

# **Himachal Pradesh Kaushal Vikas Nigam**

(A State Government Undertaking)

**Block No.24, Second Floor, STPI Building,  
SDA Complex, Kasumpti, Shimla, HP-171009  
Phone No. 0177-2628081, 2624581, 2628981**

**Website : [www.hpkv.in](http://www.hpkv.in), E-Mail : [hpkvshimla@gmail.com](mailto:hpkvshimla@gmail.com)**

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**No.HPKVN/1/(27)/Accounts-2015-20-**

**Dated 18.08.2020**

## **Expression of Interest**

Himachal Pradesh Kaushal Vikas Nigam invites Expression of Interest (EOI) from Chartered Accountants firms having their registered office in the state of Himachal Pradesh for their appointment as Internal Auditor for the Financial Year 2019-20 and 2020-21 for further details please visit to HPKVN website.

s/d

**Rohan Chand Thakur, (IAS)  
Managing Director  
HP Kaushal Vikas Nigam  
Kasumpti, Shimla-09**

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No. HPKVN/1/(27)/Accounts-2015-20

Dated: 18 .08.2020

## “Appointment of Internal Auditors F.Y. 2019-20 & 2020-21”

The Himachal Pradesh Kaushal Vikas Nigam, Kasumpti Shimla invites EOI for conducting Internal Audit from the Chartered Accountants firms having their Head Office in the State of Himachal Pradesh for two years term i.e. Financial Year 2019-20 and 2020-21.

The EOI shall be submitted upto 08/09/2020 at 11:00 AM and the EOI form can be downloaded directly from the portal [www.hpkvn.in](http://www.hpkvn.in) same shall be opened on the same day at 2:30 PM.

### 1. Eligibility criteria :

- The firm should have its Head Office in Himachal Pradesh;
- The firm should have minimum 5 years' experience out of which 2 years' experience of carrying out Statutory Audit/ Internal Audit of “Externally Aided Projects” of companies/ non-profit organizations.

### 2. The Time frame of Audit:

The Internal Audit shall be conducted yearly i.e. April to March in each of the financial year 2019-20 and 2020-21 as per details given hereunder:

#### Year: 2019-2020

Year	Period of Audit	Last date of Commencement of Audit	Last date of Submission of Audit Report
1	1st April 2019 to 31 <sup>st</sup> March 2020	15 <sup>th</sup> September 2020	30 <sup>th</sup> September 2020

#### Year: 2020-2021

Year	Period of Audit	Last date of Commencement of Audit	Last date of Submission of Audit Report
1	1st April 2020 to 31 <sup>st</sup> March 2021	15 <sup>th</sup> April 2021	30 <sup>th</sup> May 2021

### 3. Fee Structure for Internal Audit : ( For one complete Financial Year)

Sr. No.	Office	Upper Ceiling amount in rupees (FY 2019-20 and 2020-21 each)
1.	H.P. Kaushal Vikas Nigam, STPI Building SDA Complex, Kasumpti, Shimla-09	Rs.50,000/- (inclusive of all charges) plus GST as applicable

- In case of discrepancy in between the prices quoted in words and figures, the price quoted in words shall prevail and be considered for evaluation.
- The bidder whose rates (Professional Fees) are lowest, would be awarded the contract/assignment subject to the fulfillment of eligibility criteria.

### 4. Scope of Work:

Internal Audit under Himachal Pradesh Skill Development Project (HPSDP) (ADB Share) shall include:

- Civil Work Expenditure through Himachal Pradesh Public Works Department (HPPWD);
- Purchases and Expenditure by Department of Technical Education, Sundernagar, Mandi on procurement of goods;
- Expenditure incurred on hiring of consultancy / non-consultancy firms;
- Expenditure incurred through Memorandum of Understanding route e.g. ITI's, NIELIT, C-DAC, ICAI, CIPET etc;
- Expenditure incurred under Bachelor of Vocation (B.Voc.) Degree programme run by Department of Higher Education, Shimla, Himachal Pradesh;
- Expenditure incurred through Pradhan Mantri Kaushal Vikas Yojana (PMKVY) under Common Cost Norms notified by Ministry of Skill Development & Entrepreneurship (MSDE) in tranches;
- Expenditure incurred in programmes such as Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) etc;
- Additionally, the firm shall supply their programme/ work schedule at the time of award of the assignment and to streamline the processes the requisite reporting formats for Internal Audit (Project Wise/Programme Wise/Component Wise may be drawn by the Finance Wing and provided to the firm awarded with the work, please;
- Other Regular Audit Procedures:
  - Vouching of cash as well as General vouchers and its entries in Tally/ERP;
  - Ledgers scrutiny of all ledgers accounts;
  - Checking of trial balance, scrutiny of general ledger and reconciliation of each head of accounts thereof;
  - Capital expenditure incurred is within sanction by the Competent Authority and vouching with originals thereof;
  - To suggest modifications to the delegation of powers, if shortcomings are noticed during audit;

