

**FINANCE DEPARTMENT
KOLKATA PORT TRUST**

DOCUMENTS

FOR

ENGAGEMENT OF *CHARTERED ACCOUNTANT FIRMS*

FOR INTERNAL AUDIT IN KOLKATA PORT TRUST

TO BE CONDUCTED AT KOLKATA DOCK SYSTEM,

KOLKATA AND HALDIA DOCK COMPLEX, HALDIA

JANUARY, 2012

Rs 500=00

ADDENDUM-2**January, 2012**

The Addendum will form part of the contract document for engagement of **Chartered Accountant Firms** for Internal Audit in Kolkata Port Trust. With the issue of this Addendum the contents hereinafter shall supersede all other previous document (s) uploaded in KoPT's Websites or at any place including Newspaper etc.

The bid document annexed herewith is, therefore, be regarded as the Modified /Changed Document in accordance with the discussion in the Pre-Bid Meeting held on 23rd August, 2011 and also in response to various letters received from Chartered Accountant Firms and as decided by the Management of KoPT. For the clarity and easy comparison, the necessary changes are being highlighted in **Bold Letters**.

There will be no sale of Bid Document from this Office. A bidder, if he so desires, may download the tender document from our websites www.kolkataporttrust.gov.in/www.haldiadock.gov.in and submit the tender along with APPLICATION MONEY of Rs.500/- for each bid document in Demand Draft drawn on any Nationalised or Scheduled Bank in favour of "Kolkata Port Trust", payable at Kolkata. The Bid Document must accompany a covering letter containing the specific declarations. Bidders are not permitted to alter/change/delete/modify any clause of the Bid Document down loaded from the website. If any deviation / discrepancy is found after submission of Bid Document, the submitted offer will be summarily rejected.

(January, 2012)

KOLKATA PORT TRUST
FINANCE DEPARTMENT

**NOTICE INVITING APPLICATIONS FOR ENGAGEMENT OF CHARTERED
ACCOUNTANT FIRMS FOR INTERNAL AUDIT IN KOLKATA PORT
TRUST.**

Kolkata Port Trust wishes to engage partnership firms of the Chartered Accountants, as Internal Auditor for a period of two years (the period starting from the date of appointment or as specified later). Firms based in Kolkata, empanelled with C&AG may send their profile and EMD of Rs.20,000/- by **Demand Draft on any Nationalised or Scheduled Bank in favour of “Kolkata Port Trust”**, payable at Kolkata by **15th February, 2012** superscribed as **Professional Profile, Part-I**. The Quotation/Price Bid in the enclosed format shall be submitted in a separate cover superscribed as **Price bid, Part-II**. The tenders (both Professional Profile with EMD and Price bid) shall be submitted in sealed covers superscribing the name of work and the contents of the cover to the Financial Adviser & Chief Accounts Officer, Kolkata Port Trust, 15, Strand Road, Kolkata-700 001 (India) by **2 P.M. on 15th February, 2012**.

Professional Profile (Part – I) along with EMD shall be opened on the **same day i.e. 15th February, 2012 at 3 P.M. in the Conference Room of KoPT Head Office i.e. 15, Strand Road, Kolkata-700 001** in the presence of bidders. Price Bid of only prequalified bidders meeting the essential criteria, shall be opened later on, the date shall be intimated accordingly.

It is to be clearly understood the bidder shall specifically declare in the Professional Profile, Part – I that the price bid is no way qualified. Therefore, if the price bid in Part – II is found to be qualified in any way, the bid shall be treated as non-responsive and hence cancelled.

For details scope of work and terms & conditions, please visit Kolkata Port Trust's Websites – www.kolkataporttrust.gov.in and www.haldiadock.gov.in.

Bidders are advised to regularly scan through the KoPT websites as corrigendum/amendment etc., if any, might be notified on the Port's websites. Separate advertisement will not be made for this.

Bidders are advised to see the Annexure – I, II & III carefully for the purpose of submitting their bids. The evaluation of the offers shall be done for the purpose awarding the contract to the successful bidder following the principles and procedures laid down in Annexure – IV.

