

Himachal Pradesh State Handicrafts & Handloom Corporation Limited,
Block No. 3, SDA Complex, Kasumpti, Shimla-171009 (HP)

Phone : 0177-2621275 Fax : 0177-2626234

Expression of Interest

Himachal Pradesh State Handicrafts & Handloom Corporation Limited invites Expression of Interest (EOI) from Firms of Chartered Accountants having their head office in the State of Himachal Pradesh for their appointment / empanelment as Internal Auditors for the Financial Year 2017-18. For further details, please logon to HPSHHCL Website: www.hphimcrafts.com



Managing Director


Last date for submission of bio-data and terms & conditions

To be eligible, the firms should have its Head Office in Himachal Pradesh and have minimum 5 years experience in carrying out Internal / Statutory Audit. Interested and eligible firms may submit their EOI to the Managing Director, Himachal Pradesh State Handicrafts and Handloom Corporation Limited, Block No. 3, SDA Commercial Complex, Kasumpti, Shimla-171009 latest by 2:00 PM of ~~April 2018~~ and the same shall be opened on the same day at 2.30 PM.

25 April 2018

Each page of EOI (including Annexure) should be stamped and signed by the authorized signatory of the firm, on the rates as given in the EOI document.

The Corporation shall reserve the right to accept or reject any or all offers without assigning any reasons.


Managing Director

“Appointment of Internal Auditors F.Y. 2017-18”

The Himachal Pradesh State Handicrafts & Handloom Corporation Limited, Shimla-9 invites EOI for conducting Internal Audit from the Chartered Accountants having their Head Office in the State of Himachal Pradesh for one year term i.e. 2017-18. Interested CA firms may submit their EOI for empanelment for one year for conducting Internal Audit on the rates as given below at (C)

The EOI shall be submitted upto **25** April, 2018. The EOI form can be downloaded directly from the website www.himcrafts.com of the Corporation.

A) Eligibility criteria :

1. The firm should have its Head Office in Himachal Pradesh.
2. The firm should have minimum 5 years experience in carrying out Statutory Audit / Internal Audit of Companies.

B) The Time frame of Audit :

The Internal Audit shall be conducted in one phase for the financial year 2017-18 as per details given hereunder:

Year : 2017-18

Phase	Period of Audit	Last date for commencement of audit	Last date for submission of audit report
1	1 st April 2017 to 31 st March 2018	10 th May 2018	31 st May 2018

C) Fee structure for Internal Audit : (For one Complete Year)

Sr. No.	Office	Fee in rupees Including all charges and TA/DA (FY 2017-18)
1	HP State Handicrafts & Handloom Corp. Ltd., Rang Mahal Building, Chamba (HP)	4500/-
2	HP State Handicrafts & Handloom Corp. Ltd., Near Bus Stand, Palampur Distt. Kangra (HP)	6600/-
3	HP State Handicrafts & Handloom Corp. Ltd., Industrial Area, Bilaspur (HP)	3500/-
4	HP State Handicrafts & Handloom Corp. Ltd., Mandi (HP)	4000/-
5	HP State Handicrafts & Handloom Corp. Ltd., Kullu (HP)	6000/-
6	HP State Handicrafts & Handloom Corp. Ltd., Kinnaur (HP)	5000/-
7.	Himachal Emporium, Shop No. 3, The Mall Shimla (HP)	4500/-

		4500/-
8.	Himachal Emporium, Arya Samaj Building, Mall Road, Solan (HP)	3500/-
9.	HP State Handicrafts & Handloom Corp. Ltd., Behind Bus Stand, Paonta Sahib Distt. Sirmour (HP)	4000/-
10.	HP State Handicrafts & Handloom Corp. Ltd., Block No. 3, SDA Complex, Kasumpti, Shimla-9.	3000/-
11.	Himachal Emporium Shop No. 3, State Emporia Complex, Baba Kharak Singh Marg, New Delhi-110001	(6800+1200)= 8000/-

The GST as applicable will be paid extra. The firms are required to issue Tax Invoice (If applicable) quoting GSTIN of the HPSHHCL.

D) Proposed schedule of payment :

The payment to Audit Firms shall be released as under:

The payment shall be made after acceptance of Final report by HPSHHCL on yearly basis. The payment will be made within 30 days of submission of all required papers and reports.

E) Scope of Work :

The Internal Audit would, interalia, cover the following operational activities of HPSHHCL:

1. Vouching of cash as well as General vouchers and its entries in Tally/ERP/Manual. Ledgers scrutiny.
2. Checking of trial balance, scrutiny of general ledger and reconciliation of each head of accounts thereof.
3. Capital expenditure incurred is within sanction by the Competent Authority and vouching with originals thereof.
4. To suggest modifications to the delegation of powers, if shortcomings are noticed during audit.
5. To verify whether TDS has been properly deducted and deposited with the Income Tax Authorities within the prescribed periods.
6. To verify whether TDS returns have been submitted in time to the Income Tax Authorities.
7. To verify whether Service Tax / VAT / GST has been properly charged, wherever applicable, and whether proper returns have been filed with the Authorities.
8. Checking of the original bills with respect to consignment sales.
9. Scrutiny of tenders issued by the HPSHHCL from time to time and compliance to the terms and conditions of the tenders.
10. Payment of rent etc.
11. Payment of salary, arrear, increments, TA/DA, Medical, others and scrutiny thereof.
12. Revenue Expenditure incurred is within sanctioned budget.
13. 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, Bonus, etc. Similar checks to be done in respect of TA / DA and claims for reimbursements.
14. 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.
15. Checking and verification of payments as per terms and conditions of the tender.

16. To review compliance with laid down policies and procedures in respect of calling of EOI related approvals, budgetary provisions made and letters of award (LOA) issued for work contracts.
17. To verify whether the procurements have been made after completion of all formalities prescribed by HPSHHCL and whether approvals of competent authorities have been obtained.
18. 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 HPSHHCL Ltd.
19. All the income and expenditure should be accounted for in the books of accounts as per the requirement of Company Act / Accounting standards.
20. Bank reconciliation and reporting of unadjusted entries thereof.
21. CAG / Statutory Audit / Internal Auditors pending paras and their compliances. Any adverse comment not acted upon.
22. Reconciliation of the sales and deposit in banks.
23. Timely adjustment of advance / imprest given to staff during the year.
24. Timely recovery of Loan given to Staff and Accounting of Interest thereof.
25. 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.
26. Specific comments on the last Physical Verification conducted by P. V. Officer. Variations, if any, have been accounted for and recorded properly.
27. Verifying insurance and other claims of company. Losses to the company giving rise to claims are properly lodged and proper follow up action is taken for realization of overdue claims and the claims are properly accounted for after settlement.
28. Recommendations for improvement in the present system.
29. Damaged goods and slow moving items lying at the units.
30. Maintenance of Stock registers, Cash Book, Ledgers, Fixed assets register and other statutory Registers.

F) 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 HPSHHCL.
4. The internal audit staff should collect and keep information from HPSHHCL 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 HPSHHCL, except where such activities are a part of the internal audit process.

G) 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:-

1. Statutory compliances and Internal Controls:

To ensure compliance of Companies Act, 1956 / 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 advise 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.

2. 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.

3. Scrutiny of Bank Transactions and 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 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 items requiring special attention on monthly basis.

4. Vouching :

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

5. 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.

6. Stocks 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.

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

- a) Documents / agreements relating to secured & unsecured advances to parties / Govt. Bodies shall be verified on test basis.
- b) 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 claiming refund. Security deposit received from the parties shall also be verified to ensure that the company beyond prescribed period does not retain these.

8. Income Recognition:

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

9. 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.

10. 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.

11. 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.

To verify that all moneys received are accounted for.

12. Insurance and other claims lodged by the company :

(a) Internal auditor while verifying insurance and other claims of the company should see that losses to the company giving rise to claims are properly lodged and proper follow up action is taken for realization of overdue claims and the claims are properly accounted for after settlement.

(b) Claims lodged against the company :

Internal auditor while verifying claims lodged against the company should ascertain that the passed claims are with the approval of Competent Authority and are properly accounted for after settlement.

13. 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. Ensuring the recovery of advances given to employee within the stipulated period, payment and statutory dues to the workers. Ensuring

the use of vehicles as per policy of the HPSHHCL. Requirements of AS 15 should be complied with ensuring the payment.

14. Consultancy Services :

Review the terms and conditions of all consultancy contracts and report the debtors position in case the same are overdue.

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

REPORTING REQUIREMENTS

Internal Audit Reports should be divided into four 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. This part should also bring out deviations (non – compliances) by units from (with) policies, systems and procedures prescribed by HPSHHCL. Any non-compliance with the matters/areas specified in the Guidelines / policy of HPSHHCL should also be indentified 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. For example, while submitting the internal audit report for the current year (say, 2017-18) it may be ensured that a compliance report on audit observations contained in report of the previous year (i.e. 2016-17) as well as on such observations contained in reports of earlier years, pending settlement, is included and details of corrective actions taken on those observations are furnished in the current year's audit report.

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 alongwith 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.

The following may also be kindly ensured:

- (a) The report should be supplemented by a statement indicating:
1. Report on the Internal Audit is to be submitted alongwith 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 be 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.
- (d) The results of the audit should be discussed with Accounts Officer / Complex/Emporia Incharge and important observations should be brought to their notice so that timely

corrective action may be taken. The report should be prepared after duly taking into account the additional information that may be provided / obtained at such discussions.

Other Conditions:

1. There would be a penalty clause, which authorizes HPSHHC Ltd. 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. However, relaxation may be granted in case of genuine reasons beyond control of the Audit Firm.
2. The selected firm will be required to comply with the instructions if any issued by the HPSHHC Ltd.
3. The firm shall not disclose the documented management systems to any third party including their internal department.
4. Firm to whom the work awarded shall not sub contract the work to any other parties either in part or full.
5. The successful tenderer shall not be entitled to claim any additional amount for any reason whatsoever for the above Internal Audit.
6. In case any dispute, the decision of HPSHHC Ltd. Management shall be final and binding on the firm.
7. The terms and conditions enumerated in this document can be modified at any time by HPSHHC Ltd. at its sole discretion.
8. Bids received after due date and time shall not be accepted in any circumstances and shall be returned unopened.
9. 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.
10. Bid submitted should be free from correction, over-writing etc.
11. 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.
12. 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 be rejected.
13. Price Bid should be separately attached and sealed alongwith the E.O.I. document otherwise E.O.I. will be rejected.
14. Canvassing in any form shall render the submitted Bid liable for rejection.
15. Disregard of any instructions may result in bid being rejected.
16. HPSHHC Ltd. 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.
17. HPSHHC Ltd. reserve the right to appoint internal auditors from different-different empanelled CA firm for different-different office / unit of the Corporation for conducting the internal audit.

Expression of Interest for Empanelment of Internal Auditors in Himachal Pradesh State Handicrafts & Handloom Corporation Limited, Shimla-9

APPLICATION FORM

To

The Managing Director
Himachal Pradesh State Handicrafts and Handloom Corporation Limited
D-2, Block No. 3, SDA Commercial Complex, Kasumpti, Shimla-171009

Sr. No.	PARTICULARS		Supporting Documents required to be submitted along with this form
1.	Name of the Firm		Attach Firm Registration Certificate Under ICAI
2.	Registration Number		
3.	Address of the Firm		
4.	Head Office of firm	Phone No. Email: Name of Office In-Charge Mobile No.	
5.	Branch Office of firm	Located at: 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		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		Attested copy of Certificates of ICAI
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		Copy of appointment letters

(A) Details of Full Time Partners of the Firm (as on 01.01.2018)

S. No.	Name of Partner	Members hip No.	Whether FCA / ACA	Date of Joining the Firm (Full Time)	Date of becoming FCA	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 01.01.2018)

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)
	2016-17			
	2015-16			
	2014-15			
	2013-14			
	2012-13			

We have read the terms & conditions carefully and offers our EOI for empanelment for conducting the internal audit of any office / unit of the Corporation on the rates mentioned by the Corporation in the EOI Document.

Signature of Authorized signatory of CA Firm
Name of Firm
Regn. No. of Firm