



**WATER CORPORATION OF ODISHA
OFFICE OF THE MANAGING DIRECTOR, WATCO**

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**NOTICE INVITING EXPRESSION OF INTEREST (EOI) FOR
APPOINTMENT / EMPANELMENT OF CHARTERED ACCOUNTANT
FIRMS FOR INTERNAL AUDIT OR ANY OTHER ASSIGNMENT**

Scope of Work & Period of Audit

The scope of work of Internal Audit, is attached at **Annexure-1**, which is indicative. The scope of work may increase depending upon the requirement of works. The period of engagement shall be for one year initially w.e.f. 01.04.2020 which shall be extended upto maximum period of 3 (three) years including initial year depending upon the performance of the Chartered Accountant firm.

Audit Team

The audit team should consist of adequate number of qualified / semi qualified staffs led by a senior partner (ACA / FCA) of the firm. Details may be furnished as prescribed in **Annexure-2**.

Audit Fee:

1. The time frame for quarterly audit of Corporate Office & Divisions is tentatively fixed seven working days in Corporate Office and five working days in Division office. The quarterly audit fee for Corporate Office and each Divisions is fixed Rs.15000/- and Rs.8000/- respectively plus applicable GST.
2. The Audit fees once fixed shall be effective for 3 years.
3. The traveling and out of pocket expenses shall be released as per Govt. TA Rules subject to production of documentary evidence.
4. GST shall be paid extra as applicable from time to time and no other incidental expenses shall be paid except TA & DA as above.
5. Income Tax (TDS) / GST (TDS) as applicable shall be deducted.
6. WATCO shall pay Rs.16000/- (Rupees sixteen thousand) only per Division as Internal Audit fee for conducting Internal Audit of Division – I & II located at Bhubaneswar for the period from

01.06.2019 to 31.03.2020 and submit one report Division wise for the said period under the scope of work as mentioned in **Annexure –1** within 10(ten) days of receipt of work order.

7. The payments shall be released by corporate office after receipt of quarterly Audit Reports and attendance sheet from the concerned General Managers of Divisions.
8. No TA & DA shall be claimed by the firm from WATCO for the audit of Corporate Office/ Divisions located at the same station of the firm.

Minimum Eligibility Criteria:

1. The firm should be a partnership firm and must be empaneled with C & AG as on 01.04.2019 and Institute of Chartered Accountants of India (ICAI). (Supporting documents to be enclosed).
2. The firms should have at least 7 of years experience as Internal Auditor with minimum 3 years experience in state PSUs. (Supporting documents to be enclosed).
3. The average audited annual turnover of the firm during the last three financial years (2016-17 to 2018-19) must not be less than Rs. 50.00 (Fifty) lacs. (Supporting documents i.e. audited financial statements are to be enclosed).
4. The Firm must be registered under GST and provide GST Regd. Number.
5. The firm must be registered under Income Tax Act & provide PAN Number.
6. The firms should have at least four partners and six nos of qualified / semi qualified staffs to take up the assignment.
7. The firm having its Head office within Bhubaneswar or branches in nearby Divisions are eligible to apply.
8. The firm has to confirm to conduct Internal Audit of Corporate Office and each Divisions at the rates mentioned in EOI.

Selection and Award Criteria.

The weightage for selection and award of the work will be done based on the overall suitability criteria and having experience of audit in PSUs, strength of partners / qualified or semi qualified staffs as per **Annexure-3**. However, the offers submitted shall be evaluated on quality base i.e. the firm securing highest score on technical bid shall be selected. The firm has to submit a write up and then has to give a power-point presentation before the selection committee on scope of work, methodology of Audit, man power to be deployed, Internal Audit undertaken in different PSUs and time frame for reports for selection and award of work.

Other Terms & Conditions:

The appointment of auditors is subject to the following:

- i) The Audit firm must not subcontract the work to any other firm.

