

Internal Auditors for TNIFMC

Dear Sirs,

**REQUEST FOR PROPOSAL TO ACT AS Internal Auditors for TNIFMC Limited for a period of 3 years -
FY 2022-23 to FY 2024-25**

1. Introduction

Tamil Nadu Infrastructure Fund Management Corporation Limited (TNIFMC) is an Asset Management Company promoted by Tamil Nadu Infrastructure Development Board (TNIDB), a Statutory Board of the Government of Tamil Nadu. TNIFMC shall launch and manage new financial vehicles registered with Securities Exchange Board of India (SEBI), including Alternative Investment Funds (AIFs), Infrastructure Debt Funds (IDF) and Infrastructure Investment Trusts (InvIT). It is the first of its kind promoted by a State in India.

TNIFMC have, so far, launched Two Funds namely Tamil Nadu Infrastructure Fund (TNIF), an Infrastructure Fund and Tamil Nadu Shelter Fund (TNSF), a Social Venture Fund, governed under SEBI (AIF) Regulations 2012. Another Fund is in process of being launched awaiting SEBI approval. TNIFMC's issued Share Capital is Rs.32.30 crore at present.

As a professionally managed organization, we seek to engage the services of an experienced and reputed Audit Firm to provide Internal Audit and other allied services to the Asset Management Company – TNIFMC.

2. Scope of work:

The successful bidder shall provide the following services:

- i. Conducting an Internal Audit of TNIFMC for three years, viz. FY2022-23, FY2023-24, and FY2024-25, in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed by the Institute of Chartered Accountants of India and relevant SEBI regulations applicable for Asset Management Companies.
- ii. Expressing an opinion on whether the financial statements of TNIFMC are prepared, in all material respects, in accordance with the applicable financial reporting standards and frameworks and whether TNIFMC has maintained proper books of accounts
- iii. Reviewing and evaluating the internal control and risk management system of TNIFMC and advising the management on adequacy/effectiveness of the system, and advising on actions to be taken for its improvement.
- iv. Reviewing the adequacy including security aspects of Information Systems of TNIFMC and related infrastructure.

- v. Reviewing the cash/fund position and manner of deployment of surplus fund.
- vi. Reviewing the Investment Management Systems & Process.
- vii. Reviewing the Investment Risk Management Systems & Process.
- viii. Reviewing the adherence of procurement policies and procedures.
- ix. Reviewing the compliances with the provisions of the relevant legal and regulatory framework such as Companies Act, GST Act, Income Tax Act, SEBI (AIF) regulations, etc., covering all aspects.
- x. Providing any other value-addition services consistent with the audit of TNIFMC.

3. Coverage and Methodology of Internal Audit:

- a. **Coverage:** Internal audit should play a role in assisting the management in bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the internal control system. The Internal Audit will include such tests and controls which the firm considers necessary under the circumstances. In conducting the Internal Audit, special attention should be paid to assessing whether adequate controls have been established with a view to ensuring that:
 - i. An assessment of the effectiveness and compliance with the financial controls laid down in the financial management and procurement manuals. Whether funds have been used with due regard to economy, efficiency, and effectiveness.
 - ii. Whether realistic annual budget, work plans, and procurement plans are prepared and expenditures are incurred as per approved plans and variances if any are monitored, analyzed and the learning used for preparing plans for subsequent years.
 - iii. Company assets including software are adequately safeguarded, maintained, and used solely for their intended purposes;
 - iv. Whether the eligible income is claimed from the Funds being managed in a timely manner.
 - v. Whether an appropriate system of accounting and financial reporting exists by which expenditures are properly recorded.
 - vi. Whether an adequate system is in place to ensure that goods, works, and services are being procured in accordance with procurement guidelines, approved budget, and approval of the appropriate authority.
 - vii. Whether contract payments have been made as per the terms of the contract and whether appropriate controls as laid down in the financial management/procurement manual have been complied with for variation in contracts.
 - viii. Whether the recruitment is done as per the approved plan and in adherence to proper recruitment procedures
 - ix. Whether salary and due deductions thereof viz. PF, ESI, TDS manpower positions are done paid as per applicable laws.
 - x. All necessary supporting documents, records, and accounts have been kept in respect of all transactions.
 - xi. Whether bank balances are reconciled with the books of the Ledger.

