

ARTIFICIAL LIMBS MANUFACTURING CORPORATION OF INDIA

G T Road, Naramau, Kanpur – 209217

“TENDER DOCUMENT”

of Tender No. Internal Audit/17-18/ dated: 20.07.2017 Due on 21.08.2017 15:00 Hrs

Date :

To,
M/s _____

Dear Sir,

Artificial Limbs Manufacturing Corporation of India (herein after referred to as “ALIMCO”) wishes to engage partnership firms of Chartered Accountants/ Cost Accountants as “Internal Auditors” for an initial period of two years (2017-18 and 2018-19).

ALIMCO has a Head Office and main manufacturing plant at **Kanpur**. Apart from this, the corporation has Auxiliary Production Units at **Chalon, Bhubaneshwar, Jabalpur and Bangalore** with Marketing Centers at **Delhi, Mumbai, Kolkatta, Hyderabad and Guwahati**. ALIMCO has a Pan-India presence where the camps are being handled all over India.

In order to cover Pan-India presence in Camp Sites as well as in its Units, the assignment of internal audit can be quoted for each of the above base stations. No travelling or Daily allowances are payable and hence the quote should accordingly be given. Since the corporation continuously conducts camps the quotes being asked for is (a) covering audit at base stations and (b) covering camp sites on call basis.

Sealed quotations are invited under Two Bid (Professional Profile with EMD of Rs 5000.00 & Price Bid) System. “Professional profile with EMD” should be put up in one sealed envelope and “Price Bid” should be put in separate sealed envelope and both the aforesaid sealed envelopes should be put in third bigger sealed envelope. On each of these three sealed envelope, the Name of the Tenderer/Firm, Tender No., Tender Due Date and “Professional Profile”/“Price Bid” (as the case may be) on respective envelope containing such bid should be clearly mentioned and addressed to Manager (Finance), ALIMCO, G T Road, Kanpur so as to reach by 15:00 Hrs on 21st August 2017.

01. SCOPE OF WORK:

1.1 The suggested check list for conducting internal audit at base stations is enclosed at Annexure “A”. However, the internal auditors may also be sent for inspection at Camp sites on call basis for which the necessary communication shall be given 5 days in advance.

2.0 ELIGIBILITY OF TENDERER:

2.1 The eligibility criteria as given in Annexure “B”.

3.0 TENDER PAPERS:

3.1 The envelop marked “Professional Profile” should contain following:

- (a) EMD of Rs 5000.00 in form of DD/Pay Order in favour of “Artificial Limbs Manufacturing Corporation of India” payable at Kanpur – Mandatory. Refundable to non-qualifying participant.

- (b) Certified copies of Certificate of Practice issued by respective Institute - Mandatory.
- (c) Brief write up (Bio Data/Resume) on the constitution of firm, its partners with their Membership No. and experience, the details of the paid staff/articled clerks , Audits being handled presently (whether statutory, cost , stock , concurrent) and other relevant details the bidder considers necessary to indicate- Mandatory.
- (d) Details of the firms registration with C&AG – Preferable but not mandatory.
- (e) Recommendations of major clients, if any – Preferable but not mandatory.
- (f) A signed copy of Annexure A denoting brief understanding of the requirement as per check list – Mandatory.
- (g) GSTIN No. – Mandatory.

3.2 The envelop marked “**Price Bid**” should contain following:

- (a) Rates for the internal audit assignment clearly specifying **the rate quoted in figures and in words and taxes**, if any should be spelt out clearly. In case no tax is quoted the rates shall be presumed to be inclusive of taxes. Quoting for **any one/all the base station** is acceptable.
- (b) **Rates per day** for going to Camp sites within the periphery of 500 kilometers from the base station which would include professional fee, boarding, lodging and other incidental charges which shall be claimed from the corporation upon giving the Camp Internal Audit Report within a week from the visit date.

4.0 SECURITY DEPOSIT:

- 4.1 For fulfillment of the contractual obligation of Internal Audit assignment, the successful firm shall deposit Security Deposit of 5% of the total value of job awarded.
- 4.2 The Security Deposit shall be refunded on successful completion of the assignment.

5.0 VALIDITY OF OFFER/QUOTATION:

- 5.1 The offer/quotation submitted against this Tender shall be valid upto 90 days from the date of opening of the “Price Bid”.
- 5.2 The Tenderers shall be bound by terms of this tender documents, if notification of acceptance of the offer against this tender is issued within the validity period.

