

**Request for Proposal (RFP) for  
Selection of Chartered Accountant Firm to  
Conduct Internal Audit for  
Andhra Pradesh State  
Skill Development Corporation (APSSDC)**

**Ref No: RFP/APSSDC/FIN/INT AUDIT/2019-20/0002**

**Issued on – Date: 26/11/2019**

**(Techno-Commercial Bid)**



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**#3<sup>rd</sup> floor, G&J Infra (Infosight Building), Survey No. 78/2, Near Pathuru Road  
Junction, Tadepalli, Guntur District, Andhra Pradesh - 522501**

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## I. Inviting Proposals

Andhra Pradesh State Skill Development Corporation (APSSDC) invites proposals through this RFP from interested and eligible chartered accountant firms to conduct internal audit for APSSDC. Key Information is as under:

Table 1: Key Information

Item	Reference
RFP Issuing Date	26/11/2019
Reference Number	RFP/APSSDC/FIN/INT AUDIT/2019-20/0002
Title	Request for Proposal (RFP) for Selection of Chartered Accountant Firm to Conduct Internal Audit for Andhra Pradesh State Skill Development Corporation (APSSDC)
Website	<a href="http://www.apssdc.in">http://www.apssdc.in</a>
Proposal Fee	Rs. 2,000/- Non-Refundable
Last date for submission of Pre-Bid queries	29/11/2019 by 3 PM
Last date for Bid Submission	11/12/2019 by 3 PM
Bid Opening Date	11/12/2019 by 4 PM
Opening of Commercial Bids	To be intimated later
Contact Person Details	P. Venkata Krishna Chaitanya Sr. Manager, Finance, Email ID: <a href="mailto:krishnachaitanya@apssdc.in">krishnachaitanya@apssdc.in</a>
Address for Submission of RFP	MD & CEO, Andhra Pradesh State Skill Development Corporation (APSSDC), #3rd floor, G&J Infra (Infosight Building), Survey No. 78/2, Near Pathuru Road Junction, Tadepalli, Guntur District, Andhra Pradesh - 522501

## II. Background

Andhra Pradesh State Skill Development Corporation (APSSDC) is a unique organization to promote Skill Development & Entrepreneurship in the state of Andhra Pradesh. The corporation serves as the 'Executive Agency' for the newly formed 'Department of Skill Development and Training'. APSSDC will also serve the important tasks of providing high quality skilled manpower. APSSDC is implementing number of skill development activities starting from school dropouts to graduates and unemployed youth in the state for creation of better employment and livelihood opportunities. APSSDC has set out on a mission to meet skilled man power demands of all Missions and shape AP as the skilled-workforce and knowledge hub for the world.

APSSDC invites proposals through this RFP from Chartered Accountant Firms for appointment of Internal Auditor for conducting Internal Audit for Andhra Pradesh State Skill Development Corporation.

### III. Objective & Scope of Work

#### A. Objectives:

- a) The prime objective of the Internal Auditor is to examine and evaluate whether APSSDC's framework of risk management, internal control and governance processes are adequate and functioning properly.
- b) In addition, the objectives of the Internal Auditor would include advising and recommending the management for improvements in internal control and Internal financial Controls on Financial Reporting.
- c) Understanding and assessing the risks and evaluate the adequacies of the prevalent internal controls.
- d) Identifying areas for systems improvement and strengthening controls.
- e) Ensuring optimum utilization of the resources of the entity, for example human resources, physical resources etc.
- f) Ensuring compliance with internal and external guidelines and policies of the entity as well as the applicable statutory and regulatory requirements.
- g) Reviewing and ensuring adequacy of information systems security and control.
- h) Reviewing and ensuring adequacy, relevance, reliability and timeliness of management information system.

#### B. Scope of Internal Audit

In order to fulfil its vision and objectives, the scope of work of Internal Audit shall include:

- a) Examination and evaluation of adequacy and effectiveness of the internal control and risk management system at various operations and activities of the APSSDC.
- b) Review of the accuracy and reliability of APSSDC's accounting records and financial reports with a view to ensure robustness of Internal Financial Controls on financial Reporting.
- c) Checking both transactions and functions of specific internal control procedures at various departments/offices.
- d) Evaluation of adherence to legal and regulatory requirement covering Acts related to Finance, Banking and Taxation laws such as GST, Income Tax Act, etc. and approved policies and procedures.
- e) Examine that resources are acquired economically, used efficiently and safeguarded adequately.

- f) Carrying out special assignment as directed by the management/Audit Committee.
- g) Value addition; improve operational efficiency and internal control systems.
- h) To ensure the compliance of company Risk Management policies by respective projects/units/regions/Corporate Office.
- i) Evaluation of Management Information System (MIS) Reports.

**Please refer detailed scope of work as per Annexure-IV**

#### IV. Eligibility Criteria

Only those Firms who fulfil all the below eligibility criteria are eligible to respond to the RFP. Document/s in support of all eligibility criteria are required to be submitted along with the Technical Bid. Firms meeting the below mentioned eligibility criteria will be eligible for next round of evaluation. Bids received from the firms who do not fulfil any of the following eligibility criteria are liable to be rejected.

S. No.	Criteria	Supporting Document/s	Compliance (Yes/No)
1.	The applicant should be a Chartered Accountant Firm and in existence for at least 10 years	<ul style="list-style-type: none"> <li>Registration certificate of the Firm.</li> </ul>	
2.	<ul style="list-style-type: none"> <li>The applicant should have audited at least 4 Statutory/Internal Audits in last 5 years as on 31.03.2019 and</li> <li>Among 4 Statutory/Internal Audits one audit shall be for a company with an operating revenue more than Rs. 200 cr. in last 05 years as on 31.03.2019 and</li> <li>at least one internal audit for similar company/corporation like APSSDC</li> </ul>	<ul style="list-style-type: none"> <li>Client Certificate/ Contract with client/ Audit report</li> </ul>	
3.	The Applicant should have a minimum revenue of <b>Rs.1 crore</b> in each financial year during last three financial years ended 31.03.2019	<ul style="list-style-type: none"> <li>Audited Balance Sheets of last three financial years duly certified by Auditor.</li> <li>Certificate from the statutory auditor as per the '<b>Format D under Annexure-I'</b></li> </ul>	
4.	Applicant should have a permanent office in India and branch office in Andhra Pradesh.	<ul style="list-style-type: none"> <li>Self-declaration along with relevant supporting documents.</li> </ul>	
5.	Applicant should have minimum of 10 professionally qualified CA/CMA as partners/employees <b>as on 31.03.2019</b>	<ul style="list-style-type: none"> <li>Self-declaration along with relevant supporting documents.</li> </ul>	

S. No.	Criteria	Supporting Document/s	Compliance (Yes/No)
6.	The Applicant should not have been black-listed/recommended to be black listed by central/state governments/PSUs or any other investigation firms/statutory authorities in India and is in compliance of all Laws, Rules, Regulations, Bye-Laws, Guidelines, and Notifications etc. Applicant is required to submit a self-declaration in this regard in the technical bid.	<ul style="list-style-type: none"> <li>▪ A Self Certified letter by authorized signatory as per <b>From C under Annexure-I</b></li> </ul>	
7.	The firm should submit Peer review Certificate	<ul style="list-style-type: none"> <li>▪ Peer Review Certificate</li> </ul>	

Note: It is mandatory for the Applicants to submit all the supporting documents against eligibility criteria mentioned above along with **'Compliance of Eligibility Criteria** under **Annexure-I'**.

## V. Submission of Bids

- a) Interested firms fulfilling eligibility conditions as mentioned above can submit their detailed proposal as per annexures for appointment of internal auditor for APSSDC, to the MD & CEO, Andhra Pradesh State Skill Development Corporation (APSSDC), #3rd floor, G&J Infra (Infosight Building), Survey No. 78/2, Near Pathuru Road Junction, Tadepalli, Guntur District, Andhra Pradesh - 522501 on or before last date of submission.

The Bid prepared by the firms should comprise the following components:

- b) **Technical Bid:** A separate sealed cover comprising of prescribed **'Formats under Annexures-I** with superscriptions as *"Technical Bid – Request for Proposal (RFP) for Selection of Chartered Accountant Firm to Conduct Internal Audit for Andhra Pradesh State Skill Development Corporation (APSSDC)"*.
- c) **Commercial Bid:** A separate sealed cover comprising of prescribed **'Formats under Annexures-II** with superscriptions as *"Commercial Bid – Request for Proposal (RFP) for Selection of Chartered Accountant Firm to Conduct Internal Audit for Andhra Pradesh State Skill Development Corporation (APSSDC)"*.
- d) **Proposal Fee:** Firms are required to deposit a non-refundable processing fee of **₹2,000/- (Rupees Two Thousand only)** along with bid documents to APSSDC. The Processing Fee must be in the form of a crossed demand draft Payable to 'Andhra Pradesh State Skill Development Corporation' payable at Vijayawada, drawn on any scheduled commercial bank and must accompany with Covering Letter in cover of the Proposal Document of technical bid.
- e) Firms to keep both 'Technical Bid' and 'Commercial Bid' in a single separate sealed cover with superscriptions as

- “Request for Proposal (RFP) for Selection of Chartered Accountant Firm to Conduct Internal Audit for Andhra Pradesh State Skill Development Corporation (APSSDC)”
  - Ref No: RFP/APSSDC/FIN/INT AUDIT/2019-20/0002
  - Confidential – Please do not open
- f) Any bid document not conforming to any one of the above terms will be rejected.
- g) **Bid currency:** All bid prices shall be quoted in Indian rupees.

## VI. Evaluation of the bids

### A. Evaluation of Pre-Qualification cum Technical Bids

- I. A Committee constituted by the APSSDC will carry out evaluation of the bids received by it in order to determine whether they are substantially responsive to the requirements set forth in the proposal. In order to reach such a determination, committee will examine the information supplied by the firms, and shall evaluate the same as per the evaluation criteria specified in this proposal.
- II. The evaluation process shall involve:
  - The Committee shall first evaluate the documents and information supplied by the firms in the proposal in order to examine the compliance status declared by the firms as per **‘Formats under Annexures-I.**
  - The Committee members will assess the documents of the firms based on required parameters related to their capacity to deliver the services, and accordingly Technical Score will be given to each applicant.
  - The applicants who achieves cut-off technical score of 70% will be shortlisted for next round of evaluation i.e. **Commercial Bid Evaluation.**
  - Technical Score criteria is given at **Annexure-III Technical Evaluation Marking Criteria**

### B. Evaluation of Commercial Bids

- I. It is mandatory for the firms to submit financial bid duly filled as per formats under **Annexures-II’.**
- II. The commercial bids of only shortlisted firms by the committee post Technical Evaluation round will be opened and will be evaluated as L1 (Lowest cost) method.
- III. The Total Bid Price as provided in financial bid format under **Annexure-II** shall be used by the Committee for the purpose of financial evaluation of bids.
- IV. In case L1 backs out - L1 shall be blacklisted from participating in any future bidding of APSSDC projects and are liable for legal action by APSSDC. In such case, APSSDC may invite next L2 firm for services as mentioned in **‘Scope of work’** at the price quoted by L1.
- V. The decision of the committee pertaining to the evaluation of proposals shall be final. No correspondence will be entertained in this regard.

- VI. The Committee reserves the right to reject any or all proposals on the basis of any deviations. Selection of agency will be done solely at the discretion of the Committee/APSSDC.
- VII. APSSDC reserves the right to accept or reject any proposal, and to annul the evaluation process and reject all proposals at any time prior or post award of contract, without thereby incurring any liability to the affected proposal or agencies or any.
- VIII. When deemed necessary, during the bid evaluation process, Committee may seek any clarifications from the agencies.
- IX. Conditional Bids will be rejected.

## VII. General Instructions

### A. RFP Document

The applicant is requested to download the RFP document from [www.apssdc.in](http://www.apssdc.in) and read all the terms and conditions mentioned in the RFP and seek clarification if any from the RFP Inviting Authority.

### B. Procedure for Bid Submission

The Applicants shall prepare and submit their Pre-Qualification Bid, Technical bid and Commercial bid as mentioned in 'Submission of Bids' section and as per the formats prescribed in this RFP. The Applicant should sign on all the statements, supporting documents, certificates submitted, owning responsibility for their correctness/authenticity.

Incomplete proposals, and the proposals received after the specified time and date, and the proposals not fulfilling the specified criteria/requirement shall not be considered.

### C. Period of Validity of Bids

Bids should remain valid for the period of at least 180 days from the last date for submission of bid prescribed by the APSSDC. A bid valid for a shorter period shall be rejected by the APSSDC as non-responsive. In case the last date of submission of bids is extended, the applicant shall ensure that validity of bid is reckoned from modified date for submission. Further extension of the validity of the bid will be decided by the APSSDC in case of need.

### D. Amendment of Bidding Documents

Prior to the last date for bid-submission, the APSSDC may, for any reason, whether at its own initiative or in response to clarification(s) sought from the prospective firms, modify the RFP contents/covenants by amendment. Clarification/amendment, if any, will be notified through APSSDC's website i.e., <https://www.apssdc.in>. No individual communication would be made in this respect. APSSDC shall not be responsible for any claims/issues arising out of this.

### E. Authorization to Bid

The proposal/bid being submitted would be binding on the applicant. As such, it is necessary that authorized personnel of the firm sign the bid documents. The designated personnel should be authorized by a senior official of the organization having authority.



## F. Timelines/Frequency of audit

### a) Frequency of the internal audit shall be quarterly basis.

Quarter	Period	Commencement Date	Report to be submitted
I	April – June	July	September
II	July – September	October	November
III	October – December	January	February
IV	January - March	May	June

### b) Reporting Format and calendar for submission of Internal Audit Reports

Internal Audit Reports should be prepared in the following manners, namely:

- **Part-I:** Introduction including details of nature of work
- **Part-II:** Executive Summary of significant observations with the following *summarized highlights:*

<b>Critical</b>	Addresses a fundamental control weakness or significant operational issue that should be resolved by management as a priority.
<b>Important</b>	Addresses a control weakness or operational issue that should be resolved by management within a reasonable period of time.
<b>Good Practice</b>	Addresses a potential improvement opportunity in operational efficiency/effectiveness.

- **Part-III:** Persisting Irregularities and Action taken by the unit on previous Internal Audit Report
- **Part-IV:** Important items which, in the opinion of the Auditor, should be brought to the notice of the Audit Committee.
- **Part-V:** Irregularities noticed and rectified on spot and those not rectified with reasons
- **Part-VI:** Suggestions for systems improvement.
- **Part-VII:** Comments on the Internal control framework in APSSDC, its robustness and weaknesses.
- **Part-VIII:** Comments on the unusual entries/transactions, if any
  - The Auditor must discuss the draft report with the unit head before drawing up the final report and make a specific mention of this in his report.
  - Documentation: The reference of documents checked must be part of the audit report

- The Auditor must deliver one copy of the report to the unit head for necessary compliance and send a copy of the full Report (in soft and hard both) to MD & CEO.
- The auditors to submit certificate duly signed jointly with unit head to the effect that scope of audit as defined has been duly adhered to and the issues raised, or observations made by the auditors have been discussed.
- No para of the Internal Audit Report can be taken as closed unless satisfactorily resolved. Outstanding paras will be carried forward to the next report and need to be properly addressed in the Internal Auditor's Report.
- Internal Auditors are encouraged to suggest solutions to rectify the errors or deficiencies and not merely confine to making observations. Internal Auditors should also give suggestions for system improvement and ensure compliance of the audit observations at the Project site itself in their presence.

#### G. Payment Terms and Conditions

The payment will be released 'Quarterly' upon submission of Invoice and Internal Audit Report.

# **Annexures**

## Annexure-I

## Format A: Applicant Details

S. No.	Description	Details	Documents submitted (Yes/No)
1.	Name of the Applicant Firm		
2.	Legal Status of the Firm (Proprietorship/ Partnership/LLP)		
3.	Registration Date of the Firm		
4.	Registration Number of the Firm		
5.	Registered/Corporate office address of the Firm		
6.	Branch Office Address of the Firm		
7.	Website of the Firm		
8.	PAN Number of Applicant (Self-attested copy of PAN to be enclosed)		
9.	GST Number of the Firm (Self-attested copy of GST Registration Certificate to be enclosed)		
10.	Telephone No. (with STD Code) of the Firm		
11.	Peer Review Certificate of the Firm		
12.	Processing Fee details	DD No. and Date: Name of the Bank: Valid upto:	
13.	Name & contact details of the authorized signatory	Name: Designation: Mobile No.: Email ID: Address:	
14.	Name & Designation of the contact person to whom all references shall be made regarding this RFP	Name: Designation: Mobile No.: Email ID: Address:	
15.	Financial Details (as per Balance Sheets) (Amount in Lakhs)		
FY	FY 2016-17	FY 2017-18	FY 2018-19

## Format B: Compliance of Eligibility Criteria

S. No.	Criteria	Supporting Document/s	Compliance (Yes/No)
1.	The applicant should be a Chartered Accountant Firm and in existence for at least 10 years	<ul style="list-style-type: none"> <li>Registration certificate of the Firm.</li> </ul>	
2.	<ul style="list-style-type: none"> <li>The applicant should have audited at least 4 Statutory/Internal Audits in last 5 years as on 31.03.2019 and</li> <li>Among 4 Statutory/Internal Audits one audit shall be for a company with an operating revenue more than Rs. 200 cr. in last 05 years as on 31.03.2019 and</li> <li>at least one internal audit for similar company/corporation like APSSDC</li> </ul>	<ul style="list-style-type: none"> <li>Client Certificate/ Contract with client/ Audit report</li> </ul>	
3.	The Applicant should have a minimum revenue of <b>Rs.1 crore</b> in each financial year during last three financial years ended 31.03.2019	<ul style="list-style-type: none"> <li>Audited Balance Sheets of last three financial years duly certified by Auditor.</li> <li>Certificate from the statutory auditor as per the <b>'Format D under Annexure-I'</b></li> </ul>	
4.	Applicant should have a permanent office in India and branch office in Andhra Pradesh.	<ul style="list-style-type: none"> <li>Self-declaration along with relevant supporting documents.</li> </ul>	
5.	Applicant should have minimum of 10 professionally qualified CA/CMA as partners/employees as on 31.03.2019	<ul style="list-style-type: none"> <li>Self-declaration along with relevant supporting documents.</li> </ul>	
6.	The Applicant should not have been black-listed/recommended to be black listed by central/state governments/PSUs or any other investigation firms/statutory authorities in India and is in compliance of all Laws, Rules, Regulations, Bye-Laws, Guidelines, and Notifications etc. Applicant is required to submit a self-declaration in this regard in the technical bid.	<ul style="list-style-type: none"> <li>A Self Certified letter by authorized signatory as per <b>Format C under Annexure-I</b></li> </ul>	
7.	The firm should submit Peer review Certificate	<ul style="list-style-type: none"> <li>Peer Review Certificate</li> </ul>	

**I. Documentary Proof Required:**

- Registration Certificate
- GST Registration Certificate
- PAN Number
- Financial reports for the past three (3) consecutive FYs certified by Auditor
- Peer review certificate

**II. Statement of experience and competence:**

S. No.	Name of project (Completed)	Name of the Client	Scope of Services Provided (a separate document may be provided)	Value of the Project	Brief Project description
1.					
2.					
3.					
4.					
5.					

*Note: Please submit the relevant documents as proof in view of projects being highlighted in above table and eligibility Criteria.*

## Format C: Self-declaration for not being blacklisted

(The Declaration Letter is to be submitted by Company Secretary/Authorized Representative and Signatory on Company's Letterhead with his/her dated Sign and Seal)

To,

The MD & CEO,  
Andhra Pradesh State Skill Development Corporation,  
#3rd floor, G&J Infra (Infosight Building),  
Survey No. 78/2, Near Pathuru Road Junction,  
Tadepalli, Guntur District, Andhra Pradesh – 522501.

1. In reference to the RFP Ref No: RFP/APSSDC/FIN/INT AUDIT/2019-20/0002 dated 26/11/2019 ..... as a representative(s) of ..... (name of the applicant's firm), I/We hereby declare that our firm ..... is having unblemished past record and was not declared blacklisted or alleged or ineligible to participate for bidding till the time of submission of response to this RFP by any State/Central Govt. or PSU or **any** investigating firm/statutory authority due to unsatisfactory performance, breach of general or specific instructions, corrupt/fraudulent or any other unethical business practices.
2. I/We hereby declare that our firm is in compliance with all Laws, Rules, Regulations, Bye-Laws, Guidelines, Notifications etc. issued by Institute of Chartered Accountants of India (ICAI) from time to time.
3. The information submitted in our Proposal is complete, is strictly as per the requirements as stipulated in the RFP and is correct to the best of our knowledge and understanding. We would be solely responsible for any errors or omissions in our Proposal. We acknowledge that APSSDC will be relying on the information provided in the Proposal and the documents accompanying such Proposal for empanelment of the applicant for the aforesaid program, and we certify that all information provided in the application is true and correct; nothing has been omitted which renders such information misleading; and all documents accompanying such Proposal are true copies of their respective originals.
4. We acknowledge the right of APSSDC to reject our Proposal without assigning any reason or otherwise and hereby waive, to the fullest extent permitted by applicable law, our right to challenge the same on any account whatsoever.
5. We satisfy the legal requirements and meet all the eligibility criteria as laid down in the RFP.
6. This Proposal is unconditional, and we hereby undertake to abide by the terms and conditions of the RFP.
7. We have not directly or indirectly or through an agent engaged or indulged in any corrupt practice, fraudulent practice, coercive practice, undesirable practice or restrictive practice.

For and on behalf of:

Signature:

Name:

Designation:

(Company

Seal)

(Authorized Representative and  
Signatory)

Format D: Revenue Details

(Declaration by Chartered Accountant on Letterhead with his/her dated Sign and Seal)

**To whomsoever it may concern**

On the basis of audited financial statements, we hereby certify that **(Name of Agency)** having registered office at **(Office address)** has an annual revenue of ..... in each financial year during last three (3) financial years (FY 2016-17, 2017-18, 2018-19). The details of annual revenue are mentioned below:

S. No.	Financial Year	Annual Revenue of the firm (in INR)
1.	2016-2017	
2.	2017-2018	
3.	2018-2019	

**(Chartered Accountant):**

Signature  
Name  
Registration  
No Contact  
No.  
Seal  
Date



## Annexure-II

### Format E: Commercial Proposal Submission Form

Location:

Date:

To,

The MD & CEO,  
Andhra Pradesh State Skill Development  
Corporation, #3rd floor, G&J Infra (Infosight Building),  
Survey No. 78/2, Near Pathuru Road Junction,  
Tadepalli, Guntur District, Andhra Pradesh – 522501.

Dear Sir,

We, the undersigned, offer to provide the for **[Insert title of Assignment]** in accordance with your RFP Ref No: RFP/APSSDC/FIN/INT AUDIT/2019-20/0002 dated 26/11/2019, and our Technical Proposal. Our attached Financial Proposal including applicable taxes is for the sum of **[Insert amount(s) in words and figures]**.

We hereby confirm that the financial proposal is unconditional, and we acknowledge that any condition attached to financial proposal shall result in reject of our financial proposal.

Our Financial Proposal shall be binding upon us subject to the modifications resulting from contract negotiations, up to expiration of the validity period of the Proposal.

We understand you are not bound to accept any proposal you receive.

Yours sincerely,

{Signature}

{Stamp}

Format F: Commercial Bid

S. No.	Description of Service (As per the Scope mentioned in this RFP)	Total Price per Annum without taxes (in INR)	All applicable taxes & other duties etc. on total price per Annum (in INR)	Total price inclusive of taxes and duties per Annum (in INR)
A	B	C	D	E=C+D
1.				

### Annexure-III: Technical Evaluation Marking Criteria

S. No.	Particulars	Minimum Requirement	Max. Marks
1.	Year of Establishment	10 years old (cut-off Date - 31/03/2019)	10
2.	Revenue from professional services for last 3 years	Rs. 1 Cr	15
3.	No. of professionally qualified CA/CMA as partners/employee	10	30
4.	Statutory Audit/ Internal Audit -No. of companies (with operating revenue more than Rs. 200 cr.) audited in last 05 years	04 (at least 01 should be like APSSDC/Govt Corporation)	45

## **Annexure-IV: Detailed Scope of Internal Audit**

**Major areas to be covered during the course of Internal Audit:** The Internal Audit shall be carried out in accordance with the Auditing Standards and Accounting Standards prescribed by the Institute of Chartered Accountants of India and will include such tests and controls, as the Auditor considers necessary under the circumstances. The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control with special emphasis on the following:

### **1. Training Income**

- To Review the training programs offered/conducted by the Corporation.
- To examine the enrollment process at different training centers.
- To verify the attendance monitoring mechanism by centre heads at respective locations.
- To reconcile the fee collected at the training centres with deposits into the bank accounts.
- To verify whether the Income is recorded in the books of account on a timely basis.
- To review grants received in monetary and non-monetary form and verify the utilization of such grants and to verify whether the same are recorded correctly in the books of account.

### **2. Government Grants – Accounting & Utilization**

- To review the Budget Release Orders/Government Grants received.
- To check the accounting of the grants released through the designated PD Account.
- To review the accounting of grants and to verify whether the same is in compliance with Accounting Standards as prescribed in the Companies Act, 2013.
- To review utilization of grants based on the directions enumerated in the Government Orders, Reconciliation of grants with actual utilization and to report on the balance of unspent grant.

### **3. Establishment including contractual employments**

- To review the HR Policy document and offer suggestions, if any.
- To review recruitment process starting from manpower budgeting to issuance of Offer Letter.
- To evaluate selection process based on the HR manual of the Company.
- To review the onboarding process including review of documents/certificates collected from the selected candidate as per Company's checklist.
- To check the inclusion of new joinees in payroll system as per date of joining.
- To verify whether intimation to insurance company was sent for inclusion of the new joinees in the mediclaim insurance policy.
- Checking the correctness of monthly payroll including statutory deductions.
- Review of separations from the Company, to verify compliance with notice period coverage or in case of waiver of notice period to verify appropriate approvals.

- Review of full and final settlement for employees who are leaving the service.
- Review of advances to employees and recovery of the same. Reporting old advances to the Management for necessary action.
- Verification of leave balances and recovery for excess leave taken. Verification of leave encashment based on the Company's' policies.

#### **4. Administrative Expenses**

- Review of contracts and agreements with vendors and service providers and verification of approvals of competent authority.
- Review of all expenses viz., rent, professional fees, training consultants' fees for correct accounting and payments.
- Review of employee travel costs for the correctness of the same and whether they are as per the Company's' HR policies and report on the long outstanding cases, if any.

#### **5. Capital Assets – Acquisition/disposals and recording**

- Verification of budgetary approvals for procurement of Fixed Assets.
- Verification of procurement procedures of fixed assets from vendors.
- Verification of recording of asset in the Company's' books.
- Verification of classification of the asset as per Schedule II to the Companies Act, 2013 and to verify whether correct useful life of the asset was taken for providing depreciation in the books of account.
- Verification of Fixed Assets Register.
- Verification of physical verification of fixed assets undertaken by the Company at periodical intervals.
- Verification of vendor payments.
- Verification adjustments of advances and recovery of penalties from vendors where applicable
- Verification whether taxes are correctly deducted from vendors payments as applicable.