- xii. Whether periodic reconciliation of books of accounts with GST portal and IT portal are done.
- xiii. Anything else that the auditor considers pertinent.

b. **Methodology:** The Internal Auditor shall ensure the following:

- i. Internal Audit (IA) shall be carried out under the direct supervision of one of the partners i. e. at least one partner from the firm should personally visit the Office TNIFMC for IA.
- ii. The auditor shall give prior intimation of dates of audit to the CFO of TNIFMC or any other officer authorized by him/her on that behalf.
- iii. The auditor shall have a meeting with the CFO or any other officer authorized by him/her on that behalf before commencing the audit process and finalize the audit plan and schedule of the audit.
- iv. The auditor should have a final meeting with CEO or CFO before closing the audit and discuss the audit observations with him.
- v. The Internal Auditor shall work in a friendly manner and as a guide to develop and motivate the staff of TNIFMC as it shall be an important support in the hands of the management in strengthening internal controls. The Auditor may seek required information and explanations from the concerned staff for the accomplishment of his / her task. The Internal Auditor shall have requisite access to Project Heads. The Auditor shall lay emphasis on compliance of all rules, regulations, policies, procedures, accounting standards, manuals, statutory obligations etc.
- vi. The Internal Audit will interalia cover the following operational activities of TNIFMC:
 - 1. Vouching.
 - 2. Audit of transactions which involves an examination of supporting documents to ensure that funds are spent for the intended purpose with appropriate financial concurrence and approval from the Competent Authority.
 - 3. Checking of expenditures incurred with reference to the laid down rules & procedures, delegation of powers, and budgetary provisions. Whether realistic annual work plans and procurement plans are prepared and expenditures are incurred as per approved plans and variances if any are monitored, analyzed and the learning used for preparing plans for subsequent years.
 - 4. Checking of calculations and payments of statutory dues and all tax-related matters as applicable to TNIFMC from time to time
 - 5. To check annual financial statements i. e. Balance Sheet and Profit & Loss Accounts with reference to accounting standards and verifying whether the records have been properly maintained so as to safeguard the assets of TNIFMC
 - 6. Insurance of all assets
 - 7. To see whether the assets acquired/purchased are in quantities required for the smooth operation of TNIFMC

8. To check whether physical verification of assets 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 whether the surplus funds of TNIFMC are judiciously invested to get the maximum possible return.
11. To check the cash book to ascertain whether cash in hand has been independently verified at regular intervals.
12. To check the listing of contingent liabilities, if any, in the notes to Balance Sheet
13. To check the calculations of salary and reimbursement bills of staff to ascertain the legitimacy of payments and deductions thereof.
14. To review compliance with laid down policies and procedures in respect of calling of tenders, related approvals, budgetary provisions made etc.
15. To verify whether the procurements have been made after completion of all formalities prescribed by TNIFMC and whether approvals of competent authorities have been obtained. Whether the instructions contained in the Procurement Manual have been followed.
16. To check whether the stationery & stocks have duly been accounted for as per accounting standards and whether records have been properly maintained to ensure the safeguard of such stocks of TNIFMC.
17. To verify whether the funds have been unnecessarily blocked due to procurements in excess of requirement.
18. To ensure that the TDS has been deducted at applicable rates and deposited with Income Tax Authorities within the prescribed periods. Further, to verify whether TDS returns have been submitted in time to the Income Tax Authorities and due reconciliation has been carried out.
19. To suggest modifications to the delegation of powers, if shortcomings are noticed during audit.
20. To verify whether GST has been properly charged, wherever applicable, and whether proper returns have been filed with the Authorities and due reconciliation has been carried out (GSTR 2A, 3B, ECL and Books of accounts)
21. Whether procedures laid down in the Financial Management Manual of World Bank, Asian Development Bank have been strictly followed for the relevant activities and whether the financial reports have been correctly prepared and submitted within the deadlines prescribed by the World Bank, ADB and the GOTN. The auditor should review whether the financial reports submitted to the World Bank/ADB are in consonance with the books of accounts.

4. Timelines of Deliverables:

The Internal Audit shall be conducted and the report put up to Management on a quarterly basis for presenting to the Audit Committee.