- To verify whether TDS has been properly deducted and deposited with the Income Tax Authorities within the prescribed periods;
- To verify whether TDS returns have been submitted in time to the Income Tax Authorities;
- To verify whether G.S.T. has been properly charged, wherever applicable, and whether proper returns have been filed with the Authorities;
- To verify whether GST TDS has been properly deducted, wherever applicable, and whether proper returns have been filed with the Authorities;
- Scrutiny of tenders issued by the HPKVN from time to time and compliance to the terms and conditions of the tenders;
- Payment of salary, arrear, increments allowances, TA, DA, Medical, others and scrutiny thereof;
- Checking whether all liabilities against the accepted claims have been provided for in the books of accounts for the full accounting year and verifying compliance with statutory obligations of employer towards the employees: viz. Gratuity, Leave encashment, Provident Fund, NPS Bonus etc. Similar checks to be done in respect of TA / DA and claims for reimbursements;
- Expenditure incurred under different heads is as per the delegation of powers. Expenditure in excess of these limits has been incurred with prior sanction of the Competent Authority;
- To check whether the stationery & stocks have duly been accounted for as per accounting standards and whether records have been properly maintained to ensure safeguard of such stocks of HPKVN;
- All the income and expenditure should be accounted for in the Books of accounts as per the requirement of Company Act/Accounting standards;
- Bank reconciliation all the bank accounts and reporting of unadjusted entries thereof;
- CAG/Statutory Audit/Internal Auditors pending paras and their compliances. Any adverse comment not acted upon;
- Timely adjustment of advance/imprest given to staff during the year;
- Withdrawal of cash from the Bank as per the requirement of office on day to day basis-any un-necessary withdrawal should be specifically pointed out;
- Review of accounting system and related internal control suggestion for improvement/ exercising some internal check and controls;
- The examination of financial and operating information management;
- Appraisal of the latest changes in the provision to various laws concerning the accounts /maintenance of records;
- Ascertaining the extent to which company assets are safeguard from losses of all kinds;

- Suggestions for construction/maintenance of any record required under various provisions of laws;
- Recommending operating improvements;
- Compliance with various laws amended from time to time applicable to the company;
- Compliance and follow up of above;

## 5. Code of Ethics for Auditors

1. They should keep themselves away from illegal practice/ dishonest arrangements.
2. The Internal Auditor shall have an obligation to work objectively and diligently while performing his/ her duties.
3. The Internal Auditor shall not accept any gifts or hospitality from any employee, contractor, supplier or business associate of HPKVN.
4. The internal audit staff should collect and keep information from HPKVN only for carrying out the assignment and should not take undue advantage of such information for personal profit or use the information in a manner contradictory to the ethics set forth by the Institute of Chartered Accountants of India.
5. None of staff of Internal Audit Team would direct or supervise the activities of any department of HPKVN, except where such activities are a part of the internal audit process.

## 6. Guidelines:-

Although, the areas and magnitude in respect of scope of audit has been defined however some of the important areas are elaborated and detailed as under:-

### a. Statutory compliances and Internal Controls:

To ensure compliance of Companies Act, 2013 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 advice the company in formulation / revision of accounting policies and in establishing proper control over accounting practices and procedures as per the changing business environment and laws.

### b. Fixed Assets:

To verify that proper records of assets of the company are maintained as required. Review the system regarding accounting, custodianship and safeguarding of monetary and non-monetary assets of the enterprise 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.

### c. Scrutiny of Bank Transactions and Reconciliation:

#### i) 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 Investment Guidelines 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.

ii) **Bank Reconciliation:**

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

**d. Vouching:**

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

**e. Ledger Scrutiny:**

Scrutiny of trial balance, groupings, General Ledger, subsidiary records, review of sundry debtors, creditors and loans and advances outstanding for more than one year.

**f. Stocks and valuation thereof:**

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

**g. Verification of secured / unsecured advances and securities given / received on behalf of the company:**

- i. The scope includes verifications of securities deposited by and with the company with different authorities / parties. The internal auditor shall check and examine the purpose and the duration of such deposits and whether the deposit certificates are in safe custody for presentation at the time of claims. Security deposit/Bank Guarantee received from the parties shall also be verified to ensure that the company beyond prescribed period does not retain these and they are in force during the concurrence of tenders.
- ii. Documents / agreements relating to secured & unsecured advances to parties / Govt. Bodies shall be verified on test basis.

**h. Income Recognition:**

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

**i. Strengthening of Internal Control System:**

To identify weaknesses in control systems which can lead to frauds and report the same to the Management for timely corrective actions.

**j. Other Matters:**

To examine that:

- I. The expenditure are sanctioned and booked as per the authorization.
- II. All important documents including term deposit receipts, tax returns, bank guarantees, cheque books etc. are kept under safe custody.

- III. There is a proper mechanism that the bank guarantees are extended well before the expiry dates, wherever applicable.

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

- Helping in rectification of errors and omissions observed in the course of audit.
- Guiding in location of difference in Bank Reconciliation and proper control over banking transactions.
- Review and guidance in the finalization of accounts.
- Online scrutiny of TDS deductions from payments made to contractors / suppliers and consultants.
- Advising on statutory requirements of the Companies Act, Accounting Standards and other various taxation laws.
- To report any other matters coming to notice during verification in order to strengthen internal control system and for improving MIS.
- Review of liabilities and provisions.
- Review the system for intangible assets assessment and impairment of assets.
- Review the adequacy of the insurance cover for the various risks involved.

Apart from the above, audit should also cover all the other activities of the Corporations.

## **7. REPORTING REQUIREMENTS**

**Internal Audit Reports should be divided into three separate parts, namely:**

### **PART – I IMPORTANT OBSERVATIONS, OBJECTIONS AND RESERVATIONS:**

This part should contain the auditor's comments on all such irregularities or occurrences which auditors want to bring to the notice of management, along-with their financial implications, if any. Any non-compliance with the matters/areas specified in the Guidelines / policy of HPKVN should also be identified here. The observations should be arranged in self-contained paras, preferably with suitable titles.

### **PART – II COMPLIANCE REPORT:**

Auditors to Report on compliance of internal audit observations outstanding as at the end of the previous year, i.e. as contained in the Report of the preceding phase

### **PART – III DETAILED REPORT:**

This part shall comprise auditor's detailed observations regarding areas specified in the Scope of the audit. However, non-compliance with the matters / areas specified in the Audit Scope which are identified in Part I of the report, should also be invariably detailed in Part – III.

**Further, a point-wise report on the scope of audit is to be submitted along-with a certificate that the internal audit has been done as per scope of work.**

**Audit report without this certification will not be accepted and will be deemed as non-submission.**

## **8. Audit Observations Compliance:**

The Internal Auditor will also work as support consultants so far as it relates to the system of change/improvement in the existing system/reporting requirement so that the audit objections raised by them can be settled by adapting to the improvement measures suggested by them.

The audit report must contain the measures to be adopted by management to remove audit objections/shortcomings.

**9. The following may be strictly ensured:**

- (a) The report should be supplemented, **in each half year**, by a statement indicating:
  - 1. **Report on the Internal Audit is to be submitted along-with a certificate that the internal audit has been done as per scope of work.**
  - 2. **Particulars of records checked. Compliance report on the points enumerated in the scope of the work.**
- (b) The report should also contain references to areas where no adverse observations have been noted. In respect of other areas, specific suggestions for improvement, if any, may also be highlighted for each area.
- (c) A statement indicating the audit personnel deployed their designation and the period of deployment in each phase.
- (d) The results of audit should be discussed with General Manager, Finance, Assistant Controller Finance & Accounts and branch falling in the concerned area in each reporting period and important observations should be brought to their notice so that timely corrective actions may be taken. The report should be prepared after duly taking into account the additional information that may be provided / obtained at such discussions.

**10. Other Conditions:**

- i. There would be a penalty clause, which authorizes HPKVN to impose the penalty maximum upto 20% of the Fee, in case of any delay in the submission of the reports and non-adherence to the scope of work.
- ii. The selected firm will be required to comply with the instructions if any issued by the HPKVN.
  - a. The firm shall not disclose the documented management systems to any third party including their internal department.
  - b. Firm to whom the work awarded shall not sub contract the work to any other parties either in part or full.
  - c. The successful tenderer shall not be entitled to claim any additional amount for any reason whatsoever for the above Internal Audit.
  - d. In case of any dispute, the decision of HPKVN Management shall be final and binding on the firm.
  - e. The terms and conditions enumerated in this document can be modified at any time by HPKVN at its sole discretion.
  - f. Bids received after due date and time shall not be accepted in any circumstances and shall be returned unopened. No further correspondence on such responses shall be entertained.
  - g. Respondents, if so desire, may participate in „Bid Opening“ on production of authorization / Identity certificate. Only one person from each firm will be allowed to participate.
  - h. Bid submitted should be free from correction, over-writing etc.



