

NOTICE

Appointment of Internal Auditors in IRCON INTERNATIONAL LTD. for the year 2012-13 onwards.

Applications are invited from reputed Audit Firms for appointment as Internal Auditors in IRCON INTERNATIONAL LTD. for the year 2012-13 extendable to 3 years based upon their performance.

Internal Auditors for the following four Audit Circles namely : J & K, Northern, Eastern and Western Region are required to be appointed.

Audit Firms may apply for appointment as Internal Auditors for only one of the Four Audit Circles keeping in view proximity of location of their Head/Branch Office to the project/regional office location.

No. of Projects/offices to be audited under each Audit Circle, have been given in Annexure III. Company reserves the right to include/ exclude projects as per future requirements.

During a Financial Year, Internal Audit is conducted in two phases. 1st Phase covers period from 1st April to 30th September and 2nd Phase covers period from 1st October to 31st March.

Interested Audit Firms may submit their applications in prescribed proforma for Audit Experience/ Capability Criteria given in Annexures II and Professional Fee given in Annexure VII, after carefully going through the eligibility criteria given in Annexure I. Your applications in prescribed proforma as given in Annexures II & VII, in a sealed envelop addressed to Shri R.K.Jaiswal, JGM/Fin./Internal Audit, IRCON INTERNATIONAL LTD. C-4, District Centre, Saket, New Delhi – 110017, should reach by **23rd July 2012** 17.30 Hrs.

After careful scrutiny of applications, within two weeks of submission date, the firms which will satisfy the eligibility criteria will be called to attend the interaction meeting with selection committee, which will be intimated individually.

Audit Firms may carefully read the Scope of Work and Important Instructions given in Annexures IV & V. The TA/DA and charges of accommodation admissible as per Company Rules are given in Annexure VI.

Any further clarifications can be sought from Shri R.K.Jaiswal, JGM/Fin./Internal Audit, Mobile No. 9560595381, IRCON INTERNATIONAL LTD. C- 4, District Centre, Saket New Delhi – 110017.

ELIGIBILITY CRITERIA.

1. **Firm should have 10 years of experience since the date of Registration.**
2. **Firm should have minimum No. of six qualified Chartered Accountants either as partners or employees.**
3. **Firm should have minimum No. of 12 Staff (Article/Audit Clerks).**
4. **The location of the Firm should be at or in the vicinity of the following Cities where Company's Regional Offices/Project Offices are located :**

Sl.No.	Audit Circle	Preferred location of Audit Firm
1	J&K Region	Jammu/New Delhi
2	Northern Region	New Delhi
3	Eastern Region	Kolkata
4	Western Region	Mumbai

5. **Firm should have conducted Statutory/Internal Audit of minimum No. of 10 Public Ltd Cos. including 3 Schedule A PSUs engaged preferably in Construction Sector.**
6. **Firms who have already worked as Internal Auditors in IRCON INTERNATIONAL LTD. prior to the cut off year 2008-09 can apply again for appointment as Internal Auditors.**
7. **The Yearly Turn-over of the listed Companies whose audit was conducted should not be less than Rs. 50 Crores .**

Note : Above conditions mentioned at sl no. 5 & 7 may be relaxed, considering Audit Experience, location and other favourable conditions.

Audit Experience /Capability Criteria

A. STABILITY OF FIRM:

- i) Age in Years
- ii) No. of Branches

B. MAN POWER

- i) No. of Partners.
- ii) No. of Qualified Chartered Accountants.
- iii) No. of Article /Audit Clerks.

C Professional Experience

- i) Statutory /Internal Audit conducted of the Firms engaged in Construction Sector giving name of the company, Turnover and the period of assignment.
- ii) Statutory/Internal Audit conducted of the Public Ltd. Co. giving name of PSUs, Turnover and period of assignment.
- iii) Statutory/Internal Audit conducted of the Schedule A PSUs in construction Sector giving name of PSUs, Turnover and period of assignment.