6.0 GENERAL TERMS & CONDITIONS OF TENDER:

- 6.1 The time is the essence of the contract. The quarterly report has to be ensured. First Report shall be of half year ending September 2017 which should be given by 15th November 2017 and then for each quarter, the internal report should be given by 24th of the next month. Quarter ending March report should be given by 25th of the next month.
- 6.2 The liquidated damages shall be levied for delay from the above timelines which shall be 0.5% every week subject to a maximum of 10%. Delays shall have a bearing on continuity of audits.
- 6.3 Any offer submitted against this tender in deviation from the terms of this tender will stand rejected.
- 6.4 Ensuring adequate manpower seeing the volume of the work and ensuring exhaustive coverage with quality of audit shall be the responsibility of the internal auditor and shall have a bearing on continuity.

- 6.5 The successful firm shall not sub - contract the internal audit assignment.
- 6.6 All entries in the offer shall be either typed or neatly hand written. Tenders having over writings/fluid application/cutting etc. without proper authentication will be rejected.
- 6.7 Conditional Offer / Quotation shall not be acceptable.

7.0 ARBITRATION:

- 7.1 If any dispute/question or controversy arises in respect of or arising out of the assignment / Job Work Contract, the matter in dispute shall be referred to the arbitration of the Chairman & Managing Director of ALIMCO or its nominee and the decision of the Chairman and Managing Director or nominee shall be final and binding on both the parties.
- 7.2 The provision of the ARBITRATION & CONCILATION ACT, 1996 as amended from time to time shall apply to such arbitration proceedings.
- 7.3 Arbitration proceedings shall be held at Kanpur only and the Kanpur City Court will have the jurisdiction in the matter.

**Manager (Finance)
ALIMCO, KANPUR**

ARTIFICIAL LIMBS MANUFACTURING CORPORATION OF INDIA, KANPUR

SCOPE OF WORK FOR CONDUCTING INTERNAL AUDIT

The Scope of Internal Audit will extend to all areas except Year-end Stock Audit which is assigned to separate Stock Auditors having mandate to conduct independent Stock Audit in every Centre during the end of the year. The Auditors shall be required to give specific information/comments, on the areas mentioned in the check list for the Management to exercise control. However, the scope of the work will not be limited to the check list only.

The Internal Audit report should bring out the facts specifically in relation to any point and be accompanied by constructive suggestions for improvement of systems, procedures, internal checks and controls.

Some of the key areas are:-

A. COMPLIANCE WITH THE PROVISIONS OF LAW:

1. The Internal Auditors will be required to comment on the compliance with the provisions of law like Companies Act, Income Tax Act, GST (erstwhile VAT, Excise, Service Tax and other indirect Taxes), MSE provisions and other statutory obligations like timely submission of various returns and deposit of taxes etc. The checking is required to be done with respect to the Ledger balances and the working of the same should be an annexure to the Audit Report.
2. Payments made from the Centers are required to be verified from Challan copies. In case the payment has been advised to Head Quarter, the same should be cross-checked from Head Quarter and necessary compliances are to be reported in the Internal Audit Report specifying Monthly Details.
3. Any other point which is required for complete reporting on statutory compliances.

B. RAW MATERIALS, STORES, SPARES AND PACKING MATERIALS:

Purchase, Issue, Storage- Material Management;

Payment and statutory deductions- Accounts

1. Scrutinize the procedure for raising indents, inviting quotations, compliance of tender procedure as per Purchase Policy of the corporation, delegation of authority, preparation of comparative charts, recording of minutes and approval process and reporting variance, if any.

2. Receiving of material, its linkage with the Purchase Order, Storage and issue for consumption should also be vouched and any deviation in the system is to be reported.
3. Checking payment and purchase vouchers with regards to rates, weight, calculation of amount etc. It is also to be seen whether the charges like transportation, packing and taxes etc. are paid in accordance with the terms of purchase orders and the same are reasonable.
4. Check whether the rejected material is returned to the suppliers timely/ intimation given timely and report the instances where system is deviated. To check if the rejected material is not lifted within specified period, the same has been scrapped or not.
5. Review of suppliers' Accounts and report that the advance payments are timely adjusted/ pending for adjustment.
6. Checking the Priced Store Ledger and its valuation as per declared accounting policy at the end of the year.
7. To check that if standards are laid down then the materials have been consumed as per standards. Major deviations are required to be reported.
8. Check records for issue of materials for job work and receipt thereof. Periodical confirmation from the parties should also be verified.
9. Report variations in Work Order wise issue of material forming part of Bill of Material.
10. Carry out selective physical verification of store on the basis of stock report of previous year submitted by empaneled stock auditor to get reasonable assurance that perpetual stock taking is being carried out by Store In charge consistently.
11. Reporting on the system of perpetual inventory being carried out by the Store keeper or any other Official authorized for the purpose.
12. Reporting on the adequacy of stock levels and optimum inventory with regards to production needs.
13. Reporting on slow moving and non-moving inventory on the basis of stock report of previous year submitted by empaneled stock auditor.