- iii. All the information/ details required to be filled in Technical and Price bids must be properly filled and no column should be left blank or should not be filled with ambiguous/ incorrect details.
- iv. Each page of Bid and EOI (**including Annexure**) should be stamped and signed by the authorized signatory of the firm. Rate offered should be mentioned only in price bid at Annex-II otherwise E.O.I shall be liable to rejected.
- v. Price Bid should be separately attached and sealed along-with the E.O.I document otherwise E.O.I will be rejected.
- vi. Canvassing in any form shall render the submitted Bid liable for rejection.
- vii. Disregard of any instructions may result in bid being rejected.
- viii. HPKVN reserves the right to accept or reject the proposal at any time prior to award of Contract, without thereby incurring any liability to the Firm concerned or any.

**Expression of Interest for Empanelment of Internal Auditors in Himachal Pradesh Kaushal  
Vikas Nigam, Shimla-09**

**APPLICATION FORM**

To

**The Managing Director,  
Himachal Pradesh Kaushal Vikas Nigam,  
STPI Building, 2<sup>nd</sup> Floor, Block No. 24  
SDA Complex, Kasumpti, Shimla-09**

<b>Sr. No.</b>	<b>PARTICULARS</b>		<b>Supporting Documents required to be submitted along with this form</b>
1.	Name of the Firm		Attach Firm Registration Certificate issued by ICAI
2.	Firm Registration Number issued by ICAI		
3.	Address of the Firm		
4.	Head Offices:	Phone No. Email: Name of Office In-Charge Mobile No.	<b>To be Eligible, Firm should have Head Office in Himachal Pradesh only.</b>
5.	Branch Office: , if any	Phone No. Email: Name of Office In-Charge Mobile No.	
6.	Firm Income Tax No. (PAN)		Attach copy of PAN Card
7.	Firm GST No		Attach copy of Registration
8.	Empanelment No. with C&AG if any		Attach proof of latest empanelment with C&AG for the year under audit
9.	No. of years of Firm Existence & Date of establishment of Firm		
10.	Details of Partners along with Educational Qualification & Experience		
11.	Audit Experience of the Firm during last five F/years: No. of audit assignments of Internal / Statutory Audit of Corporate / PSUs entities except Bank Branch Audit		List of Companies/Firm and type of Audit undertaken.

**(A) Details of Full Time Partners of the Firm (as on 01.04.2020)**

S. No.	Name of Partner	Membership No.	Whether FCA / ACA	Date of Joining the Firm (Full Time)	Educational qualifications	Area of Key Expertise	Relevant Experience

(Documentary proof, as previously indicated, to be submitted)

**(B) Details of qualified & Semi-qualified Staff (including Articled Clerks etc.) (as on 01.04.2020)**

S. No.	Name of Staff	Length of Association with the Firm	Educational qualifications	Area of Key Expertise	Relevant Experience

Note: Separate details for Head Office & Branch Offices should be given in the above format.

**(C) No. of Internal / Statutory Audits of PSU Companies.**

S. No.	Financial year	No. of Internal / Statutory Audits of PSUs done in last five years	Name of PSUs	Type of Audit (Internal / Statutory)
1.	2018-19			
2.	2017-18			
3.	2016-17			
4.	2015-16			
5.	2014-15			

(Documentary proof, to be submitted)

**Himachal Pradesh Kaushal Vikas Nigam**  
(A state Government undertaking)  
**STPI Building, 2<sup>nd</sup> Floor, Block No. 24**  
**SDA Complex, Kasumpti, Shimla-09**

**FINANCIAL BID**

The Firms of Chartered Accountants shall quote rates as below:-

<b>Sr. No.</b>	<b>Office</b>	<b>Upper Ceiling amount in rupees (FY 2019-20 and 2020-21 each)</b>
1.	H.P. Kaushal Vikas Nigam, STPI Building SDA Complex, Kasumpti, Shimla-09	Rs.50,000/- (inclusive of all charges) plus GST as applicable

- In case of discrepancy in between the prices quoted in words and figures, the price quoted in words shall prevail and be considered for evaluation.
- The bidder whose rates (Professional Fees) are lowest, would be awarded the contract/assignment subject to the fulfillment of eligibility criteria.

SIGNATURE  
**NAME & COMPLETE ADDRESS with stamp**  
Membership No:  
Firm Reg. No.: