



**Notice inviting Expression of Interest (EOI) by Chartered Accountants Firms / Management Consulting firms for selection and appointment as Internal Auditors for the years 2016-17 through 2018-19**

**EXPRESSION OF INTEREST (EOI)**

Garden Reach Shipbuilders & Engineers Limited (GRSE) invites Expression of Interest (EOI) from experienced Chartered Accountant Firms / Management Consulting firms having specialisation in Internal Audit & Controls for selection / empanelment and appointment as Internal Auditors for the Financial Years 2016-17 through 2017-18.

The format of application alongwith information on selection criteria, areas of coverage, reporting requirements, terms of reference, etc are enclosed herewith. The EOI document will be hosted on the GRSE website [www.grse.nic.in](http://www.grse.nic.in) under the 'EOI(Current)' tab under the 'Tenders' section /menu. The same will also be displayed on the Notice Boards of the EIRC of The Institute of Chartered Accountants of India and Registered Office of The Institute of Cost Accountants of India . Any updates to the EOI Documents shall be hosted on website. Interested firms are requested to ensure that all updates are considered while submitting the EOI.

Interested Firms may send their applications in the prescribed format (to be dropped in lock-box kept at Corporate Finance Dept) alongwith annexures under sealed cover addressed to AGM-Internal Audit, Garden Reach Shipbuilders & Engineers Ltd at 43/46, Garden Reach Road, Kolkata- 700024 latest by 17-Feb-2016 ,14.00 hours.

DATED : 27<sup>TH</sup> JANUARY 2016

Kolkata



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Management Consulting firms for selection and appointment as Internal  
Auditors for the years 2016-17 through 2018-19**

**A. SCOPE OF WORK**

1. The Scope of work of this tender consists of Internal Audit and Risk Assurance in respect all the Divisions / Departments of the Company spread across Kolkata and Ranchi.
2. The Company is in the process of finalising framework for Internal Financial Controls. The Scope of work includes testing & validating of frame work across the Company.
3. All Internal Audit assignments would be carried out as per Internal Audit Programme for the year, to be circulated separately. The Management reserves the right to add any other area to the Audit Program within the scope of work or increase the number of audit assignments.

**B. DETAILS ABOUT THE COMPANY**

The Company is a Govt. of India undertaking ( 'Miniratna' status Schedule-'B' CPSE) under the Ministry of Defence and primarily engaged in the manufacture of warships for Indian Navy, Coast Guard and export as well. The Company also has an engineering division which manufactures ship-deck equipment and heavy-duty naval pumps (at Taratalla Unit) and portable steel bridges (Bailey Bridge) at 61 Park unit. In addition, the Company has a unit at Ranchi, engaged in the overhauling, assembly & testing of marine propulsion diesel engines. The shipbuilding production activities are carried out at Main unit, Fitting-out-jetty (FOJ) unit and Rajabagan Dockyard (RBD) unit. Further details are available on the Company's website [www.grse.nic.in](http://www.grse.nic.in)

**C. ELIGIBILITY CRITERIA**

1. The Chartered Accountant Firms / Consulting Firms should preferably be based in Kolkata or have a regional office / major branch office in Kolkata and should have at least five partners.
2. The Chartered Accountant Firms/Consulting Firms should be in existence for a minimum period of ten years and have experience of carrying out minimum two audits (statutory/internal) during any of the three preceding financial years till 2014-15 in respect of any manufacturing industry (including power generation) having a turnover of at least Rs. 250 Crores. To this effect, firm should submit copies of respective contracts, along with documentary evidence in respect of satisfactory execution of each of those contracts. Existing Internal Audit firms or their affiliates are not eligible to participate in the Tender.
3. Annual turnover of audit firm shall be at least Rupees Fifty Lakhs. (Rs 50,00,000/=). For the purpose of ascertaining parameter of Turnover of the firm, average turnover for the previous three financial years shall be considered (copies of IT Returns / other documentary evidence in support thereof to be enclosed).



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### D. BASIS OF SELECTION

1. Further to the above eligibility criteria, firms will be shortlisted based on the scores achieved as per parameter-score matrix provided below

PARAMETER-SCORE MATRIX				
	Parameters	Value /Nos.	Score	Max Score
1	Years of existence of Firm (Min. 10 yrs)			10
2	No. of Partners (at least 5)			10
3	No. of Partners with FCA/FCMA			10
4	Full Time CA/CWA/MBA Employees			5
5	CISA or CIA Qualified Partners / employees (dual qualification for the same person will be considered as one)			10
6	Partners / employees possessing IFRS Certification			10
7	Experience of Internal Audit of Maharatna / Navaratna / Miniratna PSU			15
8	Experience as Statutory Auditors of Maharatna / Navaratna / Miniratna PSU			10
9	Experience as Statutory Auditors of listed companies having turnover exceeding Rs.250 crore			10
9	Experience as Internal Auditors of listed companies having turnover exceeding Rs.250 crore			10
ACHIEVED SCORE				TOTAL SCORE
				100

Please furnish copies of documentary evidence for serial nos 4 to 9

2. From amongst the firms who have responded to the EOI and satisfied all pre-qualification criteria, the firms will be allotted scores as per scoring parameter specified in above table. Based on scores achieved, top five firms will be shortlisted and invited for presentation to the 'evaluation & selection committee' specially constituted for the purpose and / or Audit Committee. Based on the evaluation results of the presentation (points) as well as the score achieved by the firm on parameter table above , one or more firms may be selected for appointment as Internal Auditor/s.
3. Tenure : The offer for carrying out assignments would initially be given for one year i.e. for the FY 2016-17. Management keeps the right to extend the tenure for further two years i.e., 2017-18 and 2018-19 depending upon the performance of the Chartered Accountant Firms/Consulting Firms. Management also keeps the right for pre-mature termination of the appointment.



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### E. DETAILS OF THE FIRM

The Chartered Accountant firm / Consulting firm is to provide the following information per proforma given below

#### 'APPLICATION FORMAT'

1. Name of CA / Consulting Firm :
2. Status of Firm (LLP / Company etc) :  
(Firm Composition certificate to be attached)
3. Registration No. :
4. Date of Establishment / Registration :
5. Name & Address of Principal Office & Branch Office (s)

Office type (HO/Reg.Office/Branch)	Address	Year of Establishment	Contact details : In-charge Name, Tel., Fax, Email.

#### 6. Particulars of Partners

Sl.	Name	CA / CMA Membership No.	Membership Status (Fellow/Assoc)	Date of joining firm as partner & branch office attached to	CISA or Equiv.qualfn.	Other qualifications job/specialisation& experience

#### 7. Particulars of qualified assistants (attached to Kolkata office).

Sl.	Name	CA / CMA Membership No.	Membership Status (Fellow/Assoc)	Date of joining firm	CISA or Equiv.qualfn.	Other qualifications job/specialisation& experience

#### 8. Details of semi-qualified/non-qualified assistants (attached to Kolkata office).

Sl	Name of the Assistant.	Qualification (CA/CMA Inter.)	Other qualifications job/specialisation& experience



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9. Income Tax PAN (pls attach copy of PAN Card):
10. Service Tax Registration No. (Pls attach Regn. Document):
11. Internal Audit experience (immediate three preceding financial years) in Public Sector Undertakings in manufacturing sector (including Electricity Generation & Distribution) specifying nature of the assignment, year of audit and name of the company (PSU).

Name of Company	Unit / Plant	Period of Audit	Total Experience (Yrs)

(Pls attach documentary evidence in support of the above)

12. Internal Audit experience (immediate three preceding financial years) of listed Private Sector Companies.

Name of Company	Co. Turnover	Period of Audit	Total Experience (Yrs)

(Pls attach documentary evidence in support of the above)

13. Readiness for Audit under Ind-AS compliance Guidelines: Yes/No  
(Pls indicate whether any partner / qualified assistant hold 'IFRS certification' of ICAI Or other Accounting Bodies like ACCA-UK etc)
14. Readiness for Audit under SAP environment and proficiency in extracting audit-data / information from SAP system. Yes/No  
(Please indicate proficiency in SAP Audit, usage of CAAT/data-analytic tools like ACL, IDEA, Smartexporter.

### UNDERTAKING

1. It is confirmed that all the information provided above are true and comply with requirements the EOI.
2. We confirm that we have not made any deviation from the specified terms & conditions of EOI documents. A copy of complete EOI document duly signed and sealed on all pages as a token of acceptance of all terms and conditions is attached.

Signature of Partner with Name  
& Seal of Audit Firm

### **F. TERMS OF REFERENCE**

The terms and conditions for conducting Internal Audit are indicated hereunder:-

#### 1. Timeframes :

Internal Audit shall be conducted on a quarterly basis for the Corporate Division, Shipbuilding Division and Engineering Division (Bailey Bridge unit). The activity is required to commence in the early last month of respective quarter , audit findings firmed-up and draft report submitted within 10<sup>th</sup> of the month following the quarter-end. For RBD, FOJ and Taratolla Unit the audit will be required to be done on half-yearly basis. For Ranchi Unit, the



audit will be done on annual basis usually during February/early March covering major portion of the financial year.

2. Reporting :

On completion of the Audit of the respective Unit/Division in each phase, the following steps should be followed before finalisation of the report and the partner of the firm should meet and discuss the audit observations.

The preliminary audit observations shall first be discussed with the Unit- In- Charge pursuant to which only the audit observations are to be prepared. The salient observations of the respective audit should be discussed with the Unit/Division-In-Charge so that timely corrective action may be taken and based on the outcome a draft composite Audit Report covering all the Audit Units within the scope shall be compiled/ prepared, including additional information, if any, that may be provided /obtained during such discussions and rectifications carried out on the instance of audit. The report should also contain specific suggestions for improvements, if any.

