



KRISHNA BHAGYA JALA NIGAM LIMITED

(A Government of Karnataka undertaking)
PWD Office "Annexe" III floor, K.R.Circle,
Bengaluru – 560 001

RFP Document for appointment of Internal Auditors for the years 2013-14 and 2014-15



KRISHNA BHAGYA JALA NIGAM LTD

(A Government of Karnataka Undertaking)

Request For Proposal
(through E-Procurement)

NAME OF THE ASSIGNMENT

**Appointment of Internal Auditors for
Registered Office, Bengaluru and at Project
Offices for the year 2013-14 and 2014-15**

No: KBJNL/FD/IA2013-14/RES001

Dt: February 04, 2013



KRISHNA BHAGYA JALA NIGAM LIMITED

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Chapter 1 **Short Tender Notification**



KRISHNA BHAGYA JALA NIGAM LTD.,
(A Government of Karnataka Undertaking)
PWD OFFICES ' ANNEXE' III FLOOR, K.R.CIRCLE, BENGALURU - 560 001
TEL : 22244484, 22277393, 22277488, FAX: 22219470

Tender Notification

**Invitation of Proposals for Appointment of Internal Auditors for the
years 2013-14 & 2014-15
(through e-procurement portal)**

No. KBJNL/FD/IA2013-14/RES001

Dt. January 18, 2013

Krishna Bhagya Jala Nigam Ltd., was incorporated for the purpose of execution of Irrigation Projects coming under Upper Krishna Project and other Irrigation projects in the State of Karnataka. The Registered office of the Company is at Bangalore and its zonal offices are at Almatti, Narayanpur, Bheemarayanagudi, Rampur, CADA-Bheemarayanagudi and Bagalkot. The Company invites Proposals through e-procurement portal for carrying out pre-audit of work bills and Internal Audit at Registered Office and at above zonal offices for the years 2013-14 and 2014-15.

In this context Proposals through e-procurement portal are invited from Partnership Chartered Accountant firms having their offices in Karnataka, empanelled with C&AG for the year 2012-13.

The eligible Chartered Accountant Firms may access RFP document from the e-procurement portal www.eproc.karnataka.gov.in from February 04, 2013 onwards.

Please note henceforth, any changes in the schedule will not be published through News papers and further changes will be updated only on e-portal / KBJNL website ie., <http://www.kbjnl.com>

Sd/-

(EXECUTIVE DIRECTOR – FINANCE)



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Chapter 2 FORMAL TENDER NOTICE

No. KBJNL/FD/IA2013-14/RES001

Dt. January 18, 2013

Proposals (Bids) in the prescribed forms are hereby invited by the Executive Director Finance, KBJNL, Registered Office, Bengaluru on behalf of the Managing Director , KBJNL for the following assignment:

- 1 **NAME OF ASSIGNMENT:-** Appointment of Internal Auditors for Registered Office, Bengaluru and at Project Offices for the year 2013-14 and 2014-15.
- 2 **Proposers (Bidder)** can download **RFP document** from the web site <http://eproc.karnataka.gov.in>, from February 04, 2013 to February 28, 2013, 5.00 pm.
- 3 A non refundable **tender processing fee, as determined by the E-procurement Portal** shall be payable by the Proposers (Proposers) at the time of submission of Proposals (Bids). The tender processing fee can be paid through e-procurement portal using payment modes – Credit Card / Direct Debit / National Electronic Fund Transfer / Over the Counter (OTC) through AXIS Bank.
- 4 **The Proposer (Bidder) shall furnish EMD (Earnest Money Deposit) of ₹ 10,000/- (Rupees Ten thousand only)** which shall be paid through e-procurement portal using payment modes – Credit Card / Direct Debit / National Electronic Fund Transfer / Over the Counter (OTC) through AXIS Bank.
- 5 **The Internal Auditor/s will be selected under Quality and Cost Based Selection (QCBS)** as per the procedure prescribed in this RFP document in accordance with the provisions of Rule 28-C of "The Karnataka Transparency in Public Procurements Rules, 2000" under three cover system as detailed in Chapter 3 (General Terms and Conditions).



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- 6 **Eligibility and qualification requirements** : For Technical Qualification, the Proposers (Bidders) have to pay Transaction procession fee, Earnest Money Deposit and should satisfy Eligibility criteria as prescribed in Chapter 3 (General Terms and Conditions) read with Schedules to RFP Document.
- 7 Last date for downloading RFP document from e-procurement Portal is February 28, 2013 before 5.00 pm
- 8 Last date for submission of Proposal (Bid) is March 04, 2013 before 5.00 pm in the e-portal.
- 9 Date of opening of Prequalification bid (Cover 1) is March 07, 2013 11.00 am at Krishna Bhagya Jala Nigam Ltd. Registered Office, PWD offices, "Annexe" Building, K.R.Circle, Bengaluru – 560 001
- 10 Date of opening of Technical Proposal (Cover 2) is March 11, 2013, 11.00 am at Krishna Bhagya Jala Nigam Ltd. Registered Office, PWD offices, "Annexe" Building, K.R.Circle, Bengaluru – 560 001
- 11 Date of opening of Financial Proposal (Cover 3) of the Technically qualified Proposers is March 15, 2013, 11.00 am at the above address.



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Chapter 3 **General Terms and conditions regarding** **Proposals (Bids)**

Tender processing fee, EMD and Prequalification criteria :

- 3.1.1. A non refundable Tender processing fee as determined by the e-Procurement platform shall be payable, electronically, by the Proposers at the time of submitting Proposals.
- 3.1.2. The Proposers (Bidders) shall pay Security Deposit of ₹ 10,000/- towards Earnest Money Deposit.
- 3.1.3. EMD of Unsuccessful Proposers will be returned back to their Bank account automatically through online EMD Refund System of E-Governance Department, Government of Karnataka.
- 3.1.4. Kindly note that if Transaction processing fee and EMD are not submitted properly, Bids will be automatically rejected at E-procurement portal.

Prequalification Criteria: In order to be eligible for pre-qualification, the Proposers should satisfy following eligibility criteria and should include following documents :

- 3.2.1. Should be a Chartered Accountants Partnership firm / Company with minimum 5 years of experience. Kindly upload scanned copy of the Self Certified Registration Certificate issued by Institute of Chartered Accountants of India along with the firms registration number.
- 3.2.2. Should have been empanelled by C&AG, for the year 2011-12. Kindly upload scanned copy of the Self Certified C&AG empanelment certificate indicating the empanelment number. Mere acknowledgement by C&AG of the application for empanelment is not an acceptable document.
- 3.2.3. Scanned copy of declaration as per the format given in **Annexure – I**. Declarations could be submitted in the Letter



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head of the Internal Audit (CA) firm / Company at the time of submitting the Proposal with seal and signature of the authorized partner. The selected CA firm / Company should submit the Declaration in ₹ 100/- stamp paper each duly notarized before issue of Appointment Letter.

- 3.2.4. If above prequalification criteria are not satisfied, proposals (Bids) will be disqualified at this stage and will not be considered for further evaluation.

Eligibility criteria for Technical Qualification: in order to be eligible for Technical qualification, the Proposal should include following documents and score minimum required score for each of the eligibility criteria should be achieved:

- 3.3.1. Should have an office at Bengaluru, or Gulbarga or Bijapur or Bagalkot or Raichur or Hubli. Upload scanned copy of any Self Certified address proof along with a copy of the Registration Certificate issued ICAI where the places of branches are mentioned.
- 3.3.2. Should have experience in Statutory Audit / Internal Audit of Infrastructure / Construction Companies/ Firms with turnover of / Capital Expenditure exceeding ₹ 100.00 crores during any of the last 5 years. Upload scanned copy of self attested appointment Letter issued by the Companies and extract of Audited Financial statement in support of turnover / expenditure.
- 3.3.3. The resume of the Partner-in-charge of this assignment along with self attested copy of the Membership certificate (FCA / ACA) issued by Institute of Chartered Accountants of India should be uploaded.

- 3.3.4. Upload the profile of the firm as per the format given below:

Sl. No	Particulars	Details	Any other remarks
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1	Name of the Chartered Account Partnership firm	(a)	(b)
2	Place of Registered Office of the Firm	(c)	(d)
3	Address of the Firm	(e)	(f)
4	Year of Registration with ICAI		
5	No. of Branches	(g)	(h)
6	No. of Partners	(i)	(j)
7	Amongst Partners number of FCAs	(k)	(l)
8	Amongst Partners number of ACAs	(m)	(n)
9	Paid ACAs / FCAs		
10	Contact Person	(o)	(p)
11	Partner In-Charge of the proposed assignment who will be the coordinator.		
12	Contact Details – Land Line No.	(q)	(r)
13	Contact Details – Mobile Number	(s)	(t)
14	Contact Details – Email - ID	(u)	(v)
15	Details of Team Members assigned for Internal Audit of KBJNL. Please indicate Name, Qualification and experience of the Team Members		

Instructions for submitting Proposals

- 3.4.1. Upload scanned copies of all the documents as specified in pre-para 3.2 & 3.3 along with non refundable Tender Processing Fee and EMD.



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- 3.4.2. The fees quoted in commercial Proposal / Financial Proposal / Schedule C should be inclusive of all Taxes, including Service Tax and Out of pocket expenses. Further no additional out of pocket expenses shall be payable. Tax will be deducted at source as per the provisions of Income – Tax Act, prevailing at the time of payment.
- 3.4.3. Proposers (Bidders) are requested to note the Scope of Work and details of assignment before proposing the fee. Fee proposed shall remain constant for next two financial year and shall not be increased under any circumstances
- 3.4.4. The fee should be quoted on yearly basis in Indian National Rupee only.
- 3.4.5. Technical Proposal will be opened only if the Proposals/ bids are qualified in the Prequalification criteria. Commercial Proposal / Financial Proposal i.e, Schedule – C will be opened only if the Proposers (Bidders) are qualified in the Technical Proposal.
- 3.4.6. Proposers may please note that for Technical qualification all the eligibility criteria and Documentation requirement should be submitted to the satisfaction of the Company and minimum marks in each of the eligibility criteria as mentioned in this RFP document should be scored.
- 3.4.7. The supporting documents, wherever required, evidencing the criteria prescribed for evaluation of Technical Proposal shall have to be enclosed. Any ambiguity in any of the Information furnished will entail non-consideration of such information for the purpose of evaluation of Technical Proposal.
- 3.4.8. The documents are to be uploaded properly and on no account, any deviations from the respective dates and timings are allowed.
- 3.4.9. The Completed Pre-qualification, Technical and Financial proposal must be uploaded on or before the scheduled time stated in this RFP document along with prescribed Tender processing Fee and EMD.
- 3.4.10. KBJNL shall not be responsible for Technical problems encountered while submitting Proposals, payment of Tender processing Fee and EMD amount. Proposers (Bidders) are requested to submit their Proposal well in time considering the Processing time involved and the Time involved in remittance of Fees and EMD through on-line payment system.



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Method of Evaluation:

- 3.5.1. The Internal Auditor(s) will be selected under Quality and Cost Based Selection (QCBS), as per procedure mentioned below and in accordance with the provisions of Rule 28-C of "The Karnataka State Transparency in Public Procurements Rules, 2000".
- 3.5.2. The evaluation of the Chartered Accountant Firm will be based on marking points marked for different capabilities of the proposing Firm. Marks for each of the pre-qualification criteria will be awarded based on documentary evidences furnished by the Proposing parties as detailed below. The decision of KBJNL will be final and binding on all the Proposers (Bidders).

Sl. No.	Criteria	No. of Points	Maximum /Minimum points	Supporting Documents
1	Number of years of Standing of the firm		Maximum 15 points & minimum required 5 points	Self certified copy of the Registration certificate of the firm / Company
	5-10 years->	5 points		
	10-15 years->	10 points		
	Above 15 years ->	15 points		
2	Empanelment with C&AG for the year 2011-12	10 points	Maximum and minimum 10 points	Self Certified copy of the C&AG empanelment certificate.
3	Should have an Office at Bengaluru / Gulbarga / Bijapur / Bagalkot / Raichur / Hubli	10 points	Maximum and minimum 10 points	Self Certified copy of the Address proof to the satisfaction of KBJNL
4	Should have experience in Statutory Audit / Internal Audit of Infrastructure / Construction Companies / Firms with turnover of / Capital expenditure exceeding ₹ 100.00 crores during any of last 5 years	25 points	Maximum and minimum required 25 points	Self Certified copy of the Appointment letter issued by the Company and extract of Audited Financial statements in support of turnover / expenditure for any of last 5 years



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5	Capability of Partner in-Charge of the proposed assignment		Maximum 20 points and minimum required 5 points	Resume and copy of the Membership certificate (FCA/ACA) issued by Institute of Chartered Accountants of India
	ACA with experience 3 to 5 years –	5 points		
	FCA with experience 5-10 years –	10 points		
	FCA with experience 10-15 years –	15 points		
	FCA with experience more than 15 years –	20 points		
7	No. of Partners in the Firm		Maximum 10 points and minimum required 5 points	Copy of the Registration Certificate issued by the ICAI.
	2-5 partners -	5 points		
	Above 5 partners –	10 points		
8	Team members assigned for internal audit:		Maximum 10 points and minimum required 2 points	Profile of the firm as per the format given in clause 3.3.4
	B.com graduates with 2 to 3 years of experience	2 points		
	Inter CA / CMA with minimum 3 years of experience	5 points		
	CA / CMA with minimum 2 years of experience or Inter CA / CMA with minimum 5 years of experience	10 points		

3.5.3. For Technical qualification, the Proposer (Bidder) should submit all the documents mentioned in **prepara 3.2 and 3.3** to the satisfaction of KBJNL and should score minimum marks prescribed in **prepara 3.5.2** for each of the eligibility criteria.

3.5.4. The Tender Scrutiny Committee appointed by the KBJNL evaluates the Proposals on the basis of their responsiveness to the Terms of Reference, applying the evaluation criteria, sub criteria and point system in this document. Each responsive proposal will be given a Technical Score (TS). A proposal shall be rejected at this stage if a). Documents are not submitted to the satisfaction of the Company, b). Minimum marks required under each of eligibility criteria are not scored, c). important aspects of the Terms of Reference are not fulfilled.



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- 3.5.5. After Evaluation of Technical Proposals, based on the Evaluation criteria, the results of Technical Evaluation will be uploaded and technically accepted/rejected in E-Procurement portal.
- 3.5.6. The e-procurement Portal will display the financial proposals of only those Proposers (Bidders) who are Technically qualified based on the Eligibility criteria prescribed in the RFP document and programmed in the E-Procurement Portal.
- 3.5.7. Financial proposals (FP) shall be opened, read aloud and recorded in front of the Proposers present at the time of opening of Financial Proposals.
- 3.5.8. The proposals will be ranked according to their combined Technical Score (TS) and Financial Proposal (FP) as per the formula given below:
- 3.5.9. Combined Total Score = $\{(TS \times 0.75) + [(LP/FP) \times 100 \times 0.25]\}$
- 3.5.10. (Where TS = Technical Score, LP is the Lowest Price among the Financial proposal and FP is the price offered by the Proposer being evaluated).
- 3.5.11. The weights given to the Technical Score and Financial Proposals are TS = 0.75 and FP = 0.25
- 3.5.12. The firm achieving the highest combined total score will be invited for negotiations, if KBJNL feels necessary, and the assignment will be entrusted to the highest Combined Total Scoring Firm / Company accordingly.
- 3.5.13. Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the Firms who submitted the proposals or to other persons not officially concerned with the process, until the highest Combined Total Scoring Firm / Company has been finalized and appointed.

Other terms and conditions

- 3.6.1. The Proposals along with prescribed documents shall be submitted through –procurement portal and as such the Proposers (Bidders) are requested to familiarize themselves with the procedure of E-procurement thoroughly before submission of Proposal.
- 3.6.2. Mere Issue of Proposal Document does not qualify Chartered Accountant firm for appointment. The Proposer, i.e., Chartered



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Accountant Firm which does not comply with the eligibility Criteria mentioned in the Tender Notification will be rejected.

- 3.6.3. The submission of Proposals by the Chartered Accountant firm implies that they have read and understood the contents of Tender Notice and the Proposal Document.
- 3.6.4. The Company reserves the right to accept / reject all or any of the tenders without assigning any reasons.
- 3.6.5. The Company reserves the right to include / exclude any work in the scope of work annexed at mutually agreed terms and conditions.
- 3.6.6. Conditional Proposals are not acceptable.
- 3.6.7. Selected Chartered Accountant Firm shall submit Declaration in ₹ 100/- stamp paper duly notarized as per the format given in Annexure 1 and a duly signed and sealed copy of the RFP Document before issue of Appointment Letter.
- 3.6.8. Proposals shall be valid for 90 days from the last date of submission of Bids.
- 3.6.9. The selected Bidder accept the mandate within 15 days from the date of appointment letter. In case the non- acceptance, same shall be offered to second highest scored bidder.

E-Tendering:

- 3.7.1. All Proposals are accepted only through E-Procurement, for which the Proposers should purchase Digital Signature Certificate from any of the Empanelled Certifying Authorities as mentioned in the e-Procurement portal.
- 3.7.2. Proposers who wish to undergo training on e-Procurement can contact e-Procurement Helpdesk, Government of Karnataka, M.S.Buidling, II Gate, Room No. 108, K.R.Circle, Bengaluru-560001.
- 3.7.3. **Kindly note that the training on e-Procurement will be given by the Government of Karnataka on all Saturdays**



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except, second Saturdays, between 11.00 am to 5.00 pm on prior appointment.

- 3.7.4. Any changes / notifications will be updated in the e-Procurement platform and in the Company's web site <http://www.kbjnl.com> and shall be binding on all the participating Proposers (Bidders).
- 3.7.5. Krishna Bhagya Jala Nigam Limited shall not be responsible for any technical problems encountered during submission of Proposal (Bid) through E-procurement Portal, delay in remittance of Tender Processing fee and EMD through on-line payment system.
- 3.7.6. Bidders are may keep in mind that the remittance of Tender Processing Fee and EMD through on-line payment system can be made only on Bank working days during Banking hours.
- 3.7.7. Further Bidders may note that the submission of proposals through E-Procurement portal is not possible after the Last Date and Time mentioned for submission of Proposals mentioned in this RFP document.
- 3.7.8. Efforts are made to provide all the required details in the RFP Document. In case of any query, Proposers may contact Executive Director – Finance, KBJNL, Registered Office, Bengaluru at telephone number: 080-22240521.
- 3.7.9. **Pre bid conference will be held on February 20, 2013 at 11.00 am. Proposers / bidders shall submit written queries if any by fax / post / in person before 5.00 pm on February 18, 2012 . Replies to pre-bid queries will be published on the KBJNL web site.**

Other relevant Information:

Sl. No	Particulars	Particulars
1	Name and Address of the Procuring Entity	KRISHNA BHAGYA JALA NIGAM LTD. PWD Offices "Annexe" Building, 3 rd floor, K.R.Circle, Bengaluru – 560 001 Contact No. : 080-2244484/22277393/22277488



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		Fax No. : 080-2219470
2	Designation and Address of the Tender Inviting Authority	Executive Director Finance KRISHNA BHAGYA JALA NIGAM LTD. PWD Offices "Annexe" Building, 3 rd floor, K.R.Circle, Bengaluru – 560 001 Contact No. : 080-2244484/22277393/22277488 Fax No. : 080-2219470
3	EMD	₹ 10,000/-
4	Security Deposit	Nil
5	Place of Opening of Proposal	At Computer section / Board room, KBJNL Registered Office at the above mentioned address as per the scheduled date and time mentioned in this RFP document



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Chapter 4

Brief History and Back ground of the Company

- 4.1. **KRISHNA BHAGYA JALA NIGAM LIMITED (KBJNL)** was incorporated as a wholly owned Government of Karnataka Company under Companies Act, 1956 on August 19, 1994.
- 4.2. **Main objects as per the Memorandum of Association of the Company.**
 - 4.2.1. To undertake Planning, investigation, estimation, execution, operation and maintenance and also the works of Krishna CADA, UKP, for Field Irrigation Channels (FICs), Ayacut Roads and other engineering works of all the Irrigation Projects coming under Upper Krishna Project and the construction of barrages and such other related works across the river Bhima and the river Krishna, main canals, distributaries, tanks and such other water sheds under various schemes and any other works which are allocated and directed by the Government from time to time, in Krishna river basin of Karnataka keeping in view the award of the Tribunal on Krishna water set up under section 4 of the interstate Water Disputes Act 1956 and the allocation of the water made by the Government of Karnataka. However, the Power Project at Almatti Dam Site will be executed by the Company in accordance with requirements of Karnataka Power Corporation Limited.
 - 4.2.2. To prepare detailed project reports and estimates of irrigation projects in accordance with guidelines of Government of India/Government of Karnataka and to obtain their approvals as the case may be.
 - 4.2.3. To implement the externally aided Upper Krishna Irrigation Project in Krishna Valley in accordance with guidelines of Government of India/Government of Karnataka.
 - 4.2.4. To undertake resettlement and rehabilitation of the people affected by construction of the Project in accordance with the policies set forth by Government of Karnataka/Government of India.
 - 4.2.5. To undertake measures for the protection and improvement of environment and health and well being of the people including the treatment of Catchment Areas of Project,



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keeping in view the standards/guidelines, if any, prescribed by the Government of Karnataka/Government of India.

- 4.2.6. To draw standards and specifications for implementation of the project and maintenance thereof.
- 4.2.7. To promote schemes in the state for Flood control in the Krishna River Basin in Karnataka.
- 4.2.8. To promote schemes for Irrigation and Navigation.
- 4.2.9. To promote schemes for irrigation and water supply in the State for utilization of water from the Upper Krishna Project.

4.3. A brief summary of the business/ activities of the issuer and its line of business

- 4.3.1. With a view to expediting completion of the Upper Krishna Project the Government of Karnataka promoted Krishna Bhagya Jala Nigam Limited. KBJNL was incorporated on 19-08-1994 as a Public Limited Company under the Companies Act, 1956.
 - 4.3.2. The Company is responsible for planning, investigating, estimation, execution, operation and maintenance of all the irrigation projects coming under Upper Krishna Project and construction of barrages and such other related works across river Bhima, Godavari river basin of Karnataka. The Company has also been executing irrigation projects entrusted to it by Government of Karnataka from time to time. The Company is also entrusted with the rehabilitation and resettlement of the people affected by the Project.
 - 4.3.3. The Company is authorized to borrow or raise required resources through issue of debentures or any other securities for the purpose of the projects being executed by it.
 - 4.3.4. The Company has been empowered to levy and collect water charges from individual and group of farmers including CADA, Town and City Municipalities and industries and recover revenues. The status of projects being implemented by KBJNL are given in Annexure -5 .
- 4.4. For the purpose of easy manageability of the works, the entire project has been divided in to Zones, divisions & sub-divisions. The details are given in **Annexure II.**



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- 4.5. The maintenance of the accounts are centralized at the office of the Principal Chief Accounts officer for Almatti Zone comprising of Almatti Dam zone and the O & M Zone Narayanpur and the Canal Zone comprising of Canal Zone-1 Bheemarayanagudi, Canal Zone-2 Rampur. The CADA Bheemarayanagudi maintains separate Accounts. The accounts of these Zones are maintained manually as per the PWD requirement as also on tally package is used to maintain the accounts on double entry book-keeping system. The accounts of BTDA, R & R & LAQ are maintained under the PWD system of accounts and they are presently outside the Nigam's Books, but funded by the Nigam. Hence Internal Audit shall be carried out at all the Offices as specified in **Annexure – II**.



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Chapter 5

General Terms and conditions regarding appointment of Internal Auditor, terms of payment and Scope of assignment

5.1. General Terms and conditions regarding appointment of Internal Audit.

- 5.1.1. The fee shall be quoted separately for each office mentioned in Schedule-B, separately for pre-audit of work bills / Debt servicing and for Internal Audit.
- 5.1.2. The fee should be quoted for full year ie., per annum inclusive of all Taxes and out of Pocket expenses, subject to deduction of tax at source as per the prevailing provisions of Income Tax Act, at the time of payment.
- 5.1.3. The Proposals shall be evaluated as per the method of evaluation method mentioned in Chapter 3 (General Terms and Conditions) after opening of Financial Proposals.
- 5.1.4. The Nigam reserves the right to negotiate the fee further with the highest scored firm.
- 5.1.5. Appointment of Internal Auditor is for the period of 2 years ie., 2012-13 and 2013-14. In case, during this period, it is found that the appointed internal auditor is not attending pre-audit as well post audit work as per the schedule as per the terms of appointment / the services provided are not satisfactory, mandate issued is liable to be cancelled at any time.

5.2. Scope of Assignments

- 5.2.1. The scope of the assignment for Internal Audit is set out in **Annexure-III**. While effort has been made to define all the areas of importance, the scope is neither exhaustive nor is to be limited to the extent of **Annexure-III**. The Internal auditors may devise additional areas of inspection and examination of the documents/ areas of operation so as to



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minimize loss of revenue, increase transparency and internal controls, maximize functional efficiency, reduce frauds and mis-management, efficient application of contract resources and finances, adherence to regulatory mechanisms as per the contract documents, adherence to Indian Accounting Standards, and to the requirement of Companies act 1956 etc. This should be adhered to there by strengthening the internal controls at all spheres of operation of the Company.

5.2.2. The format of Pre-audit and Internal Audit report is enclosed Annexure – IV and Annexure – V respectively. The Pre-audit / Internal Audit report should contain at least the items covered in the format.

5.3. Terms of payment of Internal Audit fee

- 5.3.1. Annual fee payable towards Internal Audit and Pre-audit will be divided in to 4 equal installments i.e. quarterly fee.
- 5.3.2. Pre-audit fee will be paid once in a quarter after receipt of Pre-audit certificate in time during the quarter.
- 5.3.3. Internal Audit fee for the quarter will paid after receipt of internal audit report for the quarter and executive summery and final remarks for the previous quarter.
- 5.3.4. In case of quarterly fee for the quarter ending of June, fee will be paid immediately ie., after receipt of June, quarter report.



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Chapter 6 **Detailed Nature of Work**

- 6.1. Proposers (Bidders) are requested to consider following points before uploading Financial Proposal.
- 6.2. About ₹ 3,500.00 crores Expenditure may be taken for the year 2013-14 for the purpose of Financial Proposal.
- 6.3. Audit team should include one experienced Qualified Partner and one or two assistant(s) for Internal Audit and for pre Audit.
- 6.4. The Registered Office of the Company is at Bangalore and the Project offices are at Bijapur, Gulbarga and Bagalkot Districts.
- 6.5. For Pre- audit, the Audit team should be present for 2 days at least 3 times a month in each of PCAO / CAO Office.
- 6.6. For Internal Audit, the Audit team should be present for 6 days in a quarter in each of Almatti / Bheemarayanagudi / Bagalkot office and for 2 days at RO, Bangalore Office.
- 6.7. Average number of bills to be pre-audited every month, may be around 100 to 200 bills.
- 6.8. The Internal Auditor should be present for Audit Committee meeting which meets atleast 4 times a year.
- 6.9. The Internal Auditor should be present for atleast 3 days at the time consolidation and finalization of Annual Financial Statements for Trial balance audit and for a meeting with Statutory Auditors if required.
- 6.10.



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Schedule A

Pre qualification criteria

- a) Should be a Chartered Accountants Partnership firm / Company with minimum 5 years of experience. **Kindly upload scanned copy of the Self Certified Registration Certificate issued by Institute of Chartered Accountants of India.**
- b) Should have been empanelled by C&AG, for the year 2011-12. **Kindly upload scanned copy of the Self Certified C&AG empanelment certificate.**
- c) **Kindly upload scanned copy of declaration as per the format given in Annexure – I.** Declaration could be submitted in the Letter head of the CA firm / Company at the time of submitting the Proposal with seal and signature of the authorized partner. The selected CA firm / Company should submit the Declaration in ₹ 100/- stamp paper duly notarized before issue of Appointment Letter.



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Schedule B

TECHNICAL PROPOSAL

TECHNICAL-QUALIFICATION REQUIREMENTS:

- a. Should have an office at Bengaluru, or Gulbarga or Bijapur or Bagalkot or Raichur or Hubli. **Upload scanned copy of any Self Certified address proof along with self attested copy of the ICAI Registration Certificate where details of Branches are indicated.**
- b. Should have experience in Statutory Audit / Internal Audit of Infrastructure / Construction Companies/ Firms with turnover of / Capital Expenditure exceeding ₹ 100.00 crores during any of the last 5 years. **Upload scanned copy of self attested appointment Letter issued by the Companies and extract of Audited Financial statement in support of turnover / expenditure.**
- c. The resume of the Partner-in-charge of this assignment along with self attested copy of the **Membership certificate (FCA / ACA) issued by Institute of Chartered Accountants of India should be uploaded.**
- d. **Upload the profile of the firm as per the format given below:**

Sl.	Particulars	Details	Any other remarks
1	Name of the Chartered Account Partnership firm	(w)	(x)



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2	Place of Registered Office of the Firm	(y)	(z)
3	Address of the Firm	(aa)	(bb)
4	Year of Registration		
5	No. of Branches	(cc)	(dd)
6	No. of Partners	(ee)	(ff)
7	No. of FCAs amongst partners	(gg)	(hh)
8	No. of ACAs amongst partners	(ii)	(jj)
9	Paid FCAs/ ACAs other employees		
10	Contact Person	(kk)	(ll)
11	Partner In-Charge of the proposed assignment who will be the coordinator.		
12	Contact Details – Land Line No.	(mm)	(nn)
13	Contact Details – Mobile Number	(oo)	(pp)
14	Contact Details – Email – ID	(qq)	(rr)
15	Details of Team Members assigned for Internal Audit of KBJNL. Please indicate Name, Qualification and experience of the Team Members		



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Schedule C Commercial / Financial Proposal

Details of Professional Charges to be paid on yearly basis

1. Pre-audit fee per annum inclusive of all taxes and Out of pocket expenses (please quote fee in Indian National Rupees only)

- a. Office of the Principal Chief Accounts Officer, Krishna Bhagya Jala Nigam Ltd. Almatti : _____
- b. Office of the Chief Accounts Officer, Krishna Bhagya Jala Nigam LTD., Bheemaranagudi : _____
- c. Office of the Chief Accounts Officer, Bagalkot Town Development Authority UKP, Bagalkot : _____
- d. Office of the Chief Accounts Officer, R & R and LAQ, UKP, Bagalkot : _____
- e. Office of the Chief Accounts Officer, CADA, Bheemaranagudi : _____

2. Internal Auditor's fee per annum inclusive of all taxes and Out of pocket expenses (please quote fee in Indian National Rupee only)

- a. For Registered Office Bengaluru : _____
- b. For the offices coming in the Jurisdiction of Principal Chief Accounts Officer, KBJNL, Almatti : _____
- c. For the offices coming in the jurisdiction of Chief Accounts



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**Officer, KBJNL, Bheemaraynagudi
Including CADA, Bheemaranagudi : _____**

**d. For the offices coming in the
jurisdiction of Chief Accounts
Officer, BTDA, Bagalkot and
CAO LAQ & R&R : _____**

**SIGNATURE
OF THE CHARTERED ACCOUNTANT**



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Annexure – I

The following Declaration has to be uploaded by the Chartered Accountant firm along with Schedule A , that is, Technical Proposal. The original declaration in ₹ 100/- stamp paper should be submitted before appointment.

NAME OF THE ASSIGNMENT: Carrying out Internal Audit and Pre-audit at KBJNL Registered Office at Bengaluru and for Project offices for the year 2012-13 and 2013-14.

Declaration

- 1. We (Name of firm) are a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India (firm registration No.). In connection with submission of our bid for “ selection of an CA firm carrying out Internal Audit to KBJNL” we hereby declare and solemnly affirm that we have not been declared as ineligible for corrupt and fraudulent practices by Government of Karnataka or black listed by any government department / organization / agency.**
- 2. I/We hereby declare that I/We have made myself / ourselves thoroughly conversant with local conditions regarding the location of offices where the Internal Audit / pre-audit has to be carried out, the nature of work, quantum of work involved, no. of people required for effective audit of the work etc.**
- 3. My / Our Proposal (Bid) is in total conformity with the RFP stipulation and I/We do not have any additional Technical or Commercial conditions.**
- 4. I/We accept all terms and conditions mentioned in RFP document and terms of appointment.**
- 5. The details / documents produced in the Technical Proposal are true and complete and are as per the Original Records.**
- 6. We shall produce Original documents for verification / Records before appointment in case short-listed.**



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For (CHARTERED ACCOUNTANTS)

Name and Designation of the
Authorized signatory

(SEAL OF THE FIRM)



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Annexure – II

A. Details of Zones and Divisions where Pre-Audit has to be carried out:

1. Office of PCAO Almatti, comprising of Dam zone, Almatti and O&M zone Narayanpur.
2. Office of CAO Bheemaranaganudi, comprising of Canal zone – 1 and Canal zone – 2.
3. Office of CAO, CADA
4. Office of CAO, BTDA, Bagalkot
5. Office of CAO, R&R, Bagalkot,
6. Office of CAO, LAQ, Bagalkot,

B. Details of Zones and Divisions where Internal Audit has to be carried out

I. REGISTERED OFFICE, BENGALURU

II. CORPORATE OFFICE ALMATTI comprising of following offices

A. DAM ZONE, ALMATTI

- a) CE, Dam zone, Almatti
- b) Dam Division, Almatti
- c) A.L.B.C. Division, Almatti
- d) A.R.B.C. Division, Almatti
- e) M.L.I. Divn. No.1, Mattihal
- f) M.L.I. Divn. No.2, Mattihal
- g) D.C.F., Almatti
- h) Sr. Health Officer, Almatti
- i) Q.C. Division, Almatti
- j) MD, OFFICE, ALMATTI
- k) PCAO, OFFICE, ALMATTI
- l) MLI Division No. 3, Huvina Hipparagi
- m) MLI Division No. 4, Devar Hipparagi
- n) FIC Division, Almatti



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B. O&M.ZONE, NARAYANPUR

- a) CE, O&M Zone, Narayanapur
- b) Dam Division, Narayanpur
- c) N.L.B.C.Division, Hunasgi
- d) NLBC. Divn., Rodalbanda
- e) NRBC Division 5, Rodalbanda

NLBC. Divn., Rodalbanda

III. BHEEMARAYANAGUDI ZONE includes following offices

A. CE, CANAL ZONE-I, BHEEMARAYANAGUDI

- a) NRBC.Dn.No.4 Chikkhonkuni
- b) NRBC.Dn.No.6 Amarapur cross
- c) SLI Dn. Khanapur
- d) JBC.Dn.No.2 B'Gudi.
- e) JBC.Dn.No.3 Chigarhalli.
- f) O&M.Dn. B'Gudi.
- g) O&M.Dn.Khanapur
- h) O&M.Dn.Chigarhalli.

B. CE, CANAL ZONE-II, RAMPUR

- a) IBC.Dn.No.1, Kembhavi.
- b) IBC.Dn.No.2, Almel.
- c) FIC Dn. Almel
- d) IBC.Dn.No.8 ,Zalaki.
- e) O&M .Dn. Rampur
- f) CAO, BHEEMARAYANAGUDI.

C. ADMINISTRATOR, CADA, BHEEMARAYANAGUDI

FIC Division, Auvarad

FIC Division, Hasanapur

IV. BAGALKOT ZONE includes following offices:

- A. CE, Bagalkot
- B. CAO, R&R, BAGALKOT and related offices.
- C. CAO, BTDA, BAGALKOT and related offices.
- D. CAO, LAQ, BAGALKOT and related offices.

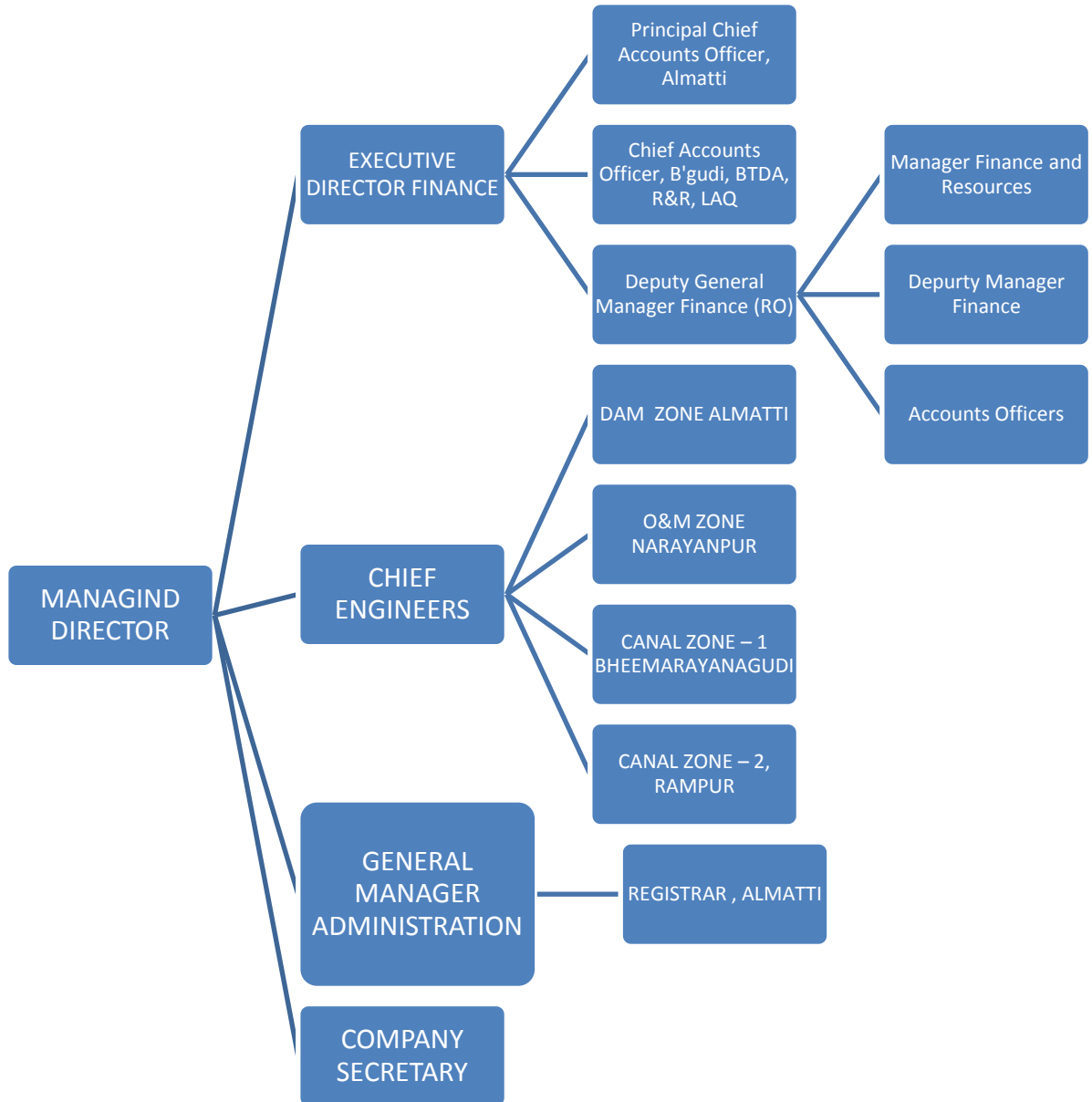


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ORGANISATION STRUCTURE





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Annexure –III

SCOPE OF THE ASSIGNMENT

I.GENERAL:

- 1) All the works bills, R&R, LAQ and BTDA bills at Project Offices have to be pre-audited by the Internal Auditors.
- 2) While efforts have been made to define all the areas of importance, the scope of work defined hereunder is neither exhaustive nor limited to the extent what has been defined. The internal auditors may devise additional areas of inspection and examination of records, documents, etc. so as to minimize the possible loss of revenue, maximize the functional efficiency, and reduce frauds & mis-management, adherence to regulatory mechanisms etc. The broad scopes of internal audit are as follows;
- 3) The process of internal Audit should start with identification of the objectives laid down by Management, verification of the plan of action, its execution and critical analysis.
- 4) Internal Audit should not be confined only to financial audit, should go beyond vouching, verification, checking the arithmetical accuracy etc. Greater emphasis should be laid on Operational and System Audit, Contract Management, adherence to procedures and provisions of Contract agreement.
- 5) Internal Auditor should review and appraise the adequacy, reliability and effectiveness of Internal Control Systems. The Internal Auditor should identify the absence of Internal Control System, if any and report the same with suggestions for improvement.
- 6) Internal Auditor should report on the deviations, if any, from the delegation of authority and responsibility at different levels of management, which are approved by the Board from time to time.



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II. Pre-Audit

- 1) It has been decided that all the work *bills of various zones, R&R, LAQ and BTDA bills*, have to be pre-audited by the Internal Auditors.
- 2) The Internal Auditor / Pre-auditor shall place an auditor conversant with verification of civil and PWD work bills. Normally the Nigam has 3 payment dates in a month viz, 5th, 15th and 25th of every month. Hence, the auditor may have to visit thrice a month to the PCAO / CAO Offices in co-ordination with concerned PCAO / CAO. In case, if any PCAO / CAO offices has pending bills on other dates also, same should be pre-audited in consultation with PCAO/CAO.
- 3) The PCAO / CAO's office will before seeking release of funds from the KBJNL, Registered Office get the bills pre-audited by the Pre-auditor / Internal Auditor. The Auditor should certify that the bills are in conformity with the tender agreements, approved programme of works, PWD Codal provisions and rules and guidelines issued by the MD / TSC of the Board etc. The Certificate of the Internal Auditor shall be appended to each of the bills before fund release is sought. The format of Pre-audit Certificate is enclosed at **Annexure – IV**.
- 4) Nature of Audit: Pre-Audit
- 5) Percentage of Check: 100% Audit Check List:
 - i) Ensure that all necessary confirmations / certifications as required by the Registered Office, from concerned Engineers, PCAO/CAO and Other officers are available.
 - ii) Ensure that the Annexure A, duly certified by the concerned engineers is enclosed with the bills.
 - iii) Ensure that duly filled and certified check-lists are enclosed along with photos for the works above Rs. 1.00 crore
 - iv) Ensure that the works awarded are in the approved programme of works.



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- v) Verify whether proper approvals from competent authority were obtained for awarding the work, which are not appearing in the approved programme of works.
- vi) Ensure that procedure laid down under KTPP Act and Rules have been followed.
- vii) Ensure that the measurement books are verified while passing the bills for payment.
- viii) Ensure that the measurement books are properly recorded and are in agreement with the PWD Codal Rules.
- ix) Ensure that the extent of check measurement by the competent authority has been exercised as per the guidelines issued by KBJNL from time to time.
- x) Check whether the payments are proposed as per the contractual agreement.
- xi) Verify the quantity billed is as per measurement books and within the tender quantities. Any work in excess of the powers of the sanctioning authority, have been approved by competent authority as per the delegation of powers up to 125% and beyond 125% same is approved by the Board.
- xii) Verify that materials such as hard rock, etc., excavated during the course of work have been properly recorded and accounted in the Material at site books maintained at the divisional offices.
- xiii) Verify that the statutory deductions are made in each running bill in accordance with the Rules / Act for the time being in force.
- xiv) Verify whether mobilization advances granted only where the provision is available in the Contract agreement and at the rate of interest agreed to in the contract document.
- xv) Check whether works were taken up after proper agreements are entered into with the Contractors.



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- xvi) Check whether security deposits are released as per the Contractual clauses and approval of the competent authority has been obtained.



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- xvii) Ensure that the recoveries towards security deposits are made properly and the same are recorded in the registers prescribed for the purpose.
- xviii) Check whether Bank Guarantees are obtained in lieu of Security Deposits and such bank guarantees are renewed if the contract is still in force till the defect liability period is completed or the final bill is paid whichever is later. The Bank Guarantees should have been renewed well before the expiry date, without which payment should not be recommended.
- xix) Check time extensions are given after proper analysis of the delays and penalties as per clause 2(d) of the Tender Document and are levied apportioning the delays between the Contractors and the departments.
- xx) Extra Financial Implications are approved by the competent authority.
- xxi) Such other areas as may be found expedient.

III. POST-AUDIT: Format of Internal Audit report is enclosed at **Annexure – V.**

Areas to be covered:

- i) MOBILIZATION OF FUNDS
- ii) DEPLOYMENT OF FUNDS
- iii) ACCOUNTING AND RECORD KEEPING
- iv) HUMAN RESOURCES MANAGEMENT
- v) GENERAL ADMINISTRATION MATTERS.
- vi) CORPORATE GOVERNANCE AND STATUTORY COMPLIANCES
- vii) ACTION TAKEN ON PREVIOUS INTERNAL AUDIT OBSERVATIONS



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- viii) LEGAL MATTERS
- ix) PROJECT WORKS
- x) LAND ACQUISITION, REHABILITATION AND RESETTLEMENT
- xi) REALIZATION OF REVENUE
- xii) TRIAL BALANCE
- xiii) OTHERS
- xiv) REPORTING
- xv) REPORTING FORMATS

I.MOBILIZATION OF FUNDS

1) Areas to be covered in this section

- i) SHARE CAPITAL
- ii) BORROWINGS THROUGH BONDS AND LOANS

2) Percentage of Coverage: 100%

3) SHARE CAPITAL

4) BORROWINGS THROUGH BONDS AND LOANS

- i) Verify whether the Company has obtained necessary approval from the Government of Karnataka, Board of Directors and other required Statutory Authorities for borrowing.
- ii) Verify whether the Company has complied with all the required Statutory Provisions while borrowing the funds including applicable SEBI guidelines.
- iii) Verify whether all the Intermediaries appointed are as per the delegation of power and as per the provisions of KTPP Act and Internal control manual.



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- iv) Verify whether the Rate of Interest at which the funds are raised are best competitive prevailing Rate by a process of competitive bidding. Verify whether the Company has complied with all the provisions of Information Memorandum / Loan agreement after the borrowing, and post issue SEBI guidelines in respect of Bonds.
- v) Verify, in case of debentures, bonds, allotment of the securities has been made as per the terms of prospectus / Information Memorandum / applicable statutory provisions and valid Bond certificates are issued to the Investors within the Statutory period.
- vi) Verify whether the money borrowed has been utilized for the purpose for which it has been borrowed.
- vii) In case of debentures / bonds, to verify and report whether Transfers and Transmissions are done as per requirements of Statutory Provisions and as per the procedures laid down in Internal Control Manual.

II. DEPLOYMENT OF FUNDS

1) Areas to be covered in this section

- i) Investment of Short-term surplus.
- ii) budgetary Control
- iii) Releases to Project (works).
- iv) Payment of bills / Other expenses

2) Percentage of Coverage: 100%

3) Investment of Short-term surplus.

- i) To verify and report whether the Company has proper Investment policy in force.
- ii) To verify and report (a) instances current account balances have been carried in excess of 7 days without conversion to interest bearing deposits, (b) surplus amount in the current account in excess of Rs. 1.00 crore have been invested in interest bearing



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deposits as per the Investment policy and Internal Control manual.

- iii) To verify and report whether the rate of interest received on deposits are competitive rates prevailing at the time of deposit, by inviting quotes.
- iv) To verify and report whether the interests on deposits have been received fully and are reconciled.
- v) To verify and report whether proper Certificates of Deposits have been received and the same has been kept in safe custody.
- vi) To verify and report whether proper Registers have been maintained with regard to Deposits and updated regularly.

4) Budgetary Control

- i) To verify and comment on the Company's Budgetary Control system and given suggestion for improvement.

5) Releases to Project Offices for Works and other expenses

- i) To verify and report whether requisitions by Project Offices are supported by proper certifications and confirmations and are as per the Internal Control guidelines and circulars issued from time to time in this regard.
- ii) To verify and report whether the proper budgetary provisions are available for release of funds and in case of re-appropriation of budgetary provisions, the same are approved by Competent authority.
- iii) To verify and report whether necessary approvals from the Competitive authority have been obtained before release of funds.

6) Payment of bills and for others expenses

- i) To verify and report whether necessary supporting documents are available.



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- ii) To verify and report whether the expenditures are within the budgetary provisions and are approved by competent authority and as per delegation of powers
- iii) To verify and report whether proper Internal Control procedures are followed.
- iv) To verify and report whether all deductions are made, remitted and Returns filed as per the Statutory Provisions.

III. ACCOUNTING AND RECORD KEEPING

1) Areas to be covered in this section

- i) Petty cash expenses payment procedures
- ii) Cheque payment procedures
- iii) Accounting and Record keeping
- iv) Bank Reconciliation and Confirmations
- v) Temporary Advances to Employees outstanding for settlement.

2) Percentage of Coverage: 100%

3) Petty cash expenses payment procedures

To verify and report whether:

- i) Imprest amount drawn are in excess of the limits sanctioned,
- ii) Proper authorization from the competent authority has been obtained for the expenditure as well for payment.
- iii) Proper supporting documents are available for the transaction.
- iv) The expenditure has been accounted properly in the books and all the vouchers are authenticated by the competent authority.
- v) The drawee has submitted accounts before drawing next Imprest advance.

4) Cheque payment procedures

To verify and report whether:

- i) The expenditure is bonafide and is in the interest of the Company.
- ii) The transaction is supported with proper documentary evidence.
- iii) The expenditure and the payment are approved by the competent authority and are as per the procedures mentioned in the Internal Control manual and relevant statutory provisions.



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- iv) The statutory deductions have been made, remitted and returns have been filed as per the relevant provisions.
- v) The transactions have been accounted as per the standard accounting principles in the books of accounts and the vouchers are authenticated by the competent authority.

5) Accounting and Record keeping

To verify and report whether:

- i) Ledger accounts are reviewed periodically and necessary actions have been taken in case of variances.
- ii) Physically verify and report whether all the documents including Cheque books, vouchers, FDRs, etc., have been kept in safe custody under the control of authorized person.
- iii) Whether proper internal control procedures are in practice to detect fraud, misuse of funds and documents.

6) Reconciliation and Confirmations

To verify and report whether:

- i) Check all payments and receipts with the bank statements for each quarter.
- ii) Check that all items in the reconciliation of the previous period are cleared in accordance with the reconciliation.
- iii) Check through the items in reconciliation to the next period.
- iv) Comment upon the adequacy of/arrears in reconciliation.
- v) Check whether Stale cheques are reversed and the fact is informed to the bank to stop payment.

7) Temporary Advances to Employees

To verify and report whether

- i) Temporary advances, festival advance given are properly accounted
- ii) All the advances are approved by the appropriate authority.
- iii) All the advances are settled within the stipulated period and accounted for properly.
- iv) Any advances over and above the stipulated time period may be specifically reported.

IV. HUMAN RESOURCE MANAGEMENT



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1) Areas to be covered in this section

- i) HUMAN RESOURCES MANAGEMENT POLICY
- ii) HUMAN RESOURCES PLANNING
- iii) EMPLOYEE RECRUITMENT, TRAINING ETC.
- iv) PERFORMANCE APPRAISAL AND CONTROL
- v) PAYMENT OF EMPLOYEE EMOLUMENTS

2) Percentage of Coverage: 100%

3) HUMAN RESOURCES MANAGEMENT POLICY

To verify (review once in a year) and report whether:

- i) The company has well defined and active Human Resources Management Policy for regulation of the employees.
- ii) The company has succession and replacement plan.
- iii) The company has proper promotion policy.

4) HUMAN RESOURCES PLANNING

To verify and report whether Company has defined and active Human Resources Management policy

5) EMPLOYEE RECRUITMENT, TRAINING ETC.

To verify and report whether:

- i) The recruitments are based on man power requirement (only when fresh recruitments are made).
- ii) At the time of inviting applications wide publicity is given.
- iii) No discrimination is done based sex, caste etc., except Roster policy and the provisions of the Government.
- iv) Proper training is provided to employees to update their knowledge to carry out day to day activities of the Company and the cost of the training does not exceed the benefits accruing from the training.

6) PERFORMANCE APPRAISAL AND CONTROL

To verify and report whether:

- i) Proper performance measurement and appraisal policy is in vogue.
- ii) Proper feedback is given to the employee after appraisal for improvement
- iii) Corrective actions are taken based on the appraisal.

7) PAYMENT OF EMPLOYEE EMOLUMENTS



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To verify and report whether:

- i) The employee emoluments are approved by the appropriate authority
- ii) Employee attendance is regulated properly.
- iii) Disbursement of employee emoluments like salaries, allowances, gratuity, EPF, advances are as per the relevant provisions and are accounted properly.
- iv) Tax is deducted at source wherever required as per the provisions of Income Tax Act and is remitted to Central Government A/c within the time limit and necessary Returns have been filed.

V. GENERAL ADMINISTRATION MATTERS.

1) Areas to be covered in this section

- i) WATER RATES COLLECTION
- ii) RECOVERIES
- iii) PURCHASE OF FIXED ASSETS AND MAINTENANCE OF REGISTERS
- iv) PURCHASE OF CONSUMABLES, STORES ETC.,
- v) DISPOSABLE OF ASSETS
- vi) REPAIRS AND MAINTENANCE
- vii) SECURITY OF ASSETS LAND LEASE RENTS / RENEWAL OF LEASE / AND COLLECTION OF LEASE RENT
- viii) FIXATION OF

2) Percentage of Coverage: 100%

3) WATER RATES COLLECTION

To verify and report whether:

- i) Demand has been raised for the water let out.
- ii) Demand notices have been served on the farmers.
- iii) Proper Demand collection Register is maintained and the same is updated for each irrigation season.
- iv) Rates have been demanded as per the provision of Karnataka Irrigation Act and Rules.
- v) Water charges have been collected as per the demand raised.
- vi) In case of non collection of water rates, details may be given.
- vii) Water charges collected have been deposited to designated accounts and the accounts are reconciled.
- viii) The collections over and above Rs. 5,000/- have been transferred to escrow account.



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4) RECOVERIES

To verify and report whether:

- i) Rent, electricity etc., have been recovered properly.
- ii) In case of non-recovery details may be provided.
- iii) Suggest measures for speedy recovery

5) PURCHASE OF FIXED ASSETS AND MAINTENANCE OF REGISTERS

To verify and report whether:

- i) Purchases of fixed assets are per the procedures laid down in Internal Control manual and are authorized by the appropriate authority.
- ii) Fixed assets are accounted properly in the books of accounts.
- iii) Fixed asset Register has been maintained properly and updated regularly.
- iv) Physical verification of assets has been made.
- v) All the assets are numbered and can be identified.

6) PURCHASE OF CONSUMABLES, STORES ETC.,

To verify and report whether:

- i) Purchase of consumables, stores etc., have been purchased for the official use.
- ii) Purchases are authorized by proper authority as per the delegation of powers and all applicable statutory provisions have been complied with while purchasing.
- iii) Proper stock registers have been maintained and are updated regularly.
- iv) Purchases are based on actual requirement and issues are approved by competent authority.
- v) Stock verification is done regularly.

7) DISPOSAL OF ASSETS

To verify and report whether:

- i) Disposal of assets are approved by competent authority
- ii) Disposal of assets has been done as per the applicable rules and regulations.
- iii) Disposal of assets has been accounted properly and the Fixed Assets Registers have updated.
- iv) Receipts from the disposal have been accounted properly.

8) REPAIRS AND MAINTENANCE

To verify and report whether:



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- i) Whether repairs and maintenance have been done based on actual requirement and is carried on properly after obtaining the approval of the appropriate authority and the same have been certified and confirmed by the concerned officer with regard to quantity and quality of work.

9) SECURITY OF ASSETS

To verify and report whether:

- i) All the assets of the Company are insured properly for theft, fire, terrorist activities, natural calamities etc.
- ii) All the insurance are renewed and are in force.
- iii) Proper security arrangements have been made for the protection of the assets of the Company.

VI. CORPORATE GOVERNANCE AND STATUTORY COMPLIANCES

1) Areas to be covered in this section

- i) Compliance to listing agreement and Corporate Governance

2) Percentage of Coverage: 100%

3) Compliance to listing agreement and Corporate Governance

To verify and report whether

- i) The Company has complied with all the clauses of Listing agreement and Corporate Governance

VII. ACTION TAKEN ON PREVIOUS AUDIT OBSERVATIONS

1) Areas to be covered in this section

- i) Action taken on previous Internal Audit observations

2) Percentage of Coverage: 100%

3) Action taken on previous Internal Audit observations



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- i) To verify and report whether the Company has taken necessary action on previous Internal Audit observations. If not provide the details and provide pendency report as given Annexure - V

VIII. LEGAL MATTERS

1) Areas to be covered in this section

- i) Wherever decrees are passed in favor of KBJNL, the decree amounts have been realized in time with up to date interest as per court guidelines.
- ii) Are there any long pending litigations.
- iii) Examine whether 'non appeal' cases have been do ----- by the competent authority.
- iv) Whether court deposits made have been properly followed up.

2) Percentage of Coverage: 100%

3) Accounting of contingent liabilities

- i) To verify and report whether the Company has accounted contingent liabilities arising out of litigations properly.

IX. PROJECT WORKS

1) Areas to be covered in this section

- i) SANCTION OF NEW WORK
- ii) PROGRESS OF EXISTING WORK
- iii) PROCEDURES FOLLOWED WHILE PROVIDING EXTENSION OF TIME
- iv) APPROVAL OF ADDITIONAL FINANCIAL IMPLICATION
- v) COMPLETION OF WORK
- vi) PAYMENT OF WORK BILLS
- vii) LEVY OF PENALTY FOR SLOW PROGRESS OF WORK
- viii) MANAGEMENT OF SECURITY DEPOSITS

2) Percentage of Coverage: 100%

3) SANCTION OF NEW WORK

To verify and report whether

- i) Whether administrative approval of the Government has been received before taking up the schemes.



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- ii) Whether administrative approval of the Board / TSC / MD/CE/SE/EE have been taken as per delegated financial powers.
- iii) All necessary approval of the appropriate authority has been obtained for the new work
- iv) Whether the work is included in the approved list of program of works.
- v) Estimates prepared are as approved by competent authority.
- vi) Provisions of KTPP Act have been complied.
- vii) Agreement with Contractor is as per the Standard tender document as per DTP approved by competent Authority and is not detrimental to the interest of the Company.

4) PROGRESS OF EXISTING WORK

To verify and report whether

- i) The progress of the work as per the time schedule
- ii) In case of delay, reasons for the delay and the person responsible for the same and contractor has been penalized as clause 2(d) of Tender conditions.
- iii) All the concerned officers have inspected the progress of the work and reviewed the same as per clause 2 of the agreement.

5) PROCEDURES FOLLOWED WHILE PROVIDING EXTENSION OF TIME

To verify and report whether

- i) Procedures required as per tender conditions have been complied with while granting extension of time and the same has been properly recorded.
- ii) Clause 2(d) penalty has been levied as per tender conditions after allocating the delays between department and the Contractor.

6) APPROVAL OF ADDITIONAL FINANCIAL IMPLICATION

To verify and report whether

- i) Procedures required under Internal control manual, tender conditions, PWD Codal procedures, delegation of power and the provisions of all other applicable rules and regulations have been complied with while granting Extra Financial Implications and the same has been properly recorded.

7) COMPLETION OF WORK

To verify and report whether



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- i) Whether the work as completed as per the scheduled and approved time period.
- ii) Whether the concerned officers have inspected the work and certified the quality and quantity of work as per the PWD Codal Rules, Internal Control guidelines of the Company.
- iii) Whether the same has been entered properly in the measurement book.
- iv) Whether the Certificate for satisfactory maintenance of work during the maintenance period is available.
- v) Whether the bills have been finalized and the assets are capitalized on completion as per the accounting policy of the Company.

8) PAYMENT OF WORKS BILLS

To verify and report whether

- i) Works bills more than Rs. 2.00 lakhs have been pre-audited before payment.
- ii) Necessary entries have been passed in the books of Accounts properly keeping in view classification of Capital and Revenue expenditure.

9) MANAGEMENT OF SECURITY DEPOSITS: To verify and report whether;

- i) To ensure that the Security Deposits recovered were not refunded in advance of the due date as per tender conditions and without the approval of the competent authority.
- ii) To ensure that the Security Deposits wherever converted into Fixed Deposits are with the consent of the Contractors only and that they are in the joint names of the EE and the Contractor.
- iii) To verify whether the security deposit registers are kept up-to-date, and wherever they are released, properly recorded in Registers.
- iv) Whether the release of EMD and Security Deposits is as per the Internal Control guidelines of the Company laid down from time to time, Tender conditions.

X. LAND ACQUISITION, REHABILITATION AND RESETTLEMENT



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Areas to be covered in this section

- i) LAND ACQUISITION AND PAYMENT OF COMPENSATION
- ii) MAINTENANCE OF REGISTERS
- iii) RECONCILIATION OF BANK ACCOUNTS

Percentage of Coverage: 100%

LAND ACQUISITION AND PAYMENT OF COMPENSATION

- i) To verify and report whether all the land acquisition and compensation paid are as per the provisions of Karnataka Land Acquisition Act and Rules.
- ii) The Land Acquisition is only to the extent required as requisitioned by the Executive Engineers and approved by the Managing Director.
- iii) Verify whether Structure compensations are paid only after obtaining necessary approval from the Commissioner, R&R and LAQ.
- iv) Verify the calculation of Structure Compensation paid / payable
- v) Verify whether the requisitions of funds for payment under clause 28A are approved by the Competent Authority as per Government Circular No. KD 43 LAQ 2010 dated 13/9/2010, regarding delegation of powers to various officials to approve 28A cases.
- vi) Verify the circumstances under which Interest payment had arisen, whether the payments are made within in the period of 90 days from the date of Court Order ie., as per clause 28A of Land Acquisition Act.
- vii) Verify the reason for inordinate delay and at what stage delay has occurred in each case.
- viii) Verify whether 28A cases area recorded in the register maintained at SLAO's Office & indicate the serial number, date of receiving application and date of processing.

MAINTENANCE OF REGISTERS

- i) To verify and report whether proper Asset Registers have been maintained and updated regularly with regard acquired land.

RECONCILIATION OF BANK ACCOUNTS

- i) To verify and report whether all the Bank accounts are reconciled and necessary rectification entries have been passed monthly.



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XI. REALIZATION OF REVENUE:

1) Areas to be covered in this section : Verify and report

- a) Fixation, Demand and collection of water rates from farmers
- b) Fixation, Demand and Realization of revenue from Power producers
- c) Fixation, Demand and Realization of revenue from Industrial users
- d) Fixation, Demand and Realization of revenue from Domestic users
- e) Fixation, Demand and Realization of Lease rent on land and buildings
- f) Fixation of land lease rents / renewal of lease / collection of lease rents.

2) Percentage of Coverage: 100%

XII. TRIAL BALANCE AUDIT:

The Divisional/Field office Trial Balance as at 31st March shall be audited along with the final audit spell with special emphasis on the India Accounting Standards and the requirements of Companies Act, 1956, provisioning, etc. A separate report shall be submitted on the same.

XIII. OTHERS:

Any other issue or subject related to the audit referred by the Managing Director.

XIV. REPORTING

The following is the scope of reporting:

AUDIT SPELL	QUARTER/PERIOD	DEADLINE REPORTING	FOR
I	April to June	31 st July	
II	July to Sep.	31 st Oct	
III	Oct to Dec.	31 st Jan	
IV	Jan to Mar	30 th Apr	



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XV. REPORTING FORMAT:

The Internal Auditors are required to adhere to the reporting format/checklist as per **Annexure – IV** and **Annexure – V**, covering all the areas of scope of work and the report shall be in the format acceptable to the Company.



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Annexure – IV **Format of Pre-audit Report**

Date:

To,
The Managing Director,
Krishna Bhagya Jala Nigam Limited,
PWD Offices 'Annexe',
III floor, K.R.Circle,
Bengaluru – 560 001

Dear Sir,

Sub : Pre-audit of work bills for the period from ----- to-----

Ref :

As required by you we have pre-audited the following bills:

Name of the Division:

Sl. No	Bill No. and Date	Name of the Contractor	Name of the Work	Amount	Remarks
(ss)	(tt)	(uu)	(vv)	(ww)	(xx)
(yy)	(zz)	(aaa)	(bbb)	(ccc)	(ddd)
(eee)	(fff)	(ggg)	(hhh)	(iii)	(jjj)

We certify that above bills have been verified with respect to 1) Budgetary Provision provided 2) Internal guidelines of the Company 3) Circular issued regulating payments vide No.a) KBJNL/EDF/09/2009/C-1219 dt:12.03.2009 b) KBJNL/MD/EDF/BILLPMTS/09-10/F/C-302 dt:11.06.2010 4) PWD codal rules 4) Tender Conditions 5) Terms of Contract and are in order. Further we certify that all necessary certifications have been obtained relating to the bills, all necessary documents are enclosed and are ready for payment in all respect.

For (CHARTERED ACCOUNTANTS)



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Name and Designation of the Authorized signatory

(SEAL OF THE FIRM)



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Annexure – V

Basic Contents of the Internal Audit Report

The internal auditor's report shall include the following basic elements:

A. Cover sheet or covering letter:

1. Date:
2. Addressee:
3. Period of coverage of the Report
4. A description of the engagement background and the methodology of the internal audit together with procedures performed by the internal auditor; and a description of the population and the sampling technique used.
5. Scope of Internal Audit : by stating that the internal audit was conducted in
6. General accordance with generally accepted audit procedures as applicable
7. Executive Summary, highlighting the key material issues, observations, control weaknesses, exceptions and recommendations.

B. Individual zonal offices / Divisional Offices :

1. Date of report
2. Place of report
3. Name of the Division:
4. Period of coverage:
5. List of records verified:
6. Action taken / Compliance of Previous Internal audit observation: Providing full details of pendency Report on previous audit observations in the following format. In case any compliance is not acceptable, same should be reported with details:

Sl. No.	Name of the Office	Year														
		Q1			Q2			Q3			Q4			Total		
		No. of observations	Dispos	Pendi	No. of observations	Dispos	Pendi	No. of observations	Dispos	Pendi	No. of observations	Dispos	Pendi	No. of observations	Dispos	Pendi
	OPENING BALANCE															



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7. Nature of Records verified, Type of verification, observations and recommendations of Internal Auditors under following head wherever applicable:

1) MOBILIZATION OF FUNDS:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:
- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors:

2) DEPLOYMENT OF FUNDS:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:
- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

3) ACCOUNTING AND RECORD KEEPING:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:
- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

4) RECONCILIATION AND CONFIRMATIO:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:
- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

5) HUMAN RESOURCE MANAGEMENT:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:



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- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

6) GENERAL ADMINISTRATION MATTERS:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:
- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

7) CORPORATE GOVERNANCE:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:
- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

8) STATUTORY COMPLIANCES:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:
- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

9) LEGAL MATTERS:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:
- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

10) PROJECT WORKS:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:



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- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

11) LAND ACQUISITION:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:
- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

12) REVENUE REALIZATION:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:
- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

13) REHABILITATION AND RESETTLEMENT:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:
- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

14) BANK GUARANTEE MANAGEMENT:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:
- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

15) TRIAL BALANCE AUDIT:

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:



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- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

16) OTHERS:

Any other issue or subject related to the audit referred by the Managing Director or as felt necessary by the Internal Auditor.

- a. Area covered: (Kindly refer scope of work)
- b. Extent of coverage:
- c. Nature of Records verified:
- d. Type of verification:
- e. Observations of Internal Auditors:
- f. Recommendations of Internal Auditors

For (CHARTERED ACCOUNTANTS)

Name and Designation of the
Authorized signatory

(SEAL OF THE FIRM)

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