- ii) The audit team will work in strict confidence and will ensure that the information in respect of the operation of the area / unit is dealt in strict confidence and secrecy. A certificate towards maintaining confidentiality to be provided by the Auditor before commencement of audit.
- iii) No partner of the firm is related to Chairman / MD / whole time Director or part time Independent Director of the company within the meaning of section 2(77) of the Companies Act, 2013.
- iv) Neither the firm nor its partner or associates have any interest in the business of the company.
- v) The Audit Firm will be debarred from getting the Internal Audit, or any other assignment in future in WATCO in the following cases.
 - a) If the firm obtains the appointment on the basis of false information / false statement.
 - b) If the firm does not take up audit in terms of appointment letter.
 - c) If the firm does not submit the audit report, complete in all respects in terms of appointment letter.
 - d) If the Firm violates any of the stipulation from (i) to (iv).
 - e) If the performance of audit is found to be unsatisfactory by the competent authority.
- vi) The EOI should be submitted strictly as per terms and conditions laid down in the document. Application and other related documents duly sealed and signed are to be submitted as a token of acceptance of all terms & conditions. All envelopes must be sealed and super scribed mentioning “EOI for Appointment / Empanelment of Chartered Accountant firms for Internal Audit or any other assignment”.
- vii) Application received after the due date and time for any reason whatsoever will not be accepted.
- viii) Jurisdiction of courts: Any dispute arising out of or in respect of the contract will be subject to the jurisdiction of the High Court of Odisha, Cuttack only.
- ix) Disclaimer: WATCO reserves the right to accept or reject any or all responses and to request additional submission or clarifications from one or more Appointment(s) at any stage or to cancel the process entirely without assigning any reason thereof.

Scope of Work

A. Internal Audit

The objective of internal audit is to review the accounting and internal control system as a service to the Company. The functions of Internal Audit interalia include examining, evaluating and reporting to the Management on the adequacy and effectiveness of components of the Accounting and Internal Control System. The scope of coverage shall include examination of the economic effectiveness of operations including non-financial control system in the organization, which the management may modify during the course of Audit.

The broad scope of work are as under:

- a) To verify the awarding of contracts in respect of Civil, Electro Mechanical and Infrastructure Works including variation orders / amendments thereto and accounting for the expenditure made against those work. Major and important activities including pre and post award procedures of contracts are required to be audited in detail. In addition, all the contracts above Rs.5.00 lacs either awarded or executed during the year are to be reviewed and analysis of the same is to be submitted along with the Report. The applicability of GST for supply as well as service contracts awarded needs to be examined.
- b) Review the proper and correct billing of water charges with reference to the Orissa Water Works (Urban local bodies) Rules-1980 and subsequent amendments and its collection thereof.
- c) To check the investment of surplus funds as per the guidelines issued by the Govt. from time to time and raising short term loans depending on exigencies and their repayments.
- d) To monitor and report on implementation of Accounts Manual.
- e) To review the formulation of budgets both capital as well as revenue, approval, source of funding vis-à-vis the amount spent there against and the accounting & reporting thereof. The report should point out any major deviations requiring re-appropriation / re-allocation of funds provided in these budgets. The report should also contain the Budget provisions vis-à-vis the actual achieved and the reasons for variance.
- f) The audit team should be headed by a qualified Chartered Account with minimum 2 (two) nos of semi-qualified staff to complete the audit and submission of report within the time frame.

Apart from the above, audit should also cover all the other activities like Finance, Legal, Corporate Planning, Administration, Income Tax and any other works as advised by the management.

Some of the other areas are elaborated and detailed as under:

1. Statutory compliance and Internal Controls:

To ensure compliance of Companies Act, 2013 & Rules framed there under with particular reference to the accounting functions and the Accounting Standards & Guidance Notes issued by

the Institute of Chartered Accountants of India from time to time and also other statutory provisions applicable to the company. To assist and advise the company in formulation / revision of accounting policies and in establishing proper accounting practices and procedures as per the changing needs.

2. Works Accounting

- (i) To verify and scrutinize payments to contractors with reference to respective contracts and adjustment thereof while accounting for the work done by them and ensure that deductions in respect of Mobilization Advance etc. and statutory deductions are correctly made from their bills and deposited in time.
- (ii) The internal auditor should check that various Statutory Tax Returns are timely filed with the Tax Authorities and also verify the facts and figures given in the Tax Returns.
- (iii) Review of terms and conditions of tender documents and agreements, verification of Bank guarantee and specific emphasis to be given on final payments.
- (iv) To plug loopholes, which might have crept in the system due to passage of time and complacency on the part of persons particularly engaged in financial concurrences, release of payments, updating accounting records, authorizations as per WATCO works code / financial delegation.
- (v) To verify the genuineness of Bank Guarantee submitted by suppliers / contractors and its validity.

3. Capital work-in-progress and capitalization

- (a) Work-in-progress should be verified by the internal auditors with reference to field records such as Interim Payment Certificates and certification of progress issued by the EIC. Quantum of work-in-progress recorded should be compared with work orders / contracts and subsequent approvals for variations, to ensure that payments are duly authorized.
- (b) To verify capitalization of assets and accounting of capital expenditure (including expenditure incidental to the construction) and its further distribution on the specific assets as per Accounting Policy of the company for capitalization.

4. Fixed Assets :

- (a) To verify that proper records of assets of the company are maintained as per requirements of CARO, 2015 issued by the Central Govt. of India in terms of sub-section (11) of section 143 of the Companies Act 2013.
- (b) Review the system regarding accounting, custodianship and safeguarding of monetary and non-monetary assets of the corporation and to see that the assets of the company are reasonably and adequately protected against loss. Also check that the transfer / sale of

each asset is immediately and properly accounted for. Also check the applicable depreciation rates and calculation of depreciation.

5. Scrutiny of Bank Transactions & Reconciliation:

(a) Scrutiny of Bank Transactions

To verify that cash (wherever applicable) & bank transactions are recorded properly and surplus funds, if any, shall be kept in short terms / flexi deposits with the banks as per company's Investment Guidelines. Entries in the deposit statement should tally with the term deposit certificates. Also to verify that interest on deposits and TDS thereon has been correctly calculated and accounted for in the books of the Company. Also review the stale cheques, if any.

(b) Bank Reconciliation :

Verify the Bank Reconciliation Statements of various Bank Accounts and report for old / unadjusted requiring special attention.

6. Vouching :

To verify all accounting transactions so as to ensure interalia that bookings have been made to the appropriate heads of accounts.

7. Ledger Scrutiny:

Scrutiny of trial balance, groupings, General Ledger, subsidiary ledger, review of sundry creditors and loans and advances outstanding for more than one year and ensure that CWIP of the project is accounted for correctly.

8. Store transactions and valuation thereof:

To verify the vouchers pertaining to stores receipts, issues and the valuation thereof. The coverage shall include purchases of stores and scrap disposal on test basis. The internal auditor while verifying these transactions shall evaluate internal control procedures operative within the enterprise for efficient materials management.

9. Income Recognition:

To verify that income recognition is being made in conformity to Accounting Policy / Accounting Standards/ procedure and the transactions are recorded accordingly.

10. Strengthening of internal Control System ;

To identify weaknesses in controls which can lead to frauds and report the same to the management for timely corrective actions.

11. Keeping in view the above requirements, internal auditors are also required to contribute for following activities:

- Review and guidance in the finalization of accounts. To assist in preparation of Annual A/cs. Like Receipt & Payment A/c., Income & Expenditure A/c., Balance Sheet & Cash flow for approval & authentication by Board.
- Online scrutiny of TDS deductions from payments made to contractors / suppliers and consultants and filling Income Tax, Income Tax (TDS), GST (TDS), GST returns monthly / quarterly / Annually as the case maybe within the statutory time limit at Corporate office level. .
- Advising on statutory requirements of the Companies Act, Accounting Standards and other various taxation laws.
- Proper accounting of expenditure and incomes accruing to the enterprise and adherence to matching principle. To conduct Inter Divisions reconciliations.
- Review the adequacy of the insurance coverage for the various risks involved.
- Audit of quarterly financial statements and submit quarterly Internal Audit report.
- Review of liabilities and provisions.
- Review the system for intangible assets assessment and impairment of assets.

12. Employee payments :

To verify that accounting for salary and benefits admissible to employees and directors are being done properly and all subsidiary records for loans / advances and other deductions related to employees are reconciled properly.

13. Consultancy Services: Review the terms and conditions of all consultancy contracts and report the debtor's position in case the same are overdue.