Internal Audit Reports would be divided into the following parts

A. Part I : Compliance (follow-up) Report :

This part shall cover the comments of the Auditors on the adequacy of the compliance and action taken for rectification of errors/ discrepancies pointed out by previous auditor pertaining to earlier phase and also Phase I of the current year. It shall also contain the confirmation regarding the implementation of policies, systems, controls etc to avoid recurrence of such irregularities in future. It may be ensured that the compliance report on audit observations pointed out in reports relating to earlier audits is made and corrective actions taken on those points are furnished in the Audit Report.

B. Part II Important Observations/ Findings :

This part shall contain all such significant discrepancies observed during the current audit and observations in which, the auditor feels immediate attention of management specifying the financial implications, if any. In this part the Auditor shall bring the important areas requiring improvement and their recommendation, if any. Also to indicate the improvements made by the company based on the audit observations. Further to report any deviations/observations from policies, systems and procedures of the Company.

3. Audit Team: The firm is required to deploy suitable teams for undertaking the audit (at least 2 team members for each division on continuous basis from commencement of audit till submission of draft report), after a thorough evaluation of the requirements, terms and conditions contained therein, detailed Guidelines for Internal Audit, ensuring that the size of the audit team is commensurate with the volume of work involved in the auditee Unit/Division. The Finance-Head of the respective units (i.e. 61 Park, Taratalla, FOJ, RBD & Ranchi) and the Audit-head of the Company will co-ordinate with the Audit team for smooth functioning of the audit. It should be ensured that the audit team is led at all times by a Chartered Accountant (who may be a partner) and a person with technical qualification be included in the team when such need arises for conducting any specific audit area.



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4. Extent of coverage of Internal Audit (indicative)
  - i. Compliance of Rules & Procedures, Delegation of Power of the Company
  - ii. Review of Accounting & Internal Control System and reporting of Weak areas for improvement
  - iii. Examination of sales , debtors, Inventory Management
  - iv. Review of Purchase Proposals for procurement of materials, service and works contract (sample basis) including for single vendor and resultant single vendor, purchases, rejection of incoming materials
  - v. Examine Books of Accounts including Trial Balance, Ledger, Cash Book etc
  - vi. Capitalisation of Assets procured during the financial year and depreciation thereon/ CWIP
  - vii. Audit of Investment of surplus funds
  - viii. Review of clearance of imported material
  - ix. Review of Insurance Matters
  - x. Review and compliance with SOP for scrap disposal, Condemned Capital Assets through E-Auction transactions, and normal auction disposals
  - xi. Sales Tax & VAT , IT, Excise Duty, Service Tax Matters and GST (when implemented).
  - xii. Transaction Audit of Travelling Expenses (Ticket booking) , TA/DA, Canteen, Medical Expenses, Transport, Payroll, Security Department Activities, CSR Activities etc.
  - xiii. Review of E-procurement system
  - xiv. Audit of procurement through EPC
  - xv. Labour booking in SAP.
  - xvi. Review of formulation of Standard Costing of Bailey Bridge and Pumps
  - xvii. Physical Verification of Cash, Bank Reconciliation.
  - xviii. Any other matter which may be decided by the Audit Committee/ Management

### **G. GENERAL TERMS AND CONDITIONS**

- (i) Firms are to fill in all relevant particulars / information in appropriate places and submit documentary evidence (attested by a partner) where specifically asked for.
- (ii) This EOI is only for the purpose of short-listing/empanelment of Firms and does not carry any assurance for allotment of Internal Audit Assignments.
- (iii) Only successful firms will be intimated about their selection in due course.
- (iv) The Company reserves its right to accept or reject any application(s) without assigning any reasons. The decision of the Company for empanelment of the Firms will be final and binding upon the parties participating in the short-listing/ empanelment.
- (v) The Internal Auditor will ensure that the information obtained in respect of the Unit is maintained in strict confidence and secrecy. A certificate towards maintaining confidentiality is to be provided by the Internal Auditor at the time of acceptance of Audit Assignment.
- (vi) The appointment of the Audit Firm will be initially for 2016-17 renewable every year till 2018-19 subject to satisfactory performance of the firm/s. The Company reserves the right to extend the appointment for another year if performance of the firm is found to be acceptable. The Company may rotate the Audit units assigned to an Internal Auditor from one Unit to another within the Company in subsequent year on renewal of appointment.



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- (vii) If progress/ performance of audit is not found to be satisfactory, the Company reserves the right to terminate the appointment of the Firm. In such event the respective firm will be debarred in future, from getting any assignment in Garden Reach Shipbuilders' Ltd in the following cases :
- a) The Audit Firm obtains the appointment on the basis of false information/ statement at the time of submission of application/ documents for the EOI.
  - b) The Audit Firm is found to have sub-contracted the work.
  - c) If the Firm does not take up the Audit in terms of the appointment letter.
  - d) If the Firm does not submit Audit Report, complete in all respects, in terms of appointment and within the specified date.
- (viii) The Company being a defence establishment, firms appointed as Internal Auditors may be required to provide commensurate credentials / photographs /ID proof etc. for obtaining entry-passes in respect of its personnel who would be deployed to conduct the audits; frequent interchange of personnel should be avoided as far as possible.

END OF DOCUMENT