C. SALE OF FINISHED GOODS, FABRICATED ITEMS AND SCRAP:

Order Booking, Billing and dispatches - Marketing, Warehouse & Logistic Section

1. Reconciliation of Sales with quantity and rates.
2. Checking the process of booking Orders, dispatch planning, transportation contract and placement of trucks, raising of Invoices on Customer and reporting the matters where there is a delay in raising of Invoices after packing and dispatch of goods. The scope shall also include delays, if any in raising Pro-forma Invoice after assessment and raising Final Bills to the SSA authorities.
3. Checking of the Bills raised with the Pro-forma Invoice submitted earlier to Customers and reporting variances.
4. In cases of payments through Banks, reporting of delays in sending Invoices to Banks.
5. Checking the assessment reports relating to Fabricated Items, its correlation with distribution held and reporting on delays in raising of Fabricating Bills, if any in comparison to assessment done.
6. Checking the rates charged. Rates should normally be as per the latest price list except for cases where payment has been received on earlier rates and the dispatches are carried out after rate revision. Variations not duly supported by approval of the competent authority is required to be reported.
7. Study the system of Scrap generation and suggest improvements while reporting apparent discrepancies.
8. Verification of scrap disposal records.
9. Scrutiny of Dealer's Accounts, State Government and other non-ADIP business with the help of DPS and reporting Debit Balances with concerned DPS Nos.

Cross Checking in the Financial Records - Transporter Bill Passing, Sales Booking, Passing of Fabricated Items Purchase and Sale Bills, SSA- 40% , Dealers, Fabricating agency, State Government, Miscellaneous debtors and CSR Debtors along with Reconciliation of Advances.

D. Grant Utilization and Grant Accounting:

Administration of ADIP & ADIP-SSA scheme - ADIP & ADIP-SSA Marketing Cell

Administration of Vayoshri Yojana - Sr Citizen Scheme Cell

Grant Accounting - Accounts

Website updating - Concerned Marketing Cell & Systems Department

Media & Administration Charges Claims - ADIP & CSR Marketing Cell

1. Verification of receipt of Grant-in-aid at Head Quarter only and correlating with Sanction Order received from Ministry - Through Accounts.
2. Whether the ADIP/SSA subsidy has been properly utilized as per the norms given in the ADIP Scheme notified by the Ministry of Social Justice & Empowerment, Government of India and to check whether claims are reimbursed in accordance to scheme. - ADIP & ADIP-SSA Marketing Cell.
3. Checking the DPS raised as per assessment report. - ADIP & ADIP-SSA Marketing Cell.
4. If called for, attending the assessment or distribution Camps for undertaking audits & on the spot verification (Per Day Professional Charges shall be separately quoted excluding Train Tickets which shall be reimbursed as per entitlement on production of tickets) - ADIP & CSR Marketing Cell.
5. Sample Checking of Utilization Certificates from Camp and co-relating with UC submitted by Marketing to Accounts Department for accounting of utilization - ADIP & SSA Marketing with Marketing Accounts.
6. Checking the Utilization Certificate Vouchers and its control mechanism in Excel Sheet maintained by Marketing Accounts Cell with its corresponding withdrawal from ADIP Accounts.
7. Checking the material dispatched but distribution not completed giving reasons for distribution not completed duly signed by Marketing Incharge (HQ) and Unit Incharge - this list should always form a part of the Internal Audit Report.
8. Ageing of Material dispatched but UCs not submitted,
9. Cross linking of UCs passed with the details as appearing in the website.
10. Grant wise Sanction Order wise Grant Utilization Statement.
11. Audit of Media Claims raised as per GFR.

For Vayoshri Yojana

1. Checking approval of places by Ministry.
2. Checking the DPS raised as per assessment report. - Sr Citizen Marketing Cell.
3. Checking UCs obtained after distribution and cross linking with Website - Sr Citizen Marketing Cell.
4. Audit of administrative charges and PMU Charges claimed from the Ministry.
5. Checking raising of Claim - Camp wise from the Ministry.
6. Audit of Bank Account in consonance with the claim raised.

For CSR Camps

1. Viewing the conduct of CSR Camps as per the terms of MOU signed by other CPSUs
2. Checking the claims raised by CSR Marketing Cell.
3. Scrutiny of Accounts and receivables.
4. Reporting any outstanding which is long overdue.
5. Providing Utilization Certificates for CSR Clients.
6. Review of Administration Charges in comparison to the permissible amount as per MOU.
7. Reporting if any delay in raising the Bills to CPSUs/clients.

Advance from Customers

1. Review of DPS and analysis of Party wise Outstanding
2. Ageing of Advance and detailing of material against which advance has been given but material not supplied - getting the details from Marketing and analyzing the advance.
3. Are the advances and Debtors duly approved by competent authority as per DOP.
4. Reporting based on the above.

E. Loans & Advances

Capital Advance	-	Project Department
To Suppliers	-	Material Management Department
To Employees	-	Accounts / Administration

1. To report on the system of advances and checks & balances being exercised to have a better control for release of advances with proper linkages to the submission of expenditure/ purchase and deliverables in case of project items.
2. Monitoring of the progress in case of project advances and other advances with proper control on Bank Guarantee etc. reporting of variations.
3. Travel Bills audit and proper control on travel advances.

4. Ageing of advances and reporting of advances which otherwise are recoverable but has not been recovered.
5. System of obtaining confirmations, if any.

F. CASH/ BANK LIMIT:

1. Physical cash balance should be verified periodically during the course of audit.
2. This should be reported whether unit has proper system of checking of bank interest and charges and if any discrepancy is found the same should be reported.
3. Bank Reconciliation is prepared every week regularly and necessary adjustment entries are passed without delay.
4. Proper records for Fixed Deposit Receipts are maintained with physical verification and confirmation thereof.
5. Calculation of accrued interest.
6. Maintenance of proper records of Bank Guarantees, FDR hypothecation, and FDRs placement at optimal rate.
7. LC Limit etc., if any

G. Creditors/ Payables

1. Are the payments regularly being made without any significant delays.
2. Proper Bill wise records for the creditors are being maintained and are being communicated properly.
3. Disputes, if any are being settled.
4. Reconciliations with the creditors and specific reporting thereon.
5. EMD and SD verifications and reporting on old balances not yet settled.

H. Project Accounting and Control

1. Proper Measurement Books are maintained and proper Bill Passing is being recommended by the Project Department.
2. The payments being recommended are commensurate with the work physically.
3. Proper put to use certificates are being ensured.
4. Accounting entries are being recorded with proper documents and additions/ adjustments from Modernization Grants is properly recorded.

I. Payroll and Expenditure Booking

1. Whether increments/advance increments granted to staff are being sanctioned as per the power delegated.
2. Whether proper accounting for due wages & salaries is done. Un-paid wages are properly recorded & reconciled and paid only after obtaining application and sanction and verification.

3. Check leave records, attendance records, service records, list of absentees, surprise check of persons actually present in comparison to the recorded one.
4. Check all full and final settlements.
5. Check the adherence to Pay Revision guidelines.
6. Check all the Power Bills and to comment upon any additional charges included in the bills of power relating to earlier period specifying the nature thereof.
7. Check the power bill as per tariff and other applicable rates & comments thereon.
8. Verification of transport cost scrutiny of contracts for transportation etc. Recoveries for late delivery, damaged goods-in-transit and other terms and conditions of transport contracts.
9. Verification of adequacy of insurance cover in respect of cash in transit and all assets, delays, if any in making insurance claims and outstanding claim. This is to be insured & reported that in case of declaration policies monthly declaration to Insurance Company, has been furnished by the units and adjustment of the premium at the end of policy period has been obtained from the Insurance company.
10. To observe that all the regular expenditures are being accounted for on monthly and accrual basis with reporting on any deficiency observed or improvements on the existing system.

J. MIS and Reporting systems

1. Overview of the system of reporting and obtaining a reasonable assurance that the figures being reported are free from any material misstatements and the basis of such information are reasonably accurate and reliable and to certain extent verifiable from Books of accounts.
2. The MOU review during the intermittent period in line with the MOU signed with the Administrative Ministry.
3. The authenticity of the data uploaded at various websites and its verification with Marketing Data.
4. Inventory Management and review of constant improvements in the working with suggestions, if any.
5. Review of Non Moving Inventory with liquidation plans.
6. Review and suggestions, if any on Perpetual Inventory System and Physical verification of fixed assets.

K. General

1. Review of CAG Comments of last year and improvement thereon.
2. Comments on points raised by Statutory Auditors and improvements therein.
3. Overall system effectiveness with suggestions on improvement.
4. Specific Proposals of Value-addition, if any observed during the audit.

Annexure "B"

Requisites of a firm applying for engagement as Internal Auditor

The profile of the Audit Firms applying for Internal Audit in ALIMCO shall be as follows:-

1. CA Firm should be empaneled with C&AG for Head Quarter ; however for a Cost accountant firm for Head Quarter- the firm should be empaneled as an Internal Auditor in a reputed CPSE with a turnover of at least Rs 150.00 Crores. Copy of Registration Number to be enclosed. However, for APCs and RMCs, CA/Cost Accountant firms having internal/ statutory audit experience of PSEs will suffice.
2. Firms should have been appointed as Statutory/ Internal Audit for PSEs for at least 3 years - copy of such appointment should be attached.
3. The firm should have valid Certificate of Practice from their respective Institutes.
4. Details of Partners, Qualified assistants and Semi Qualified assistants specifying the status of members duly certified by Managing Partner/Senior Partner - Minimum requirement of 2 Partners and 6 staff members
5. Year Wise details of Major Audits handled.