



The Handicrafts & Handlooms Exports Corporations of India Ltd.
(A Govt. of India Undertaking, Under Ministry of Textiles)

EXPRESSION OF INTEREST INVITING APPLICATIONS FOR EMPANELMENT OF FIRMS OF CHARTERED ACCOUNTANTS FOR ALLOTMENT OF INTERNAL AUDITS INITIALLY FOR THREE FY 2017-18, 2018-19 & 2019-20 AND THAT MAY BE RENEWED FURTHER EVERY YEAR

HHEC intends to empanel firms of Chartered Accountants for appointment as internal auditors for carrying out internal audit of the corporate office at NOIDA with six retail shops at Delhi, Varanasi, Mumbai and Hyderabad and its three Regional Branch Offices located in Chennai and Kolkata initially for three FY 2017-18, 2018-19 & 2019-20 and that may be renewed every year. To be eligible for consideration for its Corporate Office, a firm having experience of not less than 20 years and having at least 8 (eight) partners out of which 7 (seven) should be FCA and have done audit of at least two public sector one may be Schedule 'A' during their tenure should apply. In case of Regional Branch Offices a firm should have been in operation for at least 10 years and should have 3 (Three) partners out of which 2 (two) should be FCA and they must have done audit of at least 1 (one) public sector undertaking.

The interested Firms of Chartered Accountants may send their applications in the following **FORMAT** with all applicable attachments in sealed envelope marked with **"APPLICATION OF FIRMS FOR EMPANELMENT"** along with documentary evidences in support of their details furnished above to reach this office within 15 days **from the date of publication i. e. 12th Dec 2017.** The application should be addressed to:-

The Director (Finance)
The Handicrafts & Handlooms Export Corporations of
India Ltd. (A Govt. of India, Under Ministry of Textiles)
A-2, Sec-2, Udyog Marg, Gautam Budh
Nagar, Noida-201 301

Application received after the above mentioned date will not be considered for empanelment.

APPLICATION FORMAT

[Letterhead paper of the firm including full postal address, and telephone, facsimile and e-mail address]

Dated: _____

To,
The Director (Finance)
The Handicrafts & Handlooms Export Corporations of
India Ltd. (A Govt. of India, Under Ministry of Textiles)
A-2, Sec-2, Udhog Marg, Gautam Budh
Nagar, Noida-201 301

Sir/Madam,

We M/s _____,
Chartered Accountants do hereby apply for empanelment for Internal Audit
assignment of your **Corporate Office, Noida/Regional Branch Office in
Chennai/Kolkata** [Please strike off whichever is not applicable] of your
esteemed Organisation for the year 2017-18, 2018-19 & 2019-20 and declare the
following details for your evaluation:

1. Year of Establishment of the Audit Firms with registration No. and PAN No. of the audit firm
2. No. of Partners of the Audit Firms
3. No. of qualified Assistants (Chartered /Cost Accountants) employed with the Firm
4. Exposure of the Firm in the PSU Trading /Export Company under Audit Central/State Govt. as Statutory/Internal Auditors. (Name of the PSU, Schedule, year of Audit and nature of Audit)
5. Internal Audit assignments in the PSU Trading / Export Company with turnover above Rs.200 Crores
6. Experience in special assignments in PSUs, if any (Name of the PSU, nature of audit and year of audit)
7. Details of Registration with C&AG Office
8. Detail Exposure of Risk Analysis, if any
9. Total No. of Assignment for Physical verification of Fixed Assets
10. Total No. of Assignment for Physical verification of stores

11. Years of continuous association in the firm / organization (Details of Full-Time Partners of the firm as on 01-09-2017)

Number of FCA Number of ACA

- a) Less than one year
- b) 1 year or more but less than 5 years
- c) 5 years or more but less than 10 years
- d) 10 years or more

12. Please quote your Professional Fees in the following format. Only short listing Firm will be considered.

Financial Quotation

Sl. No.	Particulars of fee	Amount (in
1	Professional fee per annum (Inclusive of All)	

(Name & Signature of authorized signatory of the firm and seal)

List of Annexure: 1. _____
2. _____
3. _____

Evaluation of applications:

S.	Particulars	Max marks
1	Year of Establishment of the Audit Firms with registration No. and PAN No. of the Audit Firm	10
2	No. of Partners of the Audit Firms	10
3	No. of qualified Assistants (Chartered /Cost Accountants) employed with the Firm	10
4	Exposure of the Firm in the PSU Trading /Export Company under Audit Central/State Govt. as Statutory/Internal Auditors.(Name of the PSU,	10
5	Internal Audit assignments in the PSU Trading / Export Company with turnover above Rs.200 Crores	10
6	Experience in special assignments in PSUs, if any (Name of the PSU, nature of audit and year of audit)	10
7	Details of Registration with C&AG Office	10
8	Detail Exposure of Risk Analysis, if any	10
9	Total No. of Assignment for Physical verification of Fixed Assets	10
10	Total No. of Assignment for Physical verification of stores	10
	TOTAL MARKS	100

Evaluation Criteria:

S. No.	Particulars	Score for Corporate Office		Score for Regional Branch Office	
1	Year of Establishment of the Audit Firms	20 to 25 years	5	10 to 15 years	5
		Over 25 years	10	Over 15 years	10
2	No. of Partners of the Audit Firms	8 to 10 Partners	5	3 to 5 Partners	5
		More than 10 partners	10	More than 5 partners	10
3	No. of qualified Assistants (Chartered /Cost Accountants) employed with the Firm	5 to 7 qualified assistant	5	2 to 5 qualified	5
		More than 7 qualified assistant	10	More than 5 qualified assistant	10
4	Exposure of the Firm in the PSU Trading /Export Company under Audit Central/State Govt. as Statutory/Internal Auditors.	5 to 7 audit assignment in PSU	5	2 to 5 audit assignment in PSU	5
		More than 7 audit assignment in PSU	10	More than 5 audit assignment in PSU	10
5	Audit assignments in the PSU Trading / Export Company with turnover above Rs.200 Crores	Rs.200-700 Crores	5	Rs.200-400 Crores	5
		Turnover above Rs.700 Crores	10	above Rs.400 Crores	10
6	Experience in special assignments in PSUs, if any	If "Yes"	10	If "Yes"	10
		If "No"	5	If "No"	5
7	Registered with C&AG Office	If "Yes"	10	If "Yes"	10
		If "No"	5	If "No"	5
8	Detail Exposure of Risk Analysis, if any	If "Yes"	10	If "Yes"	10
		If "No"	5	If "No"	5
9	Total No. of Assignment for Physical verification of Fixed Assets	7 assignment	5	5 assignment	5
		More than 7 assignment	10	More than 5	10
10	Total No. of Assignment for Physical verification of stores	10 assignment	5	5 assignment	5
		More than 10 assignment	10	More than 5 assignment	10
		Maximum Marks	100	Maximum Marks	100
		Minimum Marks	50	Minimum Marks	50

NOTE:

All eligible Audit Firms, those who will secure maximum marks on the basis of above marking pattern will be considered for short listing.

This empanelment is for the purpose of short listing of firms only and would not carry any assurance of allotment of Internal Audit assignments from HHEC.

HHEC reserves the right to accept or reject any application/s without assigning any reasons thereof. The decision of the Company for empanelment of the Firms will be final.

Terms of Engagement

The following are the terms of the internal audit engagement:

i. Scope and Coverage of Audit:

The scope and coverage of internal audit is mentioned in Annexure- I & Annexure-II

ii. Responsibility:

The auditee is responsible for establishing, maintaining and ensuring operating effectiveness of a system of internal control. The auditee would also be responsible for timely communication of material weaknesses or other significant issues relating to internal controls, misstatements in the financial information or similar matters to its external auditors, the Audit Committee, the Board of Directors, regulators and to those to whom the auditee is required to so communicate.

iii. Authority:

The internal auditor with requisite authority, including unrestricted access to all departments, records, property and personnel and authority to call for information from concerned personnel in the organisation.

iv. Confidentiality:

The report of the internal auditor should not be distributed or circulated by the auditee or the internal auditor to any party other than that mutually agreed between the internal auditor and the auditee unless there is a statutory or a regulatory requirement to do so.

v. Limitations:

The internal auditor or any of his employees shall not be liable to the auditee for any claims, damages, liabilities or expenses relating to the engagement exceeding the aggregate amount of compensation agreed upon by both the parties.

vi. Reporting:

Internal Audit Reports of the Corporate Office including Branch Offices of Chennai and Kolkata should be submitted on a quarterly basis by the end of the next month of the following Quarter. The reports are to be submitted to the Company Secretary/Director (Finance).

It may be mentioned that the observations contained in the Internal Audit Reports receive due attention of the top management. A summary of the observations contained in the reports together with the comments of the management thereon is placed before the Board from time to time.

