

**NOTICE INVITING EXPRESSION OF INTEREST FOR EMPANELMENT OF FIRM OF CHARTERED ACCOUNTANTS FOR STATUTORY AUDIT OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA FOR THE FINANCIAL YEAR 2019-20**

## **EXPRESSION OF INTEREST OF APPOINTMENT OF STATUTORY AUDITORS OF THE INSTITUTE FOR 2019-20**

The Institute of Cost Accountants of India (erstwhile The Institute of Cost and Works Accountants of India) is a statutory body which has the role of promoting, regulating and developing the profession of Cost Accountancy.

The Institute was established by a special act of Parliament, namely, the Cost and Works Accountants Act, 1959 as a statutory professional body for the regulation of the profession of Cost and Management Accountancy.

It has since been continuously contributing to the growth of the industrial and economic climate of the country.

The Institute of Cost Accountants of India is the only recognised statutory professional organisation and licensing body in India specialising exclusively in Cost and Management Accountancy.

The Head Office is situated at 12, Sudder Street, Kolkata 700 016 and operates through Delhi Office, Four Regional Councils at Kolkata, Chennai, Delhi and Mumbai as well as 99 chapters situated elsewhere in India.

The Institute invites offers from interested Chartered Accountant firms for appointment as Statutory Auditors of the Institute with experience in auditing the Accounts of autonomous Institutions/statutory bodies and provide the services as per the Scope of Work stated below.

### **OBJECTIVES**

The objectives of the statutory audit for the financial year 2019-20 is to seek a professional opinion on the financial statement of “The Institute of Cost Accountants of India” for the financial year 2019-20 and to ensure that funds received and expenditure incurred are in accordance with the laid down financial regulations, prescribed Procurement procedures, and

other orders issued from time to time as well as to ensure proper maintenance of books of accounts and other relevant documents at all levels.

### **BACKGROUND**

The Annual Accounts of Headquarters, Kolkata and Delhi Office are prepared and maintained through TALLY.ERP9 accounting software and the accounts of both these locations are merged at headquarters with the adjustment entries at the year end. Audit of the accounts of Headquarters, Kolkata & Delhi to be done by the Statutory Audit of the Institute (Central Auditor).

The Accounts of 4 Regional Councils and 99 Chapters are audited by the respective statutory auditor as appointed by the governing body the Regional Council & Chapter. The audited accounts as received from Regional Councils and Chapters are consolidated at the Headquarters by adding the figures of respective line items after requisite adjustment entries for setting off various inter unit transactions. The Central Auditor will rely on the audited accounts, management disclosure certificate(s) and the audit report of Regional Councils and Chapters for conducting audit of Consolidated Accounts of the Institute and report thereon.

### **Scope**

The Statutory Audit will be carried out in accordance with the Generally Accepted Auditing Principles and will include tests and controls, as the auditors feel necessary under the circumstances. The major areas to be covered are as under:-

### **Headquarters, Kolkata & Delhi Office**

#### **1. Statutory Audit to cover the areas ensuring that,**

- (a) Transactions are recorded as per principles of Generally Accepted Accounting Principles and are booked to proper accounting heads.
- (b) Utilization of funds is in accordance with financing agreements.
- (c) To check all statutory records registers including Minute Books and to see that accounting effects of all the decisions taken at General Meeting/Board of Governors

Meeting /Audit Committee Meeting are given in the Books of Account.

- (d) Goods and services have been procured in compliance with the financing agreement.
- (e) Transactions are duly supported by proper supporting documents.
- (f) Checking the maintenance of books of accounts and records.
- (g) Checking the bank reconciliation statements.
- (h) Checking of component wise, category-wise and account head wise expenditures.
- (i) Checking of investments, short term deposit etc. made from time to time.
- (j) Checking of various taxes/statutory compliance.
- (k) Verification of fixed deposit register and checking of interest received.
- (l) File Annual Income Tax Return of the Institute through Form 10(b) & ITR 7.
- (m) To give executive summary incorporating all points/matters; which are of very important nature.