Annexure-III

**List of projects under respective Audit Circles
for the F.Y. 2012-13**

Sl. No.	Audit Circles	Name of Projects	
1	Northern Region Audit Circle	Sl. No.	Name of Projects
		1.	Regional Office/North , New Delhi
		2.	Rehabilitation and Upgradation of NH-25 (UPSRP – 05) Orai
		3.	Electrification works for Mughalsarai-Sultanpur-Utaratia Section Lucknow.
		4.	ROB Rajasthan
		5.	KTPC Jhalawar
		6.	Closed Projects : Upgradation of Bhognipur – Choudgra Road (UPSRP-04) Kanpur,Upgradation of Katra-Bilhaur Road (UPSRP-01) Bareilly (Mallawan), MAP Allahabad, MAP Jhansi, MAP Bhopal, Bhopal Hospital & IGRMS Bhopal, Rewari-Ajmer, DMRC-BT-02, Aligarh Ghaziabad, DMRC-BE-8, Contract BC-18: DMRC Phase-II Tunnel by TBM Qutub Minar Corridor, MFC Allahabad & Gwalior, Construction of ROB for NHAI in Northern Zone/Pathankot, Flashbutt Welding Project/Pathankot, Turnkey Construction of 400 KV Sub-station at Ludhiana, New Wheel Shop Kapurthala and RCF Expension project Kapurthala, PGCIL-Gwalior, Panipat Road Project (To be Audited in 2 nd phase only)
2	J&K Region Audit Circle	Sl. No.	Name of Projects
		1.	Qazigund-Srinagar-Baramula, New BG Rail Link Project, Srinagar
		2.	Loale-Quanzigund-New BG Rail Link Project. Banihal
		3.	J&K Cell,Jammu
		4.	CSB Dunera, Jammu
		5.	Closed Projects : Extension of 400 KV Sub-station-Kishenpur & Wagoora Project, MFC Jammu, Udampur Ballast Project (To be audited in 2 nd phase only).

3	Western Region- Mumbai Audit Circle	Sl. No.	Name of Projects
		1.	Regional GM Office/ Mumbai,
		2.	Dhule-Pimpalgaon National Highway Project/ Dhule, Maharashtra
		3.	Goa GED Project, Goa,
		4.	New NTPC Project, Solapur, Maharashtra.
		5.	Closed Projects : CIFE Project /Versova, CIFE Phase-3 and Conversion of Overhead lines to Underground system at Panjim, Goa. (To be Audited in 2 nd phase only)
4	Eastern Region- Kolkata Audit Circle	Sl. No.	Name of Projects
		1.	Regional Office /Kolkata.
		2.	Implementation of PMGSY, in Bihar State.
		3.	Construction of ROBs in the State of Bihar, Patna.
		4.	Development of State Highways in the State of Bihar under RSVY, Patna
		5.	4 – Laning of Siliguri-Islampur Section of NH – 31, Siliguri
		6.	Ganga Bridge Project, Patna
		7.	Ghosalpur- Bahela Stadium, Kolkata
		8.	Sevok Rengpo New Railway Line, Siliguri
		9.	Jai Nagar-Bijlipura, Siliguri
		10.	Jogbani Birat Nagar, Siliguri
		11.	NTPC Talcher, Kolkata
		12.	C.V.S.A.H.- XIth Plan, Phase-3, Aizwal, Mizoram
		13.	Closed Projects : Tolly-Goria Metro Rail Project, Kolkata Metro Electric Project, Construction of Cable Stayed Road over Bridge at Chiraiya Tand, Patna, Construction of C.S. plant at Madhepura /Chak Sikandar in Bihar state, MFC Projects- Bardhman, Rampurhat, Tarapeeth, Digha, Siliguri, Rajgir. (To be audited in 2 nd phase only).

SCOPE OF WORK.

Internal Auditors should ensure that:-

- The statutory requirements are complied with.
- Company rules and procedures have been followed .
- Adequate mechanism derives true & fair view of state of affairs of the Project/Regional office.
- Receivables are billed correctly, timely and realised as per provisions of the contract.
- Payables are as per agreement and no undue benefit is passed to the supplier/sub-contractor.
- Payments made to staff are as due and loans/advances are recovered timely.
- Review of accounting systems and internal control systems to ensure that no revenue leakage takes place.
- Proper and adequate MIS exists for different levels of management.
- Physical examination and verification of tangible assets is carried out.
- Detection of systemic flaws and suggestions for adopting corrective measures.
- Comment on risk assessment and risk mitigation mechanism in the project .
- Compliance of the comments given by Statutory Auditor on the Internal Auditors' Report.
- Irregularities of serious nature noticed during audit are to be reported to the JGM/Fin./Audit through a special report.
- Identify the exact reasons for 'delay' in completion of Projects.

1. TENDERING PROCEDURES AND OTHER ALLIED MATTERS

i) Pre-Tender Procedure

- The tendering is as per the ‘Guidelines for Tendering (GFT) and Schedule of Powers (SOP)’.
- Estimates for the work/package for which tender has been called has been sanctioned by the competent authority.

ii) Tender Guidelines Compliance

- The Comparative Statement and the Briefing Notes have been vetted by Finance. Complete tabulation of at least one offer as shown in the Comparative Statement should be checked with the original offer to ensure that the Comparative Statement has been prepared correctly and nothing of consequence has been missed.
- Procedures for inviting tenders as stipulated in the GFT were complied with. Where client procedures were followed, it should be so recorded expressly in the case file.
- In case of Limited tender, it should be ensured that the short-listing of bidders was made as per GFT.
- Tender Committee has commented on the reasonableness of rates and acceptance of special conditions if any stipulated in the offer.

iii) Award of Work

- The rates, terms and conditions noted in the Letter of Acceptance (LOA) do not differ from recommendations of the Tender Committee approved by the competent authority. LOA is issued after finance vetting.
- The securities required to be provided by the subcontractor have been so provided and kept in safe custody.

iv) Contract Agreement

In case of Cost Plus Contracts it should be ensured that the definition of cost is clear.

- The provisions regarding taxes are clearly spelt out.
- The Agreement has been signed by the authorized officials..

v) Project Execution

- Physical and financial progress of work vis-a-vis targets.
- Actual costs vis-a-vis sanctioned estimates.
- Cost to date vis-a-vis Estimated cost to completion (compliance with AS-7).
- Expenditure incurred has been authorized by the authority competent to do so.
- Approval exists for variation in the rates for items in the schedule attached to the contract.
- Extension of completion date of the contracts for works has been obtained where necessary.
- Approval exists for introduction of new rates.
- Approval has been obtained for variation in quantities in excess of limits specified in the contract.

vi) Important Checks

- In case of variation in quantities beyond permissible limits given in the Agreement, it may be ensured that a variation order including payment terms has been obtained from the client. In case of Cost Plus contracts it may be ensured that only such items of expenditure are shown as cost in the bill which are according to the definition of cost given in the Agreement with the client.
- The bills raised on clients for work done up to the end of financial year but not certified till finalization of accounts have been recorded as work-in-progress.

vii) Checks on Final Bill

- Relate the Final Bill submitted to the client with all bills of subcontractors to ensure that all claims made by the subcontractors are included in the Final Bill to the client.
- 'No Claim Certificate' has been obtained from subcontractors.

2. Payments to Subcontractors

i) Important Checks :

- Ensure that measurements are taken and bills issued on time.
- Check from the agreement whether the bills issued are in accordance with the agreement.
- Check currency of the contract. Whether extension sought for on time if required.
- If non-scheduled items are being operated, check whether the non-scheduled rates have been approved. Delay in approval should be viewed seriously.
- Advances given are as per the contract after approval of the competent authority.
- BGs have been obtained for advances.

ii) Checks on Final Bill :

- Identify reasons for delays if any in submission of final bill.
- In case materials were supplied by the company, the bill of subcontractor should be accompanied by a material statement showing materials received, consumed and balance in hand. Sample check should also be carried out to confirm that material consumed was in agreement with the norms laid down as per theoretical consumption. The material statement should be jointly certified by the Site In-charge/Technical Officer and Store Officer.
- All labour payments have been made as per existing Labour Laws.
- Proper record has been maintained both for EMDs given by the company and for EMDs received by the company.

iii) Receivable Management :

- The review of the receivables have been carried out as per Guidelines issued by Company from time to time.

iv) TAXATION :

- Compliance with all tax laws applicable such as Income Tax, VAT, Service Tax, C. Excise, Custom Duties and a report on regularities in filing returns on time and allied matters.
- TDS Certificates are being obtained on time from clients for the taxes deducted by them.
- In case of taxes deducted by IRCON from the subcontractors, whether they are being deposited with the government treasury on time and TDS certificates issued to the sub-contractors in Form No. 16A generated through TIN Central System and downloaded from the TIN website with unique TDS certificate number.

v) INSURANCE :

- Whether insurance cover has been taken for all the Plants, Machinery and works of the Project and insurance cover is valid till the handing over date of the Project to the client.

vi) FIXED ASSETS :

- The Fixed Asset Register is maintained in sufficient detail to provide complete information about the assets such as description of the asset, year of procurement, cost, source of procurement, life, depreciation during the year, cumulative depreciation, up to date depreciated value and condition of the asset etc.
- Depreciation has been calculated according to the company policy.
- Annual physical verification has been carried out.

vii) DEPARTMENT ADVANCES/ RECONCILIATION :

- The advance has been sanctioned by the competent authority according to the Schedule of Powers.
- Second advance is not sanctioned if previous advance is outstanding.
- Cash & Bank reconciliation has been done regularly.

viii) STORES

- Tender guidelines for procurement of stores have been followed.
- Purchase orders have been duly vetted by the Finance Manager.
- Physical verification of stores has been done twice a year.
- All materials received/issued have been duly accounted for in the DMTR and stores ledgers.
- Reconciliation of the material issued with the consumption statement prepared by the site in-charge has been carried out by the stores in-charge regularly.
- Irregularities, losses noticed during physical verification have been reported to the Corporate Office.
- Details regarding idle/surplus Machinery, Plant and Stores have been reported to the Corporate Office along with the suggestions for early disposal of the same.

ix) PLANT AND MACHINERY

- Verify the correct accounting and payment of hire charges for usage of Plant and Machinery hired by the Project from PMD/Market.
- Check whether Project has taken insurance cover for the equipment and insurance charges have been debited to the PMD.