Hence, it is expected that apart from timely submission of the reports, the irregularities observed during the scrutiny should be got rectified during the course of audit. It should be ensured that the position of compliance/rectification in respect of the previous report(s) is reflected in the subsequent report.

viii. Compliance with Standards:

The internal audit engagement would be carried out in accordance with the professional Standards applicable to such engagement as on the date of audit.

ix. Payment of Audit fees:

The payment of Audit Fees as fixed will be made only after completion of Audit Work and issue of Audit Report. Completion of Audit will be inclusive of conduct of audit, submission and discussion of report with the Corporation. The Corporation will not pay any advance to the selected audit firm under any circumstances. Bill for Audit Fees will be submitted to the HHEC at their respective office along with a certificate indicating that audit has been conducted as per guidelines framed by the Corporation and the work has been completed as per the agreed terms and conditions.

E - I SCOPE OF THE INTERNAL AUDIT

1. To check the existence of internal controls in every sphere of activity of Corporation and their implementation. In this connection evaluate the systems and procedures prevailing in the Branch/Corporate and identify the opportunity for improvement
2. To ensure that the directions of Govt. and other controlling authorities as the Corporation is under the control of Govt. of India, are adhered too.
3. To check compliance of all statutory requirements for example Companies Act, Income Tax, GST, Exim Policy, FEMA and other applicable laws in the transactions of the Corporation. To check deduction and deposit of statutory dues before due date.
4. To ensure that the system of various Computer Software/Programme generating the accounts/stock records/other records relating to business of the Corporation is quarterly tested and checked for correction of reports.
5. Examination of Import/export sales vis-à-vis orders received from buyers as per pricing policies and in-house Purchase Policy. The other compliances of FEMA, RBI Regulations, Exim Procedures are being adhered with proper discharge/filing of GR liabilities and release of foreign currency.
6. To Check the entries in the of Books of Accounts and subsidiary records/Books including import, various exhibitions, debtors, stock and any other activity taken up by the Corporation during the current financial year under Audit.
7. Examination of contracts, agreements, administrative policies and other policies and procedures relating to procurement, sales/exports, imports, storage and services/expenses to ensure that the interest of the Corporation are adequately safeguarded.
8. Checking of Bank Reconciliation Statement, all transaction between Head Office and branches, Bank credit obtained investments and other procedures relating to Banking.
9. To check establishment expenses like payment of gratuity, Leave Encashment, EL & HPL balances of employees, Insurance coverage in all areas, employee service books, Log book of car etc.
10. Vouchers are prepared with correct head of account entered correctly and passed correctly and scrutinize the ledger with special emphasis on

TDS (income and work contract, PF.) timely deduction and deposit and ensure payment of establishment expenses as per the rules of the Corporation with a proper maintenance of records including insurance

PROGRAMME OF INTERNAL AUDIT

Annexure II

S No.	Area of Audit	Extent of
1.	Voucher	
	a) Cash/bank payment/receipt and journal voucher, sales, purchase in cash book bank book ledger,	100%
	b) Posting in cash book, bank book ledger, subsidiary ledger (Memorandum cash/bank book, registers at shops showrooms)	100%
2.	i) Cash & Imprest verification	Sample Test
	ii) Timely between a) receipt and deposit of cheques and credit thereof given by bank (ii) T.T. made by branch/Corporate Office & corresponding credit receipt given by bank in respect of Corporate Office and Branches.	
	iii) Bank reconciliation	100%
	iv) Checking of Investment	100%
	iv) Checking of Bank Guarantee LC, their receipt and disposal within the validity period of such	100%
3.	Recording & payment of purchases/expenses whether serial numbered & its reference no. in purchase register.	100%
	i) Purchases bills, consignment purchase bills	100%
	ii) DIV, DRV, Indent (in shops)	100%
	iii) Purchase register, consignment register with DRV	100%
	iv) Misc. supplies & fixed assets, packing & freight and insurance and other expenses etc.	100%
	v) Scrutiny of fabrication work of fabricator engaged by our Corporation as per Agreement.	100%
	vi) Scrutiny of samples prepared, receipt and issue of samples	100%
	vii) Check the Advances to suppliers, receipt of goods and debit note	100%
	viii) Check Gate pass and material receipt inspection report by concerned, maintenance of goods entry register and daily entry into stock register on its	100%
	ix) Comment on system of recording of receipt or goods from job work, register for receipt of goods from job work separate	100%

	x)	In-depth checking of adherence to internal control systems for procurement storage & sale/export of merchandise.	
4.	Recording of sales/Incomes		

	i)	Cash sales (in shops/showroom) credit sales (including checking of orders received and executed), export sales bills)	100%
	ii)	Checking of margin obtained on each export order, product wise, invoice-wise.	Sample checkin
	iii)	Checking of realisation of export sales within six months from the date of sale/LC credit a availed/DP terms or if against advance payments TM sent immediately.	100%
	iv)	Review of claims received/cancellation order/goods not accepted by buyer etc against a particular period of business done.	Sample checkin g
	v)	Review of drawback claims, reconciliation with claim received with claim applied/DEPB/Advance	100%
	vi)	Checking of consignment Sales Records.	100%
	vii)	In case of cancellation of order check whether it is due to fault of supplier and material to be returned to supplier or fault at HHEC and what rectification steps has been taken	100%
	viii)	Checking of Export packing credit/export bill discounting, export bill purchase	100%
	ix)	Write off of Debtors checking of export incentives available as per policy of export/import and their comparison chart.	100%
5.	Stock record		
	i)	Stock registers maintenance, stock ledger and test check stock.	100%
	ii)	Checking of valuation of Inventory	Sample checkin
	iii)	Mark down & write off of stock	100%
6.	GST /Work Contract Tax (WCT)/ Professional Tax		
	i)	Check deposit of Sales Tax money on monthly basis in accordance with statement of sales and timely deposit of proper Sales Tax Return	100%
	ii)	Verify proper bifurcation of sale on the basis of rates of sales into CST & LST.	100%
	iii)	Verify proper maintenance of record of purchase against ST forms	100%
	iv)	Sales Tax records, payments and receipt & custody of declaration form.	100%
	v)	Check deposit of WCT, filing of return, rates of WCT charged properly, submission of declaration form and other certificate as per requirement of WCT Act from time to time.	100%
	vi)	Check deposit of Professional Tax, filing of return and other requirement under the Act from time to	100%

7.	Establishment Expenses		
	i)	Checking of monthly pay bill	One month complete

	ii)	Disbursement/sanction of loans & repayments	100%
	iii)	Payment of overtime & other allowances as per rules	Sample checkin
	iv)	Payment of gratuity & leave encashment as per rule & actuarial valuation.	100%
	v)	Checking of EL & HPL balances of employees & fixation of pay in pay scale	Sample checkin
	vi)	Audit of all statutory register required to be maintenance under Companies Act. Income Tax & GSTax Act, PF & Bonus Act etc. and to ensure their maintenance & action.	100%
	vii)	Receipt & Utilisation of Grants	100%
	viii)	Check insurance coverage in all areas-cash, property, employees	100%
	ix)	Check safety measures at office premises	Samples
	x)	Verify employees service book updated, leave record updated on monthly basis, deduction of LHP etc. monthly.	Sample Test
	xi)	Verify salary wages of temporary/contract daily wage workers.	100%
	xii)	Check log book by driver and separate register for car repair and maintenance and petrol	100%
	xiii)	Check stationery items, telephone, rental conveyance, overtime, travel, despatch, medical analysis of above exposures with their ration to total exposure and sales of the branch.	100%
	xiv)	Maintenance of office building staff quarter etc.	100%
	xv)	Pending legal cases & future prospects of the cases	Sample checkin
8.	TDS/Advance Tax under Income Tax Act and other applicable statutory requirement		
	i)	Deduction and deposit of TDS on monthly basis within due date and as per applicable rates	100%
	ii)	Filing of TDS return on timely basis as per rules from time to time	100%
	iii)	Deduction and deposit of any other applicable statutory dues within due date as per rates applicable and filing of return in time	100%
9.	Control _____ Internal _____ Financial _____		

**SPECIFIC ADDITIONAL AREAS TO BE COVERED BY INTERNAL AUDIT
AT CORPORATE OFFICE BESIDE ITEMS COVERED IN THE INTERNAL
AUDIT PROGRAMME**

1.	Funds transfer from branches to corporate office & Corporate office to branch	100%
2.	Import of bullion agreements etc. entered into with different buyers/suppliers & their shipment portion.	100%
3.	Gold Jewellery Exhibition accounts and receipt of foreign exchange remittance & accounted for, if any	100%
4.	Exhibitions abroad & in India funded or against grants accounts of each exhibition	100%
5.	Jaipur photocopy of voucher & statements and its maintenance of accounts	100%