The Internal Audit shall be conducted quarterly and report be submitted quarterly within one month of end of the qtr. i.e. for 30th June - 30th July, 30th September-31st October, 31st December-31st January and 31st March – 30th April. At present, all the payment related to sewerage work are done centrally at Corporate office. Audit period should cover minimum five working days for each qtr. of the Internal Audit of each Divisions and seven working days in Corporate office. Audit team should make entry & exist conference in the Divisions in presence of General Manager and Divisional Accounts Officer (DAO) and in Corporate office in the presence of Managing director & Head Finance. Accordingly, they shall submit their plans & programs in advance to enable the management to take appropriate steps for finalization of various tasks as per pre-decided matching schedule.

14. Any queries to above, Head (Finance) may be contacted (M – 9437324964).

Format of the offer

1. Name of the Audit Firm :
2. Address :
- i) Address as per ICAI records
- ii) Telephone Number :
- iii) Fax Number :
- iv) Email Address :
- v) PAN Number :
- vi) GST Regd. No. :

Sl. No.	Particulars							
1.	Year of establishment & registration of Firm(s)							
	Average Audited Annual Turnover of the firm in the preceding 3 Financial Years i.e. 2016-17, 2017-18 & 2018-19. Copy of Audited Balance Sheet of each year to be enclosed.							
2.	Number of partners in the firm. The name of min. four partners with details as per registration of firm may be given. Copy of registration to be enclosed.							
3.	Number of qualified assistants (Chartered / Cost Accountants) in the Firm. He should be a member of his respective institute. List to be enclosed.	<table border="0"><tr><td><u>Name</u></td><td><u>Institute</u></td><td><u>Membership No</u></td></tr><tr><td colspan="3"><u>Date of joining in the Firm.</u></td></tr></table>	<u>Name</u>	<u>Institute</u>	<u>Membership No</u>	<u>Date of joining in the Firm.</u>		
<u>Name</u>	<u>Institute</u>	<u>Membership No</u>						
<u>Date of joining in the Firm.</u>								
4.	Number of semi qualified assistant (Inter Chartered /Cost Accountant) in the firm. List to be enclosed.							
5	No. of years Internal Audit conducted in State PSUs. Details list to be enclosed.							
6.	The address of the office / branch near to HQ of WATCO & nearby Divisions.							
7.	Overall years of Internal Audit experience.	<table border="0"><tr><td><u>Name of Client</u></td><td><u>Client Category</u></td><td><u>Year of Audit</u></td></tr><tr><td><u>Details of Assignment</u></td><td colspan="2">Work Order No./Date (Copy to be enclosed)</td></tr></table>	<u>Name of Client</u>	<u>Client Category</u>	<u>Year of Audit</u>	<u>Details of Assignment</u>	Work Order No./Date (Copy to be enclosed)	
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<u>Details of Assignment</u>	Work Order No./Date (Copy to be enclosed)							
8.	Firm Constitution Certificate as per ICAI Records as on...	A copy of the same may be enclosed.						

Note :

1. Documentary evidence of all the information as stated above are to be furnished along with the offer.
2. All the pages of the terms & conditions and this documents are to be signed with the seal of the firm and submitted as token of acceptance of all terms including fee offered.

(Sign. & Seal of the Partner of the Firm)

Annexure-3

	Criteria for evaluation of technical parameter.	Max. marks	Weightage (in %)	Remarks
1.	Overall experiences (0.50 marks per each year of experience subject to maximum score of 5.0)	5.0	20	Experience of less than 12 months shall not be considered.
2.	Overall PSU experience (0.50 marks per each year of experience in state PSU, subject to maximum score of 5.00)	5.0	20	
3.	No of Partners (0.5 marks per each partner subject to maximum score of 5)	5.0	20	
4.	No of qualified staffs (0.30 marks per each qualified staff subject to maximum score of 3.0)	3.0	12	
5.	No of semi qualified staffs (0.20 marks per each semi qualified staff subject to maximum score of 2)	2.0	8	
6.	Power point presentation	5.0	20	
	Total	25	100	

Note: In case of tie, preference shall be given to the firms having more experience in State PSU. If further tie, then preference shall be given to the firms having more experience as a whole.