#### **6. Procurement of Goods/Services**

- To review the procurement Policy containing all metrics of vendor evaluation, selection and rejection and to report deviations wherever observed in complying with the policy.
- Review of budgetary approvals for major procurement of goods or services.
- Review the approved vendor master list as per Procurement Manual and evaluation of process followed for shortlisting the vendor and issuance of Purchase/Work Order.
- Review the approvals for deviations in procurement from outside approved vendors.
- Review of vendor accounts and identification of old pending item for unduly long period of time.
- Verification of write-off and write-backs and purchase returns.

- Review of credit notes in vendor accounts.
- Review of statutory compliances by service vendors with PF, ESI etc, to verify compliance by the Corporation as Principal Employer under respective statutes.

## **7. Treasury Operations**

- To verify the Board Approvals to operate Bank Accounts.
- Vouching of cash and bank vouchers
- Scrutiny of cash and bank accounts for exceptional transactions and balances
- Review of Bank Reconciliation statement, identifying stale cheques and verify the accounting treatment.
- Verify custodianship of unused cheques.
- Verification of bank payments to ensure compliance with cheque authorization matrix.
- Verification of all supporting documents including approvals for bank payments.
- To review the confirmation of balances from banks at the end of the financial year.
- Verify the process for identification of banks to make Fixed Deposits.
- Physical Verification of Fixed Deposit Receipts.
- Comparison of interest income with that of Form 26AS.
- To check whether timely revalidation/encashment of Fixed Deposits before expiry dates.

## **8. Statutory Compliances**

- To verify whether the company is complying with all the applicable TDS provisions of IT Act, 1961.
- To verify whether the company is complying with other statutes such as EPF, ESI, GST, Profession Tax etc
- Verify the submission of returns as per the timelines prescribed by various statutes under direct and indirect taxes.
- To review the compliance with the provisions of Companies Act, 2013 including compliance with Indian Accounting Standards (IND AS) wherever applicable and guide corporation for onward compliance.

## **9. Propriety Audit**

- To verify and review whether the activities/functions of the company are in the best interest of the company and not prejudicial to the interest of the company/Government.
- To verify and review whether the company is following the rules and regulations laid down by the state Government/Board of Directors/Shareholders.
- To verify whether the company's policies and procedures in respect of staffing, purchase/procure, training programmes, outsourcing etc are in line with the respective rules.
- To verify whether the training centres setup by the company are within the framework and mission outlined by the Government.

- To verify whether the grants received from Government/others are being spent on the purposes for which they are granted.
- To verify whether the company is complying with all the applicable laws of the country and working within the applicable regulatory framework.
- Verification of the following main aspects to find out whether:
  - i. The funds are received from proper and authorized channels and such funds are spent for authorized purposes.
  - ii. Proper recording has been done of all transactions in appropriate books of account.
  - iii. The assets have been put to proper use and properly safe guarded.
  - iv. The organization is working as per its main objects and expected lines.

**Note:**

- The details above are not to restrict the Scope of Internal Auditors but are only to meet with the minimum specific requirements for the internal control of company.
- Internal Auditors will be encouraged to suggest solutions to rectify the errors or deficiencies and not merely confine to making observations. Internal Auditors should also give suggestions for system improvement and ensure compliance of the audit observations at the Project site itself in their presence.

**10. Knowledge resource/documents to be referred**

The indicative list of the knowledge resource/documents, which are to be referred before embarking the assignment includes:

- Standards on Internal Audit issued by ICAI.
- Relevant Standards issued by ICAI
- Generic Guidelines on Internal Audit issued by ICAI including Guide on Risk-Based Internal Audit, Guide to Internal Financial Controls, Enhancing Governance through Internal Audit etc.
- Contract documents duly signed by APSSDC and training partners/vendors.
- Policies on procurement, leave & travel etc.