PROFESSIONAL BID FORMAT

The profile of the Audit Firms must reach the office of FA&CAO, Kolkata Port Trust on or before **15th February, 2012** with the coverage of the following particulars:-

- (1) CA Firm should be empanelled with C&AG. Copy of Registration Number to be enclosed.
- (2) Preferably the Firms should be based in Kolkata. However, the firms having their branches in and/or around Kolkata shall also be qualified.
- (3) Firms should have been appointed as Statutory/Internal Auditor by C&AG in any Navaratna/Mini Navaratna Company as per list of Department of Public Enterprises or Major Port Sector. Copy of appointment letters are to be enclosed.
- (4) Year of establishment of the Audit Firm supported by the copies of the latest certificates issued by the concerned Institute duly attested by Partner with the seal of the Firm.
- (5) The detailed particulars of the Partners with specific mention of the Fellowship/Associate ship of each Partner with the copies of certificates of the concerned Institute, duly attested by a Partner with the seal of the Firm.
- (6) Number of qualified Assistants mentioning the Name, Qualification and Membership Number of the concerned Institute with the copies of the certificates duly attested by a Partner with the seal of the Firm.
- (7) Number of Semi Qualified Assistants (**Inter CA/Inter ICWA**) mentioning the Name, Qualification and student Registration number of the concerned Institute with the copies of certificates duly attested by a Partner with the seal of the Firm.
- (8) Year-wise detailed experience of the Audit Firm in Major Ports as Internal/Royalty/Statutory Auditors supported with the attested copies of appointment letters which are already executed. Year-wise detailed experience of the firm in other PSUs/ Schedule Bank for Statutory/Internal Audit supported with attested copies of appointment letters, which are already executed.
- (9) The detailed address with Telephone/Mobile, Fax and E-mail address of the Registered Head Office of the Audit Firms along with its Branches **in and around Kolkata**.

The offers from the Audit Firms that are not supported with relevant document, as mentioned above and any form of misrepresentation made in respect of submitted documents will not be considered for appointment as Internal Auditor and no other correspondence in this respect will be entertained.

Annexure - I**INSTRUCTION TO THE BIDDERS/INFORMATION**

The terms and conditions for conducting Internal Audit in Kolkata Port Trust are recommended herein under :-

(A) Audit Team

(1) The Partnership Audit Firms of Chartered Accountants registered with an Institute of Chartered Accountants of India appointed to conduct Internal Audit should depute Audit Team at Kolkata Dock System (KDS) and Haldia Dock Complex (HDC).

(2) Audit Team should consists of at least one qualified CA/ICWA with three years' post qualification experience and three Inter CA/Inter ICWA assistants.

(3) The composition of Audit Team can be changed subject to meeting the criteria as mentioned at point-2 above (Annexure-I).

(4) The Audit Team should visit both the Dock Systems (KDS & HDC) every month and conduct audit by staying there at least 20 working days in a month. **It is not compulsory that separate Audit Team should be deputed. However, it is mandatory that Audit should be completed in time and Draft Audit Report should be furnished within the time frame as mentioned as prescribed at page-4 point (1) under the heading Audit Report. However, it is feasible to have separate Audit Team for both the Dock Systems so that, Audit Report is submitted within the schedule time frame as mentioned under Audit Report (Page-4)**

(5) Partners of the Firms should be available once for at least 2 days, each month to guide the Audit Team and for discussion with the Management.

(6) The Audit Team will conduct the audit as per Manual, rules & regulations, guidelines, instructions, delegation of power, etc. and in consultation with the concerned officials of KDS/HDC. The ACAO/Manager (Finance) of KDS/HDC will co-ordinate the Audit Team for smooth functioning of the audit.

(B) Audit Report

1. The Audit teams after completing the audit for three months (quarterly) should discuss their observations / findings with ACAO of KDS / Manager (Finance) HDC and other concerned officials before finalization of the Quarterly Audit Report. The Audit Committees may be set up for both the KDS and HDC wherein the respective Dy. Chairman will review the **Quarterly** Audit Report with Addl.CAO with respect to KDS and Manager (Finance) with respect to HDC and the FA & CAO will be the permanent invitee in both the Audit Committees.

The findings of the Quarterly Audit Report together with earlier quarter points under compliance by the Management should be discussed with the said officials. **Before submission of Final Quarterly Audit Report, the Draft Audit Report should be submitted by the Audit Firms after discussing their observation/findings with ACAO of KDS/Manager Finance of HDC and other concerned officials to F.A. & C.A.O. for his acceptance. Normally, the said Report after modifications/ amendments, if any, shall be accepted by FA & CAO within 15 days from the date of submission. The Final Quarterly Audit Report should be submitted to Chairman, KoPT within 15 days from the date of acceptance by FA & CAO.**

2. The Quarterly Audit Report in respect of unresolved observations along with management replies / comments shall be submitted to FA & CAO / ACAO of KDS / Manager (Finance) HDC.

3. Time is the essence for submission of **Quarterly Audit** Report by Auditor. Audit Team should be equipped with at least two laptops and submit the report both in hard copy and soft copy. The **Draft** Quarterly Report is required to be submitted by the Auditors within **21st** of the first month of the subsequent quarter. **In case of submission of Draft Audit Report beyond the period as specified above, LD Clause of KoPT will be imposed which is ½% per week or part thereof subject to maximum of 10% of the contract amount.**

4. **All points under the scope of work (Annexure-II) should be covered in all Quarterly Audit Report.**

5. **Flash Report** should be submitted by the Internal Auditor immediately on detection of major irregularity in the course of audit to FA & CAO / /ACAO of KDS / Manager(Finance) HDC.

6. The Internal Audit Report should be signed by the partner of the firm.

(C) Payment of Audit Fees :-

1. The bill for professional service rendered by the Audit Firm will be paid on quarterly basis. **The Audit Firm will raise 50% of the bill at the time of submission of Quarterly Draft Audit Report to Financial Adviser & Chief Accounts Officer (FA&CAO). The said payment will be made within 30 days from the date of submission of Draft Audit Report to FA & CAO or from the date of submission of bill. The bill for balance 50% will be raised by the Audit Firm at the time of submission of Final Audit Report to Chairman. Final payment will be made within 30 days from the date of submission of final Audit Report or from the date of submission of bill.**

2. The bills in duplicate duly certified by ACAO/ Manager (Finance), or his authorized representative regarding acceptance of report and the attendance shall be submitted to the concerned section of Finance Department / Division for processing the bill for payment.

3. The Audit Team will be provided accommodation and local transportation by **Haldia Dock Complex (HDC) during the Internal Audit at HDC.**

4. Service Tax, as applicable, will be paid **extra.**

(D) General Terms and Conditions :-

1. The Audit Firm must not sub-contract the work.

2. The Audit Team will work in strict confidence and will ensure that the information in respect of the operation of the docks is dealt in strict confidence and secrecy. **A certificate towards maintaining confidentiality to be provided by the Internal Auditor before commencement of Audit.**

3. If the progress / performance of the Audit Team is not satisfactory, the management reserves the right to terminate the appointment of the firm with prior notice of one month.

4. Dispute / difference if any, (**related to Audit**) shall be mutually settled with Dy.Chairman, KDS/ H.D.C. If the dispute could not be settled at Dy. Chairman level, it will be forwarded to Chairman for decision, which will be final and binding to all concerned.

5. The appointment of the Audit Firm will be for two years at the first instance (the period starting from the date of appointment or as specified later).

6. The Audit Firm will be debarred from getting in future the internal audit in Kolkata Port Trust in **any of** the following cases:-

- a) If the firm obtains appointment on the basis of false information / false statement.
- b) If the firm does not take up audit in terms of appointment letter.
- c) If the firm does not submit **Internal** Audit Report in time, complete in all respect in terms of appointment.

It is to be clearly understood the bidder shall specifically declare in the Professional Profile, Part – I that the price bid is no way qualified. Therefore, if the price bid in **Part – II is found to be qualified in any way, the bid shall be treated as non-responsive and hence cancelled.**

The bidder shall submit a blank copy of the bid document duly signed by them with official seal and date in each page showing their acceptance to the terms and conditions and other information embodied in this chapter vis-a-vis in any other chapter forming part of the total bid document. The signed blank copy is to be submitted along with the bid. (**Professional Bid – Part – I**).

The bidder has to score at least **50% in professional evaluation** to qualify for opening of his financial bid. The offerer with the highest combined technical and financial weighted score will be awarded the contract.

Annexure - II**SCOPE OF WORK FOR INTERNAL AUDIT****(1) Objectives of Audit:**

Objectives proposed to be achieved through Internal Audit broadly are as under :-

- 1.1) To ensure that the Accounting and Financial Management Systems are reliable and effective in design and to assess the extent to which they are being followed.
- 1.2) To review the efficiency, adequacy and application of Accounting, Financial and Operating Controls and thereby ensure the accuracy of transaction/books.
- 1.3) To verify that the system of internal check is effective in operation in order to ensure the prevention of early detection of deficiency, misappropriation and misapplications, if any.
- 1.4) To identify areas of significant inefficiencies, if any, in existing systems and to suggest necessary remedial measures.
- 1.5) To confirm the existing of financial propriety in all operational activities and verify compliance to Government and statutory requirements.

(2) Scope of work:**2.1) Statutory Compliance:**

Review and recommendations on the system of deduction and timely deposit of statutory dues i.e. TDS, Service Tax, etc. and timely deposit of relevant returns, compliance of statutory laws i.e. Income Tax, Service Tax, Profession Tax and VAT etc.

2.2) General Account:

Verification of Cash, Bank and Journal Vouchers to ensure that they are approved in accordance with laid down procedures and delegation on selective basis.

Periodical review of General Ledger & Subsidiary Ledgers and Annual Financial Results.

2.3) Income Recognition:

Control over billing and system & procedure of accounting to ensure timely and correct recording and compliance with Accounting Standards/Policies.

2.4) Purchase/Civil/Other Works for KoPT:

Review and verification of Tendering procedures and placement of Work Order/Purchase Orders/AMC, etc.

2.5) Invitation and Awarding of tender on behalf of KoPT:

- (a) Tender process i.e. tender evaluation and award of Civil and other works to Contractors/Suppliers/Consultants, Checking of comparative statement through which award of work made, checking of terms & conditions, etc. with a job order/work order.
- (b) Bills approval procedures, control on advances to suppliers, system of verification.
- (c) Review of suppliers/contractors selection and their rating and system.
- (d) Recommendation to Finance Department for payment of running on account **Bills/Final Bill/Other Suppliers Bills** for release for payments such as Mobilisation and Secured Advances, EMD, Retention money, etc.
- (e) Report on issue of purchase orders/work orders/job orders and to comment on the purchase process followed by the KoPT.
- (f) Recommendation duly approved by various departments of KoPT to **Finance Department** for payment of extra items/extra quantity not covered by Bill of Quantity (BOQ).
- (g) Time extension and applicability of liquidity damages as per contract.

2.6) Fixed Assets:

Procedures/systems for sanctioning and procurement. Assets registers to be verified. Verification of supporting vouchers etc. on test check basis, but the quantum of Test check carried out to be indicated.

2.7) Loan and Advances:

Review of advances i.e. LTC, Tour, Salary, Interest subsidy on HBA and Vehicle Advance, if any, etc. to the employees.

2.8) Cash/Bank:

Verification and reconciliation at periodical intervals on test check basis of cash in hand and bank reconciliation statements.

2.9) Debtors and Creditors:

Review of age-wise analysis. Review of old/doubtful debts/advances. Procedures for periodic reconciliation and confirmation of debt by parties etc. to be verified.

2.10) Insurance:

Renewal of insurance policies to be periodically reviewed.

2.11) Overheads:

Review of procedures/systems for expenditure as per sanction. Analysis of expenses pro rata with relation to work done/job completed/turn over. Verification of supporting effects etc. on test check basis, but the quantum of test check carried out to be indicated.

2.12) Pay Roll/Pension:

Verification of pay roll, attendance records, reconciliation of monthly pay roll, review of monthly variance, verification of detection including income tax etc. Similarly, pension will also to be verified. Compliance with KoPT's policies on payment of Gratuity/ Superannuation/ Pension etc.

2.13) Fixed Deposit:

Verification of FDR/Register, Interest accrued and due on FDR, TDS on interest, etc.

(3) To ensure Internal Control:

3.1) Check of Income/Expenditure/Assets & Liabilities Account.

3.2) 100% checking of all type of transaction/bills etc. with respect to financial and proprietary concept.

(4) Other major functions which will be covered under the scope of work for Internal Audit are summarised below:-

- (1) Vouching.
- (2) Audit of transactions which involves examination of supporting documents, concurrence and approval from the competent authority.
- (3) Checking of Trial Balance, scrutiny of General Ledger and Reconciliation of each head of accounts thereof, wherever necessary, preparing Balance Sheet and **Profit & Loss Account** of the period under report.
- (4) Checking of expenditures incurred with reference to the laid down procedures, delegation of powers and budgetary provisions.
- (5) Checking of calculations and payments of statutory dues and all tax related matters as applicable to KoPT from time to time.
- (6) To check financial statements i.e. Balance Sheet and P&L Account (incidentals account in respect of projects under implementation) with reference to accounting standards and verifying whether the records have been properly maintained so as to safeguard the assets of KoPT.
- (7) Insurance of all assets.
- (8) To see whether the stocks / assets acquired / purchased are in quantities required for the smooth operation of the unit / department.
- (9) To check whether the physical verification of asserts / stocks has been carried out at the close of financial year and variations, if any, have been accounted for and recorded properly.
- (10) To check the Bank Reconciliation Statements.
- (11) To check whether the Surplus Funds of KoPT including **Provident Fund & Rabindra Setu** are judiciously invested to get the maximum possible return.
- (12) To check the cash book to ascertain whether cash in hand has been verified by the competent authority at regular intervals.
- (13) Checking of subsidiary ledgers.
- (14) To check the listing of contingent liabilities, if any, in the notes to Balance Sheet.
- (15) To check the calculations of salary and reimbursement bills of staff to ascertain the legitimacy of payments and deductions thereof.

- (16) 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 employees viz., Gratuity, Leave Encashment, Provident Fund, Bonus, etc. Similar checks to be done in respect of TA/DA and claims for reimbursements **in respect of Medical Bill, Children Education Allowance etc.**
- (17) To review compliance with laid down policies and procedures in respect of calling of tenders, related approvals, budgetary provisions made and letters of Intent (LOI)/**Work Order** issued for work contracts.
- (18) To check whether the tender documents / contract documents are vetted by the Legal **Department** and Finance Departments of KoPT.
- (19) To check whether the committees for tender opening and evaluation / negotiations, if any, are constituted as per the prescribed norms of KoPT and whether the tenders have been awarded by competent authorities.
- (20) To verify whether the advance for works such as initial advance, interim advance, mobilisation advance etc. are paid as per the terms of contract / provisions of LOI/**Work Order** and is being adjusted from the running **on account bill/Final Bill** properly and regularly. Also to check whether the escalation bills are being paid as per the terms and formulae given in the LOI/**Work Order**.
- (21) Whether provisions of penalty / damages / compensation / LD clauses are being invoked as per the LOI/**Work Order**.
- (22) To verify the validity of BGs obtained from parties to whom the work is awarded, **from the terms of contract/provision of LOI/Work Order**.
- (23) To verify whether BGs are kept in safe custody of competent authority and whether related records are properly maintained.
- (24) To verify whether the procurements have been made after completion of all formalities laid down by KoPT and whether approvals of competent authorities have been obtained.
- (25) To check whether the **Receipt and Issue of** stationery & stocks have duly been accounted for as per accounting standards and whether records have been properly maintained to ensure safeguards of such stocks of KoPT.
- (26) To verify whether the funds have unnecessarily have blocked due to excess procurements of **stock/asset**.
- (27) Checking of guest house / various clubs registers.

(28) To ensure that TDS has been deducted at applicable rates and to verify whether TDS has been properly deducted and deposited with the Income Tax Authorities within the prescribed periods.

(29) To verify whether TDS returns have been submitted in time to the Income Tax Authorities.

(30) To verify whether Service Tax has been properly charged, wherever applicable, and whether proper returns have been filed with the Authorities.

(31) To verify whether the Works Contract Tax, at applicable rate, has been deducted from the bills of the contractors and timely deposited with the Sales Tax Authorities.

(32) To verify whether proper returns have been filed under the Works Contract Tax.

(33) To suggest modifications to the delegation of powers of **KoPT**, if shortcomings are noticed during audit.

(5) Internal Auditor will impart awareness to the officers and staff also. All departments/divisions will, therefore, be in a position to improve their existing system and by complying the recommendation/suggestion of the Internal Auditor.

(6) Apart from above, other functions of Internal Auditor will include below:-

(a) To review all contracts beyond the value of Rs.50 lakh and offer comments in the matter.

(b) To review all bills passed for payment above Rs.10 lakh.

(c) To review all bills raised by HDC above Rs.1 lakh.

(d) To review the existing system of functioning in both the Docks and suggest changes to ensure uniformity of practice, as well as suggestion for improvement of the existing system.

(e) Any other functions/areas of Audit which Management may consider necessary subsequently.

Annexure - III**PRICE BID FORMAT**

Total remuneration for two years -- Rs.

Service Tax, as applicable -- Rs.

TOTAL -- Rs.

Declaration :

It is hereby declared that the above price offer does not include any qualification whatsoever.

Signature of the Bidder

Office Seal

Date :

Place:

Annexure - IV**SELECTION CRITERIA & EVALUATION OF OFFER:**

1. Selection of the Auditor for this assignment will be based on Professional and Financial Evaluation affording weightage of 70 : 30 respectively.
2. Evaluation of the Professional bid as well as the financial bid will be calculated separately following the procedure mentioned in each case. Thereafter, the bids (both Professional and Financial) shall be plotted and shall be finalised taking the marks obtained in both the bid format. The process of evaluation of the offer for the purpose of awarding the work shall be done following the steps and process of calculation as given in the attached Appendix.

PROFESSIONAL

A partnership Firms of Chartered Accountants registered with ICAI and also empanelled with C&AG are to be selected for conducting Internal Audit as per the selection criteria given below:-

Sl.No.	Norms	Basis of Marks	Maximum Marks
1.	Years of establishment of the firm since the date of registration.	3 marks per year (fraction of the year to be ignored)	15
2.	No. of Partners in the firm.	2 marks for each Partner who is ACA and 5 marks for each Partner who is FCA.	15
3.	No. of qualified assistants (CA/ICWA) in the firm. He should be a member of the ICAI/ICWAI.	2 marks per qualified assistant.	10
4.	No. of semi qualified assistant (Inter Chartered/Cost) in the firm.	1 mark per semi qualified assistant.	6
5.	(1) Experience of firm in Major Ports : For Royalty Audit/Internal Audit/Statutory Audit. (2) In other PSUs/Schedule Banks for Statutory/Internal Audit.	3 marks per completed year of Audit per Port. 2 marks per completed year of Audit per PSU/per Bank.	30
6.	Four (4) points for each completed assignment in organisations having Annual Turn Over/Revenue of Rs.100 crore or more. Two (2) points for each completed assignment in organisation below Rs.100 crore Turn Over/Revenue.	--	24
		TOTAL	100

Note :

The bidder has to score 50 marks as the minimum point for being eligible to be evaluated. The marks obtained in Professional bid shall be taken as 70 = 100%. Accordingly, in case of financial bids 30 marks will be regarded as 100%.

Appendix to the Annexure – IV

EVALUATION PROCEDURE

Evaluation and Scoring Matrix

	(A) Maximum Possible Points	(B) Committee Evaluation Score (0 to 1.0)	(C) Weighted Score (A x B)
<i>Professional</i>	70		
<i>Financial</i>	30	*LFPO/FPO	
Total	100		XXX

* Legend: LFPO = Lowest Fixed Price Offer, FPO = Fixed Price Offer

The evaluation of the financial proposal will be based on the lowest financial offer received for the project. The Chartered Accountant Firm whose financial bid is the lowest, would be assigned the score of 1 and would thus be accorded the maximum point of 30.

The bidder has to score at least 50% in professional evaluation to qualify for opening of his financial bid. The offerer with the highest combined technical and financial weighted score will be awarded the contract.

