

**NICDIT KRISHNAPATNAM INDUSTRIAL CITY  
DEVELOPMENT LIMITED**



**Invitation of bids from Chartered Accountants Firms  
for conducting Internal Audit for  
FY 2021-22 & FY 2022-23**

**NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED (NKICDL)** is a Greenfield Smart Industrial City developed across 12,000 acres in the State of Andhra Pradesh as part of the Chennai – Bangalore Industrial Corridor (CBIC).

Chennai Bengaluru Industrial Corridor (CBIC), the proposed Corridor between Chennai, Bengaluru and Chitradurga, covering about 560 km, will influence Area spread across the three states, namely Andhra Pradesh, Tamil Nadu, and Karnataka.

NICDIT Krishnapatnam Industrial City Development Limited (NKICDL), a special purpose company, was incorporated to establish, promote, and facilitate the Chennai Bengaluru Industrial Corridor development. NKICDL is an SPV between National Industrial Corridor Development & Implementation Trust and Andhra Pradesh Industrial Infrastructure Corporation Ltd.

NKICDL will work in close collaboration with the State Government of Andhra Pradesh for undertaking various project development activities, including but not limited to feasibility studies, preparation of master plans and development plans.

**NKICDL is inviting the Bids from the interested Chartered Accountants firms to conduct an internal audit**

- a. **For the Financial Year 2021-22 – Annual Audit**
- b. **For FY 2022-23- Monthly Audit**

**which may be extendable for a further period of two years based on satisfactory performance.**

**Scope of Work:**

The selected Chartered Accountant firm should conduct the Internal and submit audit reports monthly. The detailed Scope of Work is indicated in **Annexure -1**.

**Terms & Conditions:**

1. The audit period is for the Financial Years 2021-22 and 2022-23. The performance will be reviewed from time to time. If the performance is not satisfactory, the agreement may be terminated with two weeks' Notice.
2. The scope of the engagement is as per **Annexure I**.
3. The registered office/branch of the Firm shall be located in Vijayawada/Guntur.
4. Minimum number of Partners in the firm should be 5.
5. The team shall consist of one qualified chartered accountant with at least five (5) years of experience and two other team members. Suppose the Engagement Leader or Partner is not a member of the engagement team, in that case, one senior partner shall associate with the team to finalize and supervise the deliverable/ report.
6. The audit team shall conduct an audit per the audit scope given in **Annexure-1** and any other matters connected there and incidental.
7. The audit report shall be submitted covering all aspects shown in the audit scope **for FY 21-22 (One time) and once in a month for FY 22-23 within 15 days from the completion of the month.**
8. In case, Audit team fails to comply with this condition, in that case, the remuneration shall be reduced proportionately and continuous failure for three consecutive occasions, the agreement will be terminated with two weeks' Notice.

9. The Audit shall be conducted as per the internal audit standards specified by professional bodies and shall cover all areas without any omission. Any other point which Internal Auditors would like to cover during their Audit may be mentioned in the report.
10. The audit team shall suggest necessary rectifications in accounting aspects if any.
11. Reports shall not only point out defects/irregularities but also give positive suggestions to overcome defects.
12. The audit team shall attend to the review/discussion of the Audit Reports submitted with the Finance team for suggestions and action to be taken on the points brought in the report. If required, they have to attend audit committee meetings.
13. The Audit firm shall quote remuneration exclusive of GST applicable. The GST will be paid along with remuneration.
14. No out-of-pocket expenses and conveyance expenses shall be paid for conducting an internal Audit.
15. The remuneration shall be paid within 30 days from the date of submission of the audit report.
16. The Company has the right to cancel the Work Order for the following reasons:
  - If the Firm obtains the Work Order based on false information/statement.
  - If the Firm does not take up Audit in terms of the Work order and Scope of Work.
17. In case of discontinuing the work, no fee will be paid for the work done.
18. The audit work shall be carried out within the premises of NKICDL, and the records shall not be taken outside the NKICDL premises.
19. **Selection Criteria:**
  - A. The Chartered Accountant firm shall get minimum qualifying marks of 80 for consideration of a financial bid.
  - B. Selection will be done among those qualified who have quoted lowest professional fees
  - C. In case of a tie in the financial bid, a Firm will be preferred based on the establishment period.

**Following will be the basis of marks for the selection.**

| Sl. No | Particulars                                                                                                             | Basis of Marks                                                                                                                                | Maximum Marks |
|--------|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| 1      | Year of the establishment of Firms(s) since the registration date.                                                      | 1 mark per every year of registration.                                                                                                        | 25            |
| 2      | Numbers of partners in the Firm.                                                                                        | 2 marks for each Associate Member and 5 marks for each Fellow Member                                                                          | 25            |
| 3      | The Firm has the experience of conducting statutory Audit/ Internal audits in Central /State government company/ PSU's. | 5 marks for each government company /PSU's for every year of statutory audit / Internal Audit during the FY 2018-19, FY 19-20, FY 20-21       | 35            |
| 4.     | Turnover of the Firm                                                                                                    | Average Turnover of INR 1 crore during FY 2018-19, FY 19-20, FY 20-21. In case of Firm meeting average of INR 1 Crore, 5 Marks for each year. | 15            |
|        | <b>Total</b>                                                                                                            |                                                                                                                                               | <b>100</b>    |

## **Other Terms & Conditions:**

### **The appointment of Internal Auditors is subject to the following declarations:**

- A) The Chartered Accountant firm must not sub-contract the work.
- B) The audit team will work in strict confidence and ensure that the information regarding the operation of the Area is dealt with in strict confidence and secrecy. A Certificate towards maintaining confidentiality to be provided by the Chartered Accountant firm before the commencement of Audit.
- C) The Internal Audit Firm shall be free from any disqualification under Sec 141(3) of Companies Act, 2013. In addition to this, the Audit Firm must not be holding any assignment as a Statutory Audit of NKICDL.
- D) The partners must be holding a valid certificate of practice issued by the Institute of Chartered Accountant of India and should be in whole-time practice.
- E) The offer should be submitted strictly as per the terms & conditions laid down in the document. Application documents duly sealed and signed are to be submitted as a token of acceptance of all terms and conditions. All envelopes must be sealed and super scribed with the Notice No. & date mentioning 'Appointment of Internal Audit Firm'. The name and address of the Firm must be indicated on the body of the envelope.
- G) Applications received as stated above after the due date and after the closing time of submission shall be ignored. Any application received late due to any reason whatsoever will not be accepted.
- H) Jurisdiction of Courts: Any dispute arising out of or in respect of the contract will be subject to the Guntur jurisdiction only.

## **CHECK LIST**

- (1) The proposal will be evaluated based on the documents furnished along with applications only. No further documents will be called for during the scrutiny of the RFP.
- (2) After the last date & time of receiving the RFP as stipulated in the Notice Inviting RFP, any additional document received will not be entertained and will be rejected, treating it as an unsolicited one.
- (3) Therefore, all the interested Chartered Accountant Firms are advised to go through the documents carefully and submit all the required information/ documents in proper sequence along with the RFP as described hereinafter.
- (4) **List of the documents to be submitted along with the applications/ RFP:**
  - a. Registration certificate issued by the Institute of Chartered Accountants of India indicating the year of establishment of the Firm.
  - b. Latest Certificate issued by the Institute of Chartered Accountants of India indicating details of the registered Head Office and Branch Office(s), if any
  - c. Latest Certificate issued by the Institute of Chartered Accountants of India indicating names of the partners and their membership status.
  - d. Valid Certificate of Practice issued by the Institute of Chartered Accountants of India.
  - e. Copies of appointment orders issued by the Central Govt/ State Govts. PSUs for conducting statutory audit / internal audit.

- f. A copy of complete application documents duly signed and sealed as a token of acceptance of all terms and conditions.
- g. Turnover Certificate for the period of FY 2018-19, FY 19-20, FY 20-21.
- h. Please submit all the supporting documents duly signed with the Firm's seal.

The interested Audit firms are requested to submit their application along with technical bid and financial bid in compliance with the above eligibility criteria in a sealed cover on or before **20th April 2022** to the below-mentioned address. Technical and Financial bids should be provided in two separate envelopes.

To  
The Chief Financial Officer,  
NICDIT Krishnapatnam Industrial City Development Limited,  
9<sup>th</sup> Floor, APIIC towers Plot No-1, IT Park,  
Mangalagiri, Guntur (Dist), Andhra Pradesh - 522503.

NKICDL does not take any responsibility for loss of Application in transit. Application sent through Telegram, Telex, Fax, or E-mail will not be considered.

Disclaimer: NKICDL reserves the right to accept or reject any or all responses and request additional submissions or clarification from one or more Applicant(s) at any stage or cancel the process entirely without assigning any reason.

## FORMAT OF THE OFFER

| S.no     | Particulars                                                                                                                    | Details |
|----------|--------------------------------------------------------------------------------------------------------------------------------|---------|
| <b>1</b> | <b>Name of the Firm</b>                                                                                                        |         |
| <b>2</b> | <b>Address</b>                                                                                                                 |         |
|          | i) Permanent Address                                                                                                           |         |
|          | ii) Correspondence Address                                                                                                     |         |
|          | iii) Telephone Number                                                                                                          |         |
|          | iv) Fax Number                                                                                                                 |         |
|          | v) Email Address                                                                                                               |         |
|          | vi) Website                                                                                                                    |         |
| <b>3</b> | <b>Year of establishment of Firm/s since date of registration: (Enclose a copy of the certificate issued by the Institute)</b> |         |

**4. Professional fee quoted per annum in INR-----**

- I. For FY 2021-22, Professional fees will be paid on submission of Annual Internal Audit report.
- II. For FY 2022-23, Professional fees will be paid monthly on submission of monthly Internal Audit report. For clarity, quoted annual fees will be divided by 12.

The professional fee quoted shall be reasonable considering the quality and quantity of work involved, the scope of the work and the professional expertise required.

**5. Name of the partners (give details as per the certificate of the Institute):** (Enclose a copy of the certificate of practice issued by the Institute):

| Sl. No. | Name of the partner | Membership No | Date of Joining the Firm |
|---------|---------------------|---------------|--------------------------|
| 1       |                     |               |                          |
| 2       |                     |               |                          |
| 3       |                     |               |                          |
| 4       |                     |               |                          |
| 5       |                     |               |                          |

**6. Details of experience conducting statutory Audit/ Internal Audit in Central / State PSUs.** (Please attach copies of appointment orders):

| Sl. No. | Name of the Central/State Govt. PSU | Year of Audit |
|---------|-------------------------------------|---------------|
| 1       |                                     |               |
| 2       |                                     |               |
| 3       |                                     |               |
| 4       |                                     |               |

**7. List of Registered office/branch offices in Andhra Pradesh along with address proofs**

| <b>Sl.No.</b> | <b>Name of the Registered office/ branch office in AP along with the address</b> | <b>Year of establishment</b> |
|---------------|----------------------------------------------------------------------------------|------------------------------|
| 1             |                                                                                  |                              |
| 2             |                                                                                  |                              |
| 3             |                                                                                  |                              |

- A. Documentary evidence of all the information stated above is to be furnished along with the offer indicating SL. No, for which they relate in the offer format.
- B. All the pages of the terms & conditions and documents submitted are to be signed with the Firm's seal.

## SCOPE OF INTERNAL AUDIT

### ANNEXURE – 1

#### **Basic things to be verified in respect of Administrative Expenditure Bills:**

1. 100% vouching has to be done.
2. To verify the invoice/bill on whom it was raised and the bill date.
3. To verify the arithmetical accuracy of the bill. If GST is applicable, whether the original bill/invoice is raised with GST number or not and the GST claim is as per the applicable rates or not.
4. To verify the certifications made on the bill by the concerned regarding:
  - a) Incurring the expenditure for office use.
  - b) Not claimed the said expenditure/bill earlier.
  - c) Incorporating the purchase of office equipment/stationery / Xerox etc., in the concerned registers.
5. Whether the competent authority has approved incurring the expenditure or not.
6. Whether the competent authority on the bills makes pass-order or not.
7. Whether all recoveries such as TDS on I.T., GST, etc., are recovered or not at the applicable rates.
8. Whether expenditure is within the sanctioned limits or not.
9. Whether the TDS on GST @ 2% is deducted where the value of the work exceeds Rs.2.50 lakhs irrespective of the bill amount or not.
10. In case of payment of hire car bills, the hire charge has to be paid as per the approved monthly amount. Payment for the extra mileage of more than 2500 KMs is to be made with the prior approval.
11. No surcharge / late payment is not authorised for payment without prior approval.
12. Whether the appropriate head of account is operated for the expenditure or not.
13. The relevant bills should support all the vouchers along with certification regarding expenditure, approvals from the competent authorities and are serially numbered and defaced to prevent the same from being used again.
14. To verify the delays in making online / RTGS payments and the reasons for the delays if any, have to be obtained, and justification has to be verified.
15. To verify the GST collections on the applicable receipt amounts.
16. Verification of advances given to individuals/agencies/government departments and their adjustments within time.
17. Any other aspect which is connected with and incidental to the points mentioned above.

#### **Recovery & remittance of Statutory payments:**

1. To verify recovery of income tax as per rules from time to time and remittance of the same within the stipulated time under the concerned sections.
2. To verify the filing of income tax returns properly within the stipulated time.
3. To verify the number of income tax notices received and pending by visiting the TRACES Web Site of the income tax department.
4. To verify the monthly GST reports submitted to H.O. with the receipts.
5. To verify the monthly report submitted to H.O. on the TDS recovery on GST.
6. Any other aspect which is connected with and incidental to the above-mentioned points.



**Cash Book:**

1. To verify whether the cash book is being maintained on a daily basis in the fixed format as per the Ind AS or not. To verify the daily balances drawn match with the Physical balances or not. To verify the physical cash balance with the cash book balance, a certificate is to be given to that effect every month.
2. Verify whether all the bank accounts are covered under the auto Flexi system or not. Verify whether the interests received from the bank in the said accounts are accounted for properly in the books of accounts or not.
3. No J.Vs. should be operated in the cash book. The transactions relating to the bank charges, interest earned from the bank due to Flexi account, RTGS/online failed transactions can be incorporated in the cash book through contra entry only.
4. All entries in the cash book should be supported by a credit/debit voucher. Every receipt entry in the cash book should have receipt no, date, head of account code no, name of the party, shed/plot/house/shop no. and payment details etc.,
5. Any other aspect which is connected with and incidental to the above mentioned points.

**Bank Reconciliation:**

1. Monthly bank reconciliation statements are to be verified for all the bank accounts regularly.
2. To verify the remittance details for the amounts shown under the item "amounts remitted but not credited" for beyond one month.
3. To verify the bankers' wrong debits and wrong credits and see that the same are rectified immediately.
4. To verify that no amounts under the item "amounts deposited but not credited" & "wrong credited or wrong debits given by banks" should not be continued in the next month.
5. Any other aspect which is connected with and incidental to the above-mentioned points.

**Verifications of J.V.s.:**

1. J.V.s are to be operated for book adjustment purposes only, and they should not have any impact on cashbook transactions.
2. The J.V.s should be serially numbered and with necessary supporting documents/statements and approval from the competent authority.
3. Any other aspect which is connected with and incidental to the above-mentioned points.

**Review of Advances:**

1. To verify all advances paid to Staff such as HBA, CA, Comp. Adv. M.A., TA, Misc. advance (Staff).
2. Verification of the above adjustment of the advance amounts recoveries individual, head, and closing balance with reference to the pay bills.
3. Verification of Miscellaneous Advance (Others) payments and the adjustment of advance with the approval of competent authority.
4. Any other aspect which relates to and incidental to the above-mentioned points.

**Verification of engineering work bills:**

1. To verify the quantities and rates indicated in the bill abstract with the rates and quantities of agreement / Work Order.

2. To verify the approvals for the authorised extracts and supplemental items with rates and quantities of the supplemental agreement. Without Supplemental agreement, the bills for the above are supposed to be paid.
3. To verify the arithmetical accuracy of bill abstract and gross amount payable.
4. To verify the pass order of the bill with gross amount arrived in bill abstract and adding the necessary components. To verify the earlier payments made and statutory recoveries effected in the pass order as per the agreement terms.
5. To verify the adoption of the rule and regulations related to GST, TDS on GST & I.T. from time to time as per the Government orders.
6. To verify the remittances of statutory recoveries within the stipulated time as per the rules.
7. To verify whether the expenditure is within the approved administrative sanction & technical sanction limits or not.
8. To verify the expenditure charged to specific work is covered in the general abstract of the estimate or not. No expenditure is to be charged to a work which was not covered in the general abstract of the estimated amount.
9. If any in one work, savings should not be used for any other work under any circumstances. Expenditure not related to the subject work is not supposed to be charged.
10. To verify the quotations, comparative statements and work orders issued are following the delegations orders or not.
11. To verify the releases of all Advances relating to the works are made as per the approval of the competent authority or not.
12. To verify the recovery of the above advances within the stipulated time by recovery/adjustment by obtaining necessary documents such as U.C.s, Bills etc.,
13. No deposit work bill has to be paid without available funds for the said work. However, bills may be paid based on the orders of the M.D. / competent authority.
14. To verify the acceptance of measurements by the contractor in the concerned Measurement Books.
15. To verify the engineering bills with reference to the provisions of the general abstract of the work. Without the provision, the expenditure should not be charged to the work unless the competent authority gives approval.
16. Verify the discharge certificate given by the contractor in M.B.s and final bill forms when processing the final bill of work.
17. Physical verification of fixed assets with the register & Schedule relating to office equipment, computers, furniture & fixtures etc.,
18. Any other aspect which is connected with and incidental to the points mentioned above

**Registers to be maintained:**

1. EMD & FSD register for the work accounts.
2. Funds receipt register relating to Deposit Works.
3. Miscellaneous Deposits (Works).
4. Miscellaneous Advances (Works).
5. Work wise expenditure registers for all works.
6. Work-wise work registers for all deposit works showing the details of amounts received from time to time and the bill wise total expenditure including all taxes and the balance amount available on any specific date.
7. Register for P.S. Charges, Works Agreements, C.R.s.
8. Register of Bank Guarantees and their validity.
9. Administrative sanction registers.
10. Technical sanction registers, including technical approvals.
11. Register of agreements.
12. Register of Completion Reports.

### **Asset Management:**

1. Verification of the allotments released with the minutes of the Board of Directors
2. Verification of land rate approved by Price fixation Committee of NKICDL and the total land cost of the plot indicated in the allotment orders as per the allotted area.
3. Verification of land extent indicated in the allotment letter with the site plan.
4. Verification of the applicability of Frontage charges and collection of the same if applicable.
5. Verification of name, constitution, line of activity indicated in the allotment letter with the online application.
6. Verification of payments made by the party and the realisation of the said amount to the NKICDL account.
7. Verification of the GST amount received from the allottees and the GST information furnished to NKICDL.
8. Verification of the Lease Agreement with reference to the allottee name, constitution, line of activity and of the plot. If any changes take place necessary, fee has to be collected for approval of the same as per the rules of the Corporation.
9. Collection of difference land cost for the difference in plot area / land extent. Procedure followed for collection of deference land cost that is present land cost or old land cost with interest.
10. Verification of Sale Agreement J.V.s with reference to the Sale Agreements registered during the month and a certified copy of the statement has to be provided.
11. Verify the adjustment of the land rate subsidy amount to the concerned head of account in the books of accounts as per the allotment orders and Sale Agreement.
12. Verification of the implementation of the unit within the stipulated time as per allotment orders/extension orders and collection of process fee/penalty from the allottees where there is a delay in implementing the project with the support of 1. Building Plans approval, 2) Power release certificate (with full required H.P. released by electricity department), 3. First sale bill, 4). GST returns etc.,
13. Verification of party-wise Rental and Water charges demands raised in the books of accounts with reference to the concern agreements.
14. Verification of subsidiary registers relating to the Rentals, Lease premium, Water Charges etc.,
15. Verification of arithmetic accuracy and closing balance amount for all the parties.
16. Adequate security deposit amount is maintained on the lease rentals, Water charges etc.
17. Verification of the closing balances and party-wise details for the amounts received from the allottees towards EMD, land cost, Shed cost, Upfront value/Lease premium, security deposit rentals, security deposit water charges, security deposit electrical charges etc., for every half year.
18. Any other aspect which is connected with and incidental to the above-mentioned points.