5. Qualification criteria

The minimum criteria for the Internal Auditor responding to this "Request for Proposal", is that

1. The Firm must be registered with The Institute of Chartered Accountants of India and also, must be active in the empanelment with the office of Comptroller & Auditor General of India (CAG). Copy of documentary evidence with regard to the registration with ICAI and empanelment order (last order of empanelment) issued by C&AG to be submitted.
2. They should have carried out Internal Audit assignments for a minimum of 5 corporate clients with significant turnover or capital including clients in the BFSI sectors during the last 3 years.
3. The Auditors should have also carried out statutory Audit for a minimum of 10 corporate clients and should have carried out Statutory audits for at least 3 PSUs during the last 3 years and it should include the Central Audit of at least one PSU bank.
4. In addition, the Auditors should have in their employment or as full-time partners 5 qualified CAs with a cumulative experience of 50 Man years. They should also have demonstrated expertise in auditing IT systems and should be familiar with Tally software used in our company.
5. The experience of Internal Audit of a Fund management company is desirable.
6. The firm should have an annual turnover of Rs.50 lakhs or more in each of the previous three years (i.e., F.Y.2018-19, 2019-20 and 2020-21). Copy of CA Certificate/ audited balance sheet and profit and loss account for these financial years to be submitted.

5. Requirement to act as Internal Auditor

The Auditors are expected to carry out Internal Audit as per the professional standards of ICAI. They would be reporting to the Audit Committee of their plans and reports.

In view of above, we request you to provide your technical and commercial bids in separate sealed envelopes to act as Internal Auditors before or by 3.30 pm 27th January, 2022. The sealed Technical and Financial Proposals to be put in separate sealed envelopes addressed to the Chief Executive Officer, TNIFMC and submitted at the following Address:

The Chief Executive Officer, TAMILNADU INFRASTRUCTURE FUND MANAGEMENT CORPORATION LTD. (TNIFMC Ltd.) , 1st Floor, 19 TP Scheme Road, RA Puram, Chennai 600 028; Tel: (044) 2464 8400

The technical bids would be opened at 4.00 p.m on 27th January, 2022. We request you to depute a representative for the opening of the bids. Financial bids would be opened thereafter at 4.30 p.m. only for the qualified parties. Any pre-bid queries to be sent on or before 19th January, 2022. The company reserves the right to reject any or all of the bids without assigning reasons thereof.

Your proposal vide technical bid would be as per the template attached. You may attach additional sheets if found necessary. The commercial bid would include items viz. fees, other charges and out of pocket expenses and taxes payable, in the format attached. Out of pocket expenses to be quantified as a lumpsum or indicated as a % of basic fee. **RFPs submitted only in physical mode will be considered for evaluation.**

Chief Executive Officer

Encl: as above

1. Technical Proposal for Internal Audit

A proposal in a separate envelope super scribed Technical Proposal with the following data and the supporting documents as required may be submitted

No	Description	Remarks
1.	Name of the Firm	LLP/Individual
2.	No of Full Time Partners	Name, Reg. No & Date of Qualification
3.	No of Full time Employees who are CAs	Same as above with Date of full time employment commencement
4.	Name of Employees, Partners with other qualifications like CIA, CISA, ISA	Name, Reg. No & Date of Qualification
5.	Cumulative experience of full time partners and employed qualified CAs (in man years)	
6.	Whether empaneled by CAG and since when	
7.	Statutory Audits of Limited Companies Undertaken in last 3 years – Please mention no. of PSUs among them	
8.	Internal Audits of Limited Companies undertaken in last 3 years	
9.	Please mention No. of audits of Fund Management Companies in the last 3 years	
10.	Turnover of Firm in last 3 years	
11.	Experience in BFSI Sector	
12.	Central Audit of Banks undertaken – Please mention PSU banks separately.	
13.	Leader of Proposed engagement & experience	
14.	Oversight Mechanism	
15.	Team Size and qualifications	
16.	Proposed Time to be spent in Man-days of qualified staff	
17.	A statement of purpose as to the methodology proposed to be used, your experience and expertise to handle the assignment and your suitability in your opinion (200 words)	

2. Financial Proposal

A separate envelope super scribed Financial Proposal containing the Total Quote including all taxes for providing the services for internal Audit for FYs 2022-23, 2023-24 and 2024-25. Out of Pocket (OPE) Expenses, if any, should be mentioned separately as a lumpsum or as a % on basic fee.