is made with reference to actual bill submitted.

A6. Statutory Payments and Compliance:

Checking of compliance of Statutory Payments & Statutory Returns within the target dates

- ❖ TDS (U/S 192, 194C, 194J, 194I and other applicable sections)
- ❖ Service Tax
- ❖ Works Contract Tax
- ❖ Payments of municipal rates and taxes.

To verify whether any legal dispute is pending before any forum.

The auditor should verify the statutory register depicting the TDS and Service Tax matter. The auditor should verify the monthly compliance report provided by the Regional Council/Chapter to the Headquarters for such matter.

The auditor has to also check the online mode of budget submission by the Regional Council/Chapter to Headquarters on a periodic interval.

A7. Purchases

- Whether DOP and Tender guidelines as applicable for Regional Councils and Chapters are complied or not?
- Whether Repeat Orders placed, are based on orders placed earlier with proper tendering; whether other conditions governing the placement of Repeat Orders are followed?
- Whether any attempt has been made to split the tenders to keep the value of the contract within the delegated powers of the approving authority?
- Report on delay in placement of supply orders (from the date of approval of indent).

- Whether materials have been supplied within the stipulated time; if not, whether liquidated damages have been imposed?
- Whether the payments made are as per the terms and conditions of the order, especially taxes and duties; whether tax concessions are availed?
- Report on maintenance of records such as Tender Register, TCR files, Supply orders, Bill Passing Register, etc.
- Whether advance payments made to suppliers are outstanding for a long time; list of such advances?
- Whether the tender notices are being hosted on the website as per tender guidelines.
- Total no. of supply order placed during the period of audit:

	No. of contract/order	Value
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i) Open tender (advertised)

ii) Limited tender

iii) Negotiated contract

iv) Repeat order

B: CIVIL CONTRACT WORKS

- Whether any attempt has been made to split the tenders to keep the value of the contract within the delegated powers of the approving authority?
- Whether the works awarded have been completed within the scheduled time?
- In case of major works, whether there is any failure on the part of the management due to which work could not be completed in time resulting in escalation in the value of work originally awarded.
- Whether for civil works which were completed, final bills have been prepared in time and completion of work is accounted for or not. List of cases where final bill is pending for completed work and list of work -in -progress

With age to be furnished. For old capital WIP reasons for keeping as WIP without capitalization / charged off to be furnished?

- Whether any advance has been given to the contractors and is outstanding for a considerably long time; whether such advance payments made have been properly recorded on the face of the bill copy and in the Bill Passing Register?
- Whether proper checking of quality of work is carried out by Technical Expert / Retainer.
- Whether payment has been made as per the terms and conditions of the work order and on the basis of satisfactory performance as certified by the concerned authority; whether recoveries towards security deposit, secured advance, income tax, etc. have been made correctly. Maintenance of records such as Tender Register, TCR files, Work order and Agreement, Measurement Books, Bills, Bill Passing Register, EMD refund, etc.
- Total No. of contracts awarded during the period of audit

	No. of contracts	Value
1) Limited tender		
2) Open Tender		

Additional points for RCs

- Checking of periodical reconciliation of current account balances with HQ / RC considering salary, reimbursement of expenses, festival allowances and other adjustments with revenue grant payable.
- Checking of incorporation of claims and their payment / adjustment with reference to supporting document.

Annexure-2

Format of the Application

1. Full Name of the Audit Firm:

2. Address:

- i) Permanent Address:
- ii) Correspondence Address with PIN code:
- iii) Landline / Mobile Number:
- iv) Fax Number:
- v) Email ID:
- vi) PAN Number:
- vii) Service Tax Regd. No :

3. Specify the location (Region/Chapter) which applied:

Sl. No.	Particulars	
1	Year of establishment	
2	Annual Turnover of the firm in the preceding 3 Financial Years as per Income Tax return	
3	Number of partners in the firm along with their membership number	
4	Number of qualified assistants (Cost Accountants) in the Firm along with membership number.	
5	Number of semi qualified assistant (Inter Cost Accountant) in the firm	
8	Address of the Branch offices, if any along with contact number	
9	Date of Partnership deed with Registration Number.	
10	Previous Audit assignment acceptance letter	
11	Bank details for paying the fees through NEFT	

Note1. Documentary evidence of all the information as stated above is to be furnished along with the offer.

Note2. All the pages of the terms & conditions and documents submitted are to be signed with the seal of the firm.

(Signature & Seal of the Partner of the Firm)

Annexure-3

FEES STRUCTURE

Fees payable to the Internal Auditors are as follows:

- (i) Minimum Suggested Fees for the entire Internal Audit of 3 phases for the year 2016-17 will be Rs.75,000/-. However, the appointing authority of Northern Regional Council will finally decide the same.
- (ii) Service Tax shall be paid extra as applicable on furnishing the registration number along with the bill.

Bill should be raised periodically as per frequency on submission of Internal Audit report for the year 2016-17.

No TA/DA, transportation charges will be payable in case of auditors who are from the local city.

CERTIFICATE -1

I / We _____(the name of the firm) having
office at _____(address of the firm)
hereby accept all the terms and conditions of the appointment of internal
Auditor as published/uploaded in the web site dated

Signature of the Member:

Name of the Member:

Name of the Firm:

Position in the Firm:

Date:

CERTIFICATE -2

*This is to certify that any partner or partners or staff of the firm _____
____(Name of the firm with complete address) do not have any relation
(as a related party as defined in the Company's Act ,2013) , directly or
indirectly, with any office bearer/member of the managing committee of
the Central Council/ Regional Council of the Institute for the last 8 years.*

Signature of the Member:

Name of the Member:

Name of the Firm:

Position in the Firm:

Date:

Questionnaire to be vetted by the Internal Auditor and a part of their report

- 1) Whether the Regional Council have a website in use? Yes/No
- 2) Whether the Regional Council had preserved their Land Deed and/or Building documents? Yes/No
- 3) Whether the number of students enrolled by the Regional Council during the period. Yes/No
- 4) Whether the number of Career Counselling conducted by the Regional Council during the period. Yes/No
- 5) Whether the number of Continuing Education Programme and other programmes held by Regional Council during the period. Yes/No
- 6) Whether the Regional Council circulating e-bulletins? Yes/No
- 7) Whether the RCs have complied with DOP/Tender Guidelines/SOP of the Institute. Yes/No