3. ESTABLISHMENT

Internal Auditors should comment on the compliance of all the points given in the Internal Audit Manual under the following heads.

- **Employees Master file,**
- **Personal files,**
- **LTC, Medical rules,**
- **Final Settlement,**
- **Pay & Allowance,**
- **Travelling allowances,**
- **Staff Loans/Advances,**
- **Foreign Service Contribution (FSC).**

Annexure-V

IMPORTANT INSTRUCTIONS

- Internal Auditors should invariably discuss the draft audit report with the Project Heads so that the minor discrepancies are rectified locally in their presence. They should obtain signature of the Project Head in the draft audit copy as a proof of having discussed the report with Project Head.
- They should not merely point out shortcomings/ weaknesses but should give concrete suggestions for the system improvements and ensure compliance of the observations at the project site itself.
- The internal auditors should keep themselves informed about the latest policy decisions of the company by going through the circulars issued from time to time by the company on various subjects.
- The internal auditor is required to prepare the audit report in four parts as given as under:-

Part-I	Action taken by the Unit on previous Report.
Part-II	Important items which, in the opinion of the Auditor, should be brought to the notice of the Corporate Office.
Part-III	Matters which, though erroneous, are minor in nature and would be adequate if rectified locally.
Part-IV	Suggestions for systems improvement.

- The Auditors are required to adopt solution oriented approach while conducting the audit. They should identify the factors effecting the profitability of the Projects and suggest solution to mitigate adverse impact on the profitability of the Project.

Annexure- VI

REIMBURSEABLE ALLOWANCES

Whenever Internal Auditors or their staff are required to travel outside the local station, they would be entitled to claim the following allowances.

Travel Expenses :

These shall be reimbursed as per the following guidelines: -

Partners - Actual travel expenses by Air /AC FIRST CLASS

Articles/Audit Clerks -Actual travel expenses by AC II Tier / 1st class/ Deluxe Bus

Daily Allowance :

Partners - as payable to Jt. GMs, in IRCON i.e. Rs. 575/- in all cities.

Articles/Audit Clerks - as payable to Asstt. Managers in IRCON, i.e. Rs.425/- in all cities.

Where free boarding and lodging is provided by the project, daily allowances would be limited to 20% of the entitlement.

Charges for Accommodation :

Accommodation to auditors consistent with their status would invariably be provided by the project. However where the auditors themselves make their own arrangements, the reimbursement for hotel accommodation would be allowed as per equated entitlements indicated as follows. Partners are entitled to Rs.6000/- in X class cities, Rs. 5000/- in Y class cities and Rs.4000/- in other cities. Articles/Audit Clerks are entitled for Rs.2400/- in X class cities, Rs. 2200/- in Y class cities and Rs.1760/- in other cities.

The claims for reimbursement of above allowances should contain following information: -

No. of persons deputed to conduct the audit along with their designations.

Date and time of departure as well as arrival of the train (s) at starting / destination stations.

No. of days spent for audit at the project.

In case of travel by air / bus, tickets should be enclosed with the bills and in case of Journey by Train, ticket no. should be quoted. Above details should be duly verified from the Project Head before submission of claim to the Corporate Office.

PROFESSIONAL FEE

The Firm may quote their professional fees in the following Format:

1. Name of the Firm:
2. Headquarter Location:
3. Name of the Audit Circle for which the bid is given;
4. Professional Fees

NOTE: (1) Turnover & Professional fee paid for the year 2011-12 for each of Audit Circles along with Targeted Turnover for the year 2012-13 is as follows :

Audit Circles	Northern Region	J & K Region	Western Region Mumbai	Eastern Region Kolkata
Unaudited Turnover (Rs. in lacs)	27775	52211	7115	75519
Professional Audit Fee* (Rs.)	63000	62000	47000	84000
Targeted Turnover (Rs. in lacs)	44452	72800	3371	91734

* This fee is exclusive of the TA/DA and accommodation charges.

- (2) Professional Fees does not include TA/DA and charges for accommodation, which will be paid separately as per the details given in Annexure VI.
- (3) Professional Fee will be considered, based on the volume of work involved in each Audit Circle.
- (4) Service tax shall be paid extra.