## **2. Financial Books**

Verification of Bank Book Journal, Vouching of Imprest Cash.

- (b) Scrutiny of all General Ledger, Staff Advance Registers, Commenting on loan outstanding entries, etc.
- (c) Verification of cash, cheques on hand etc. as on 31st of March every year.
- (d) Verification of all computer vouchers and sheets ensure correct coding and accounting head.
- (e) Scrutiny of general ledger and Verification of Income and Expenditure Statement, and Balance sheet and other Schedules.
- (f) Verification of Salary/ Consultancy payments, P.F, I.T., TDS, GST, Professional Tax etc. and verification of submission of various return to the competent authority in time.
- (g) Verification of fixed asset register (FAR) and to check the reconciliation of physical verification report with the FAR
- (h) Verification of detailed schedule of interests received on Fixed Deposit investments and calculations of accrued interest.

- (i) Verification of all financial information completely, promptly and after the necessary authorisation was recorded.
- (j) Any other work needed for Accounts finalization

**(i)Regional Council and Chapters**

- (a) Scrutiny of the Audited Income & Expenditure Accounts and Balance Sheet, Management Disclosure Certificate(s) and Auditor's report of the Regional Councils and Chapters and to recommend on any deviation with respect to Accounting Policy, general accounting principle, adherence to Act & Regulation of Institute.
- (b) To check the closing balance figures of Current A/c with Headquarters, various grants received from H.Q.

**(ii)Consolidated Annual Accounts**

- (a) To check and verify all the adjustment entries for setting off all inter unit transactions.
- (b) To check and verify the closing entries.
- (c) Check all postings of figures in Income and Expenditure A/c and Balance Sheet from the consolidated Trial Balance.

**3. Comprehensive audit**

The areas covered by comprehensive audit may cover comparison of the results shown in the current period financial statements with prior periods and if available, with budgets and forecasts, investment decisions, delegation of financial powers and management of information systems, organisational effectiveness, management of fixed assets etc.

**4. Accounting policy & standard**

- (a) To review and help the management in implementing proper accounting procedures, internal check control and computerized systems.
- (b) Review of Accounts.

(c) Check all recorded entries comply with accounting standard.

## **5. System Improvement**

The selected Auditor(s) will report any lacuna noticed in the existing procedures and suggest improvement. Any duplication of work noticed or work or unnecessary data noticed will be highlighted and reported.

## **6. The Chartered Accountant firm so appointed would be required to give:-**

- Audit Certificates and issue any other certificate as may be required by the Institute from time to time without any additional fee to be paid by the Institute.
- Statements in annual report that describes the work of The Institute of Cost Accountants of India. The responsibilities of the audit also include reporting on the adequacy of statements.

## **7. Liaison**

The selected Auditor(s) will liaise with the Management for the periodical meetings to review the progress of the work and to ensure requirement be fully met.

**8.** To suggest the measures for cost control and measures to increase the revenue of the Institute.

**9.** The Chartered Accountant firm so appointed would be required to look into the compliance of previous audit objections raised (if any) and have to verify or comment on the supporting documents/ vouchers submitted at latter stage, to settle the audit qualifications in the Statutory Audit report of this assignment.

## **10. Reporting**

After finalization of Audit, the Statutory Auditors shall submit Audit Report on the Accounts Audited.

## **GENERAL**

Auditor would be given access to all Books of Accounts, Procurement documents, Legal documents, Approval/Sanction letters/notes, and all other documents and information which they think necessary for the purpose of audit. The auditors may make specific observations with respect to the efficiency of financial procedure, the accounting system and in general, the administration and management of the organization.

### **11. TIME PERIOD FOR ENGAGEMENT**

The selected Chartered Accountant firm will be required to provide the above mentioned services as Statutory Auditors initially for the accounting year i.e, 2019-20 and will be renewed further for next 2 years depending upon the satisfactory performance, on mutually agreed terms.

### **12. PRE-QUALIFICATION CRITERIA OF THE CA FIRM**

The bids of only those firms will be considered, which satisfy the following eligibility criteria:

- a. The Chartered Accountant Firm should be registered with The Institute of Chartered Accountants of India (ICAI) and have Income Tax Permanent Account Number (PAN) and GST Registration
- b. The firm should have been in operation for minimum 10 years after its registration and at least 5 years experience in Audit of Annual Accounts of Central Autonomous Bodies / Public Sector Undertakings/Statutory Bodies and Filing of Returns of Income Tax
- c. The average gross profession fee received / earned by the firm in the last 3 financial years (2015-16, 2016-17 and 2017-18) must be equal to or more than Rs.50.0 lakhs per annum
- d. The Chartered Accountant firm should have at least 5 partners. The audit firm shall have a minimum of 7 full time chartered accountants of which at least 5 should be full time partners/ exclusively associated<sup>+</sup> partners. Four should have minimum continuous association of 5 years each and one with a minimum continuous association of one year. The remaining two could be either exclusively associated<sup>+</sup> partners or CA employees. There should be at least one year

continuous association for both exclusive partners and CA employees. Four of the partners should be FCAs. Also, at least two of the partners should have minimum 15 and 10 years experience in practice.

e. In addition to the partners, the firm should have minimum 5 Nos. of Article Clerk including and other experienced staff performing audit / accounting work in addition to the Partners.

f. In order to avail expertise of the Statutory Auditors it should be ensured that the firm was not been appointed during last three years in the Institute Headquarters, Regional Council and Chapters, if appointed, they shall not be considered for re-appointment.

#### **4. PAYMENT TERMS**

a. The professional fee will be Rs.3,30,000/- (Rupees Three lakh Thirty Thousand only) plus applicable Taxes plus out of pocket expenses, if any for the entire contract period. For Consolidation of Accounts, Rs.2, 200/- per Region and Rs.825/- per Chapter plus applicable taxes will also be paid. Payment shall be made against invoices on completion of the audit and submission of audit report. No proposal for variation would be allowed during the contract period.

b. Taxes as per Income Tax Act / Rules will be deducted at applicable rates from all payments made by the Institute.

#### **5. SUBMISSION AND EVALUATION OF THE TENDER**

##### *5.1 Submission of tender*

Interested firms meeting all the pre-qualification criteria as mentioned in Point-3 above may submit their offer in the prescribed Annexure / sub-Annexure of this tender.

(i) *Annexure-A* duly filled Pre-qualification-cum-Technical Bid along with all supporting documents duly signed with Seal of the authorized Partner and should be submitted in one sealed envelope super scribed as – **'PRE-QUALIFICATION AND TECHNICAL BID for Tender No. ICAI/STAT AUDIT/01/2019-20.**

(ii) The tender should reach the following address latest by **15:00 hours of 19<sup>th</sup> September 2019.**



**The HOD (Finance) ,CMA Bhawan, 12, Sudder Street, Kolkata-700016**

(iii) The Institute reserves the right to accept or reject any, or all the offers received or cancel the bidding process at any time prior to award of contract, without assigning any reason.

(iv) The firm should not be blacklisted or banned by any of the government department of PSU (Self attested affidavit on stamp paper of Rs.100 to be given in this regard by the partner of the firm).

(v) The senior partner has to be present at the Office of the Institute for finalizing the audit and has to hold periodic meetings with HOD (Finance). He will also attend Finance Committee and Council Meeting of the Institute, if required. No out of pocket expenses will be paid for such.

Other partners and other qualified professionals will spend all their stipulated man days at site.

6. Marking System: The criteria for selection of the Statutory Auditor would purely on marking system. The highest value of points would be awarded the job and incase of tie the firm having more experience would be selected as Statutory Auditors for the year 2019-20.

