

# CHHATTISGARH STATE MARKETING CORPORATION LIMITED

## EMPANELMENT OF CHARTERED ACCOUNTANTS FIRMS FOR ASSIGNMENT OF INTERNAL AUDIT

T. No.: CSMC/Tender/2017-18 /4

Dated: 25-02-2017

DATE OF TENDER	:	25.02.2017
LAST DATE OF ISSUE	:	9.03.2017
LAST DATE OF TENDER SUBMISSION	:	10.03.2017
DATE OF OPENING THE TECHNICAL BID	:	10.03.2017

ADDRESS OF THE TENDERER:

Managing Director, CSMC  
Excise Building, First Floor  
Chokra Nala, Labhandi  
Raipur, Chhattisgarh

# CHHATTISGARH STATE MARKETING CORPORATION LIMITED

EMPANELMENT OF CHARTERED ACCOUNTANT FIRMS (PARTNERSHIP/ LLP / SOLE PROPRIETORSHIP FIRMS) AS INTERNAL AUDITORS FOR THE YEAR 2017-2018  
INTERNAL AUDIT OF RETAIL LIQUORVENDING SHOPS REGIONAL/DISTRICT OFFICES.OF THE CORPORATION.

Applications are invited from Chartered Accountants (Partnership/ LLP / Sole proprietorship firms) registered with the Institute of Chartered Accountants of India (ICAI) who intends to be empaneled with Chhattisgarh State Marketing Corporation Limited (hereinafter referred to as CSMC) for appointment as Internal Auditors for the year 2017-2018.

## 1. MINIMUM ELIGIBLE CRITERIA

- 1.1. The Head Office of the Firm must be located at Chhattisgarh.
- 1.2. The standing of the Firm must be 10 years or more as per ICAI Firm Constitution Certificate.
- 1.3. Only those Individual Chartered Accountant or firm of CAs who have applied in response to our advertisement in the press and on excise department website [www.excise.cg.nic.in](http://www.excise.cg.nic.in).

## 2. AUDIT FEE

- 2.1. 5000 per month per retail vending shops
- 2.2. 20,000 per month per Senior Regional Manager's Office/District Manager Office

### Note:

- The abovementioned fee is exclusive of applicable taxes, if any.
- TA and DA will not be paid for reporting to Area for commencement of the audit and back.
- Boarding, Lodging and Local transportation will not be provided by the corporation.

## EVALUATION CRITERIA

Sr. No.	Norms	Basis of Marks	Maximum score	Minimum score required
1	Year of establishment of the firm / sole Proprietorship	2 marks for each year after 10	10	2
2.	Number of partner(s)/qualified assistant(s)	2 marks for each partner having ACA or qualified assistant having CA  4 marks for each partner having FCA	10	2
3.	Number of semi-qualified assistants {CA(Inter) for each semi-every 50 retail shops / MDO / SRM / CO audit	1 marks for each semi qualified Assistant	10	4
4.	Experience in statutory/internal auditing Public Sector Enterprises (other than beverage companies)	1 marks for each year	10	-
5.	Number of year of experience in auditing	3 marks for each year	20	—
6.	Whether the firm (including its branch) is located within the District or adjoining Districts for which expression of interest for audit is given by the firm	20 marks for within the district  10 marks for within the adjoining district	20	10
8.	Annual turnover of Individual Chartered Accountant firm	One mark for each lakh rupees	10	5

9.	Composition of audit fee in the annual turnover of the Individual Chartered Accountant or firm of CAs	One mark for (minimum 50%) and for every next 10% - 02 marks	10	2
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For selection of firms for empanelment on the basis of above evaluation criteria, Management's discretion is final and the Management reserves the right to reject any prospective applicant without assigning any reason whatsoever.

Note: -

- The CA Firms will furnish details of all these criteria while applying.
- CAFirms will also provide their latest certificate of firm constitution as on 01 st January of the current year issued by ICAI and their last 3 years I.T. (Income Tax) Returns duly acknowledged by I.T. Department. Firms not able to provide these documents will not be considered.
- Year of establishment of the Audit Firm supported by the copies of the latest certificates issued by the concerned Institute duly attested by Partner with the seal of the Firm.
- The detailed particulars of the Partners with specific mention of the Fellowship/Associateship of each Partner with the copies of certificates of the concerned Institute, duly attested by a Partner with the seal of the Firm.
- Number of qualified Assistants mentioning the Name, Qualification and Membership Number of the concerned Institute with the copies of the certificates duly attested by a Partner with the seal of the Firm.
- Number of Semi Qualified Assistants mentioning the Name, Qualification and student Registration number of the concerned Institute with the copies of certificates duly attested by a Partner with the seal of the Firm.
- Year-wise detailed experience of the Audit Firm in Internal/Statutory Audit supported with the attested copies of appointment letters which are already executed. Year-wise detailed experience of the firm in other PSUs/Schedule Bank for Statutory/Internal Audit supported with attested copies of appointment letters, which are already executed.

- The detailed address with Telephone/Mobile, Fax and E-mail address of the Registered Head Office of the Audit Firms along with its Branches in the State of Chhattisgarh.

The offers from the Audit Firms that are not supported with relevant document, as mentioned above and any form of misrepresentation made in respect of submitted documents will not be considered for appointment as Internal Auditor and no other correspondence in this respect will be entertained.

## SUBMISSION OF OFFER

1. Sealed offers, along with a soft copy in a Compact Disc(CD), are to be addressed and submitted to the Managing Director, CSMC, at Raipur on or before 4:00 PM 10.03.2017.
2. Offers should be submitted Division wise
3. Only one offer can sent for one division.

## TERMS OF REFERENCE OF INTERNAL AUDIT

The terms and conditions for conducting Internal Audit, in CSMC are recommended herein under: -

### (A) COMPOSITION OF AUDIT TEAM

- The Audit team should consist of one qualified and four semi-qualified assistants for auditing SRM Office / District Manager Office / Depot.
- The audit team should consist of two semi-qualified assistants for auditing retail shops subject to a condition that a partner of the firm should be directly audit cent of retail vending shops allotted.
- The firm should consist minimum four semi-qualified assistants {CA(Inter)}.
- Minimum of four personnel should be employed in audit in a day.
- The number of retail vending shops taken up for audit should not exceed eight in a day.
- The audit of Senior regional manager's office/District Manger's office should be undertaken for the minimum period of five days.
- The Audit Team Members should carry Photo, ID issued by the Audit Firm.
- Normally the composition of Audit Team should not be changed. However, under certain circumstances beyond control of the Audit Firm, if the same needs to bechanged in any manner. it may be done with the approval of MD of CSMC(subject to verification of credentials of the new incumbent).

- The Audit Team will conduct the audit as per Manual, rules & regulations, guidelines, instructions, delegation of power, etc. and in consultation with the concerned officials of MD offices, SRM offices, Depots Corporate Office.

#### (B) PAYMENT OF AUDIT FEE

- The payment of internal audit fee shall be made by the Corporate Office through online "Electronic Clearance System" and only after receiving a certificate from the concerned audit unit that the internal auditor has carried out the audit in accordance with the terms and conditions and instruction issued from time to time by the Corporate Office.
- Any delay over the scheduled dates in the submission of audit reports shall be liable for deduction of amount @ 0.5% per week from the total due payment to the firm. The decision of the competent authority (M.D.) of CSMC in this regard shall be final.

#### (C) AUDIT REPORT

- The internal auditing firm shall conduct the internal audit of Retail Vending Shops / MD office / SRM office / Depots under CSMC, and submit the report on monthly basis, to the concerned MD office / SRM office / Depot / Corporate Office of CSMC on or before the due dates as prescribed.
- Time is the essence for submission of audit report and submit the report both in hard copy and soft copy. The monthly audit report should be submitted within 20<sup>th</sup> of the subsequent month for *e.g., audit report for the month of July, 2017 should be submitted on or before 20<sup>th</sup> August, 2017.*
- The Audit teams after completing the audit for the month should discuss their observations / findings with Managing Directors / Depot Managers / Senior Regional Managers / Senior Audit Officer/other concerned officials before finalization of the monthly Audit Report.
- The findings of the monthly Audit Report together with earlier month points under compliance by the Management should be discussed with the said officials.
- The Quarterly Audit Report in respect of unresolved observations along with management replies / comments shall be submitted to SAO & CAO / CGM(F) / MD of CSMC.
- Flash Report should be submitted by the Internal Auditor immediately on detection of major irregularity in the course of audit to MD of CSMC.
- The Internal Audit Report should be signed by the CA / partner of the firm.
- Audit Reports should be submitted as prescribed formats.

#### (D) GENERAL TERMS AND CONDITIONS: -

- The firm should not sub-contract the audit work assigned to any outside firm or other persons even though such persons are qualified chartered accountants / cost accountants.
- If the progress / performance of the Audit Team is not satisfactory, the management reserves the right to terminate the appointment of the firm with prior notice of one month.
- The appointment of the Audit Firm will be for one year at the first instance (the period starting from the date of appointment or as specified later).
- The Audit Firm will be debarred from getting in future the internal audit in CSMC in the following cases: -
  - (1) If the firm obtains appointment on the basis of false information / false statement.
  - (2) If the firm does not take up audit in terms of appointment letter.
  - (3) If the firm does not submit audit report, complete in all respect in terms of appointment.

#### (1) Objectives of Audit:

Objectives proposed to be achieved through Internal Audit broadly are as under: -

- 1.1) To ensure that the Accounting and Financial Management Systems are reliable and effective in design and to assess the extent to which they are being followed.
- 1.2) To review the efficiency, adequacy and application of Accounting, Financial and Operating Controls and thereby ensure the accuracy of transaction/books.
- 1.3) To verify that the system of internal check is effective in operation in order to ensure the prevention of early detection of deficiency, misappropriation and misapplications, if any.
- 1.4) To identify the areas of significant inefficiencies, if any, in existing systems and to suggest necessary remedial measures.
- 1.5) To confirm the existing of financial propriety in all operational activities and verify compliance to Government and statutory requirements.
- 1.6) The Chartered Accountant firm appointed for internal auditing would be fully independent, objective assurance and consulting activity designed to add value and improve CSMC operations. It would basically by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.7) The internal auditing firm shall evaluate risk exposures relating to the Corporation's governance, operation and information systems, in relation to:

- i) Effectiveness and efficiency of operations,
- ii) Reliability and integrity of Financial and operational information,
- iii) Safeguarding of assets and
- iv) Compliance with laws, regulations and contracts.

1.8) Based on the results of the risk assessment, the internal auditing firm shall evaluate the adequacy and effectiveness of how risks are identified and managed in the above areas. The internal auditing firm shall also assess other aspects such as ethics and values within the organization, performance management, communication of risk and control information within the organization in order to facilitate a good governance process.

## (2) Scope of work:

### 2.1) Statutory Compliance:

Review and recommendations on the system of deduction and timely deposit of statutory dues i.e. TDS, Service Tax, etc. and timely deposit of relevant returns, compliance of statutory laws i.e. Income Tax, Service Tax, Profession Tax and VAT etc.

### 2.2) General Account:

Verification of Cash, Bank and Journal Vouchers to ensure that they are approved in accordance with laid down procedures and delegation on selective basis. Periodical review of General Ledger & Subsidiary Ledgers and Annual Financial Results.

### 2.3) Income Recognition:

Control over billing and system & procedure of accounting to ensure timely and correct recording and compliance with Accounting Standards/Policies.

### 2.4) Fixed Assets:

Procedures/systems for sanctioning and procurement. Assets registers to be verified. Verification of supporting vouchers etc. on test check basis, but the quantum of Test check carried out to be indicated.

### 2.5) Loan and Advances:

Review of advances i.e. LTC, Tour, Salary, Interest subsidy on HBA and Vehicle Advance, if any, etc. to the employees.

### 2.6) Cash/Bank:



Verification and reconciliation at periodical intervals on test check basis of cash in hand and bank reconciliation statements.

2.7) Debtors and Creditors:

Review of age-wise analysis. Review of old/doubtful debts/advances. Procedures for periodic reconciliation and confirmation of debt by parties etc. to be verified.

2.8) Insurance:

Renewal of insurance policies to be periodically reviewed.

2.9) Overheads:

Review of procedures/systems for expenditure as per sanction. Analysis of expenses pro rata with relation to work done/job completed/turn over. Verification of supporting effects etc. on test check basis, but the quantum of test check carried out to be indicated.

2.10) Pay Roll/Pension:

Verification of pay roll, attendance records, reconciliation of monthly pay roll, review of monthly variance, verification of detection including income tax etc. Similarly, pension will also to be verified. Compliance with CSMC policies on payment of Gratuity/ Superannuation/ Pension etc.

2.11) Fixed Deposit:

Verification of FDR/Register, Interest accrued and due on FDR, TDS on interested.

(3) To ensure Internal Control:

3.1) Check of income/expenditure Assets & liabilities Account.

3.21) 100% checking of all type of transactions/bills etc. with respect to financial and proprietary concept.

(4) Other major functions which will be covered under the scope of work for Internal Audit are summarized below: -

- 1) Vouching.
- 2) Audit of transactions which involves examination of supporting documents, concurrence and approval from the competent authority.
- 3) Checking of trial balance. scrutiny of general ledger and reconciliation of each head of accounts thereof. wherever necessary, and preparing balance sheet of the period under report.

- 4) Checking of expenditures incurred with reference to the laid down procedures, delegation of powers and budgetary provisions.
- 5) Checking of calculations and payments of statutory dues and all tax related matters as applicable to CSMC from time to time.
- 6) To check financial statements i.e. Balance Sheet and P&L Account (incidentals account in respect of projects under implementation) with reference to accounting standards and verifying whether the records have been properly maintained so as to safeguard the assets of CSMC.
- 7) To see whether the stocks assets acquired purchased are in quantities required for the smooth operation of the unit department.
- 8) To check whether the physical verification of asserts stocks has been carried out at the close of financial year and variations, if any. have been accounted for and recorded properly.
- 9) To check the bank reconciliation statements.
- 10)To check the cash book to ascertain whether cash in hand has been verified by the competent authority at regular intervals.
- 11)Checking of subsidiary ledgers.
- 12)Checking whether all liabilities against the accepted claims have been provided for in the books of accounts for the full accounting year and verifying compliance with statutory obligations of employer towards employees viz., Gratuity, Leave Encashment, Provident Fund, Bonus, etc. Similar checks to be done in respect of TA/DA and claims for reimbursements.
- 13)To verify whether the procurements have been made after completion of all formalities laid down by CSMC and whether approvals of competent authorities have been obtained.
- 14)To check whether the stationary & stocks have duly been accounted for as per accounting standards and whether records have been properly maintained to ensure safeguards of such stocks of CSMC.
- 15)To verify whether the funds have unnecessarily been blocked due to excess procurements.
- 16)To ensure that TDS has been deducted at applicable rates and to verify whether TDS has been properly deducted and deposited with the Income Tax Authorities within the prescribed periods.

- 17) To verify whether TDS returns have been submitted in time to the income Tax Authorities.
- 18) To verify whether Service Tax has been properly charged, wherever applicable, and whether proper returns have been filed with the Authorities.
- 19) Conducting special assignments and investigations on behalf of the Audit Committee or Managing Director into any matter or activity affecting the probity, interests and efficiency of the CSMC.
- 20) Internal Auditor will impart awareness to the officers and staff also. All departments/divisions will, therefore, be in a position to improve their existing system and by complying the recommendation/suggestion of the Internal Auditor.
- 21) The Internal Auditors should extend their co-operation for timely compiling and submission of required monthly / quarterly / annual accounts schedules duly verified and certified by the internal auditors.
- 22) The Internal Auditors should ensure that all the transactions are duly posted in the General Ledger under appropriate heads. They should also verify all vouchers and receipts and put their initial with date on the same for having verified the vouchers/receipts.
- 23) Any other functions/areas of Audit which Management may consider necessary subsequently.

A declaration in the following format is to be furnished with the bid:

I/We hereby certify that:

- a) All information and attachments submitted in this application are correct and true to the best of our knowledge.
- b) We are aware that any false information provided herein will result in rejection of the application and suspension of registration.
- c) We agree to the terms of payments of audit, professional fees on monthly basis on submission of the Internal Audit Reports
- d) I/ We also agree to deductions as admissible will be made towards the Central, State Govt. Taxes, duties etc.

- e) I/ We understand that the CSMC Ltd. is empowered to reject any proposal without assigning any reason thereof.
- f) I/ We also understand that all Payments shall be made in Indian Rupees and shall be subject to applicable deductions if any.

Place

Signature of the Applicant  
With Seal

Date

### UNDERTAKING

I/We the sole proprietor / following partners of M/s. \_\_\_\_\_, Chartered Accountants do hereby jointly and severally verify and declare -

that the particulars given are complete and correct and that if any of the statements made or the information so furnished in the application form is later found not correct or false or there has been suppression of material information, the firm would not only stand disqualified from allotment but would be liable for disciplinary action under the Chartered Accountants Act, 1949 and the regulations framed thereunder,

- i. that the firm, proprietor or partners has not been debarred or cautioned by ICAI during the last three years, (if debarred, give details);
- ii. that individually we are not engaged in practice otherwise or in any other activity which would be deemed to be in practice under Section 2 (2) of the Chartered Accountants Act, 1949;
- iii. that the constitution of the firm as on 1st January of the relevant year shown in the Expression of Interest is same as that in the constitution certificate issued by ICAI.

S. No.	Name of the partner/sole proprietor Membership	Registration No.	PAN No	Dates of Payment of the relevant year ____A/B*	Signature of partner / sole proprietor


*\*A For membership*

(Seal of the Firm)

*B For issue of certificate of practice*

Place:

Date:

Enclosures: \_\_\_\_\_ Pages

For Office Use Only

Whether firm has done

(a) Statutory/Branch Audit

Yes / No

(b) Internal/Concurrent Audit

\_\_\_\_\_

Checked by

Verified by

Date updated by

BID FORM

Tender No. (Name & Address of the purchaser)

Dear Sir,

Having examined the conditions of contract and specifications including addenda Nos.....the receipt of which is hereby duly acknowledged, we, undersigned, offer to render and deliver in conformity with said drawings, conditions of contract and specifications for sum of Rupees (total bid amount in words and figures) or such other sums as may be ascertained in accordance with the schedule of prices attached herewith and made part of this bid.

We undertake, if our bid is accepted, to complete delivery of all the items specified in the contract within the specified timeframe as calculated from the date of issue of your purchase order.

If our bid is accepted, we will obtain the guarantees of a Scheduled Bank for a sum not exceeding 10% of the contract sum for the due performance of the contract.

We agree to abide by this bid for a period of 180 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.

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.

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

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

Dated this ..... day of.....2017.

Signature of

In capacity, of

Duly authorized to sign the bid for and on behalf of.....

Witness .....

Address .....

Signature .....

PROFORMA FOR LETTER OF AUTHORIZATION FOR ATTENDING BID OPENING

Subject: Authorization for attending Bid opening on ----- in the tender at CSMC Ltd. Raipur, C.G. for appointment of Internal Auditor to undertake Internal Audit of Accounts and transactions of CSMC on behalf of \_\_\_\_\_  
Following persons are hereby authorized to attend the bid opening for the tender mentioned above on behalf of \_\_\_\_\_ (Bidder) in order of preference given below.

Order of preference	Name	Specimen Signature
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I

II

Alternate Representative \_\_\_\_\_

Signature of Bidder

Or

Officer authorized to sign the bid on behalf of the bidder.

Note:

1. Maximum of two representatives will be permitted to attend bid opening. In cases where it is restricted to one, first preference will be allowed. Alternate representative will be permitted when regular representatives are not able to attend.
2. Permission for entry to the hall, where the bids are to be opened, may be refused in case the authorization as prescribed above is not received.

The illustrative audit manual of internal audit engagement is mentioned is Annexure-1 attached herewith. Through it is not exhaustive, the internal auditing firm shall conduct the audit thoroughly and comment on all the major and minor irregularities observed with proper solution as per the rules and regulations for timely corrective action.

Annexure-1:

AT RETAIL VENDING SHOPS:

- i) 100 % Physical verification of stocks.
- ii) Physical verification of cash.
- iii) To verify the bank remittances with reference to remittance challans.
- iv) Whether remittance made on all working days of bank.
- v) Whether maintained and availability of required registers and records.
- vi) To identify the shops holding more than 90 days' stocks.

AT OFFICES:

- i) To verify the general ledger, Receipts & Payments and all vouchers
- ii) Verification of Funds received from HO to MD office Bank operation account and bank reconciliation / old un reconciled items.
- iii) Verification & payment of petty cash to shops
- iv) Verification of Payment to transport contractors, recovery towards breakages bottles, TDS, service tax, PAN compliance.
- v) Verification of other payments

- a) Printing and Stationery**
- b) EB charges**
- c) Telephone charges**
- d) Conveyance expenses**
- e) Rent**
- f) Other expenses**
- i) Verification of Goods Receipt Acknowledgement (GRA) with Master Stock Register (MSR)**
- ii) Verification of breakage register**
- iii) Verification of correctness of the preparation of GRA including calculation of landed cost for breakages and of wholesale issue price for missing bottles**
- iv) Verification of GRA with missing bottle registers**
- v) Monthly Stock Receipt Reconciliation with GRA**
- vi) Verification of the stock received with brand labels indication the old MRP rate, if applicable**
- vii) Verification of invoices**

**SPECIAL ASSIGNMENT:**

Auditors shall also attend to any other work specifically assigned by the management or commented by the statutory auditors in their report regarding Internal Audit.