The following criteria for marking system are stated as follows:

Sl no	Particulars	Points Fixed	Maximum Point
1	Place /Location of the firm		10
	(i) Head Office at Kolkata/ Delhi/Mumbai and Chennai	5	
	(ii) Offices at both Kolkata and Delhi	5	
2	Number of Partners		15
	(a) 5 partners (The audit firm shall have a minimum of 7 full time chartered accountants of which at least 5 should be full time partners/ exclusively associated <sup>+</sup> partners. Four should have minimum continuous association of 5 years each and one with a minimum continuous association of one year. The remaining two could be either exclusively associated <sup>+</sup> partners or CA employees. There should be at least one year continuous association for both exclusive	5	

	partners and CA employees. Four of the partners should be FCAs. Also, at least two of the partners should have minimum 15 and 10 years experience in practice.		
	(b) Above 5 Partners 2.5 mark each from 6 <sup>th</sup> partner for each additional partner maximum to 10 points	10	
3	Number of Qualified Assistants employed with the Firm		5
	18-20	3	
	Above 20-25	4	
	25 and above	5	
	( These would exclude typists, stenographers, computer operators, secretary/ies and sub-ordinate staff )		
4	Age of the Firm		15
	0.5 point for every calendar year ( Counted from the date of constitution of the firm with one full time FCA or date of joining of the firm by the existing partner having the longest association with the firm whichever is later )		
5.	The Firm must have carried out at least 2 Statutory Audits in Public Sector/Autonomous Bodies funded by GOI/Statutory Bodies during the preceding financial year i.e 2018-19 The firm should have statutory audit experience of 5 years of the Public Sector Undertakings (either Central or State Government undertaking). While calculating such experience ,more than one assignment given to a firm during a particular year or more than one year's statutory audit (audit in arrears ) assigned to the firm will be reckoned, as one year experience only, for the purpose of counting such experience.		15

6.	No. of Statutory Audits conducted in Public Sector/Autonomous Bodies/Statutory Bodies	Marks	
	2	5	
	3 to 6	8	
	7 to 10	10	
	Above 10	15	
7.	Experience in statutory auditing in Corporates/MNC		5
	No. of Years	Marks	
	3 to 5	3	
	5 and above	5	
8.	Average Turnover of the firm during the preceding 3 financial years ( i.e.2015-16,2016-17 and 2017-18 respectively )		15
	Average Turnover (in lakhs )	Marks	
	100-200 lakh	3	
	200-300 lakh	6	
	300-400 lakh	9	
	400-500 lakh	12	

	Above Rs.500 lakh	15	
9.	Empanelled with Government Agencies/Departments/Ministries like C & AG (if yes – 5 marks )		5
10.	Conducted Internal Audit or Similar engagements in CA/ICSI/Universities of Repute/Autonomous Bodies in last financial year i.e.2018-19		5
11.	At least two full time partners of the firm or its paid full time Chartered Accountants must possess CISA/ISA qualification		5
12.	CISA/ISA Qualified Employees 1 point each and Maximum of 5 points for 5 employees		5
	Total Points		100

The definition of exclusive association<sup>+</sup> will be based on the following criteria:

- a. The full time partner should not be a partner in other firm/s.
- b. He should not be employed full time/part time elsewhere.
- c. He should not be practising in his own name or engaged in practice otherwise or engaged in other activity which would be deemed to be in practice under Section 2 (2 ) of the Chartered Accountants Act, 1949.
- d. The qualified assistants working under the firm should mention the name and membership number along with the Institute.

Sl. No.	Particulars	Details	Firm Strength and Capacity
1.	Chartered Accountant Firm	Name & Address of the Firm	
		Name and address of the Authorized Partner (s)	
		Telephone No(s) with STD Code	
		Mobile No (s):	
		e-Mail ID:	
		<i>(Submit copy of supporting document regarding address)</i>	
2.	Prequalification Criterion	Mention Registration Number and Date of Registration	
a)	The CA Firm should be Registered with the Institute of Chartered Accountants of India (ICAI) for minimum 5 years and must possess permanent account number (PAN) under Income Tax and registration number under GST.	(Submit copies of the registration certificates and constitution certificate generated online from The Institute of Chartered Accountants of India) PAN NO of the CA Firm <i>(Submit copy)</i> GST Registration No. <i>(Submit Copy)</i>	
b)	Average Gross Professional Fees received / earned by the CA Firm for the last 3 (three) years i.e.(2015-16, 2016-17 and 2017-18) ending on 31st March, 2018. Must be equal to or greater than Rs.50 lakhs	Average Gross Professional Fees received/ earned Details to be provided as per SUB-ANNEXURE A-1. (Submit proof of professional fee received)	
c)	The Firm should have at least 5 years experience in Audit of Annual Accounts of Central Autonomous Bodies / Public Sector Undertakings/Statutory Bodies under an Act of Parliament and Filing of Returns of Income Tax	No. of Central Autonomous Bodies/ Public Sector Undertakings/Statutory Bodies where similar services were provided in the last 5 years. Details to be provided as per SUB-ANNEXURE A-2. (Attach copy of works Orders as evidence)	

d)	CA Firm should have minimum 5 (Three) partners	Partners:- FCA : ACA : Submit the details of the Chief Functionaries of the CA firm as provided in SUB-ANNEXURE-A3
e)	Numbers of professionals and other staff on payroll of Firm	No. of Article clerks and other professionals performing audit/accounting work (in figures and words) along with their name, membership number and the Institute from where they have passed.

Certified that the above particulars are correct. In the event of any information found to be incorrect, be it at any time, The Institute of Cost Accountants of India is at liberty to reject the proposal/work awarded to this CA Firm.

**Date:**  
**OFFICE SEAL:**

**Signature:**  
**Name:**  
**Designation**

**SUB-ANNEXURE: A1**

**Details of CA Firm's professional Income  
(Gross Professional Fees received/earned)**

Rupees in lakhs

Particulars	Financial Year 2015-16	Financial Year 2016-17	Financial Year 2017-18	Average Annual
Gross Professional Fees received/ Earned				

**(Attach audited Profit & Loss Account of the firm along with copy of Income Tax Return)**

**Date:**  
**OFFICE SEAL:**

**Signature:**  
**Name:**  
**Designation**

**Details of CA Firm's Experience of Similar Services during the last 5 (five) years**

Sl. No.	Name of the Assignment	Name of the Assignment (Start date/ End date) and period of work	Name of the Client	Nature of the Assignments (Please specify the work involved as detailed in scope of work)	Details of the Supporting Documents provided
1.					
2.					
3.					
4.					

Furnish the copy of the documentary evidence/Purchase Order received from any such Company along with audited Profit and Loss Account of that Company in support of the information provided above.

Please attach additional sheets, if required.

**Date:**  
**OFFICE SEAL:**

**Signature:**  
**Name:**  
**Designation**



(On Firms Letter Head)

**Undertaking**

I/We the following partners of M/s. \_\_\_\_\_, Chartered Accountants do hereby jointly and severally verify and declare –

- (i) that the particulars given are complete and correct and that if any of the statements made or the information so furnished in the application form is later found not correct or false or there has been suppression of material information, the firm would not only stand disqualified from allotment but would be liable for disciplinary action under the Chartered Accountants Act, 1949 and the regulations framed there under;
- (ii) that the firm, or partners has not been debarred or cautioned by ICAI during the last five years, (if debarred, give details);
- (iii) that individually we are not engaged in practice otherwise or in any other activity which would be deemed to be in practice under section 2 (2) of the Chartered Accountant Act, 1949;
- (iv) that the constitution of the firm as on 1<sup>st</sup> April of the relevant year shown is same as that in the constitution certificate issued by the ICAI.

Sl. No.	Name of the Partner	Status (ACA/FCA)	Membership Registration No.	PAN No.	Signature of partner

Date:  
OFFICE SEAL:

Signature:  
Name:  
Designation: