

Sub: Short Term Tender Notification inviting bids from Firm of Chartered Accountants ("Firm") for carrying out Internal Audit of Bellary Thermal Power Station (BTPS) project of Karnataka Power Corporation Limited for Financial Year – 2024-25 under Section 138 of the Companies Act 2013.

1. Background:

KPCL is a premier power generation Company in the state of Karnataka and wholly owned undertaking of Government of Karnataka. The Company is engaged in construction and operation of thermal, hydel, solar and wind energy generating stations in different parts of the State.

The Company has installed capacity of 7127.56 MWs. Bellary Thermal Power Station (BTPS), consists of 2 Units of the capacity of 500 MWs and one unit of 700MWs. The Project is situated at Kudithini village, 25 KMs from Bellary connected by Road.

KPCL intends to invite quotations from eligible Firm of Chartered Accountants having 10 or more years' experience as Internal Auditors / Statutory Auditors. Financial bids are invited from eligible firms for conducting the Internal Audit for the financial year 2024-25.

2. Scope of Work:

The illustrative, but not exhaustive Scope of Work under Internal Audit by appointed Firm is given in **Annexure-I** for understanding and ready reference and any other scope as defined under the Companies Act, Rules and Accounting Standards.

3. ELIGIBILITY CRITERIA FOR SUBMISSION OF TECHNICAL BID

- The Firm should have 10 or more years' experience as Statutory/ Internal Auditors of any companies; (20 Points)
- The Lead Partner under whose supervision the Internal Audit of KPCL will be carried out, should have minimum post qualification (Certificate of Practice) experience of 10 years. The cut –off date for ascertaining experience will be 31.03.2024; (20 Points)
- The Firm should have conducted Statutory / Internal Audit of any power generation sector company in at least 5 financial years out of preceding 10 financial years; (maximum 20 points, 4 points for one year)
- The firm which has conducted Statutory/ Internal Audit of Public Sector Undertaking would be awarded additional 2 points for each company for a financial year (maximum 20 points);
- Firms having Headquarters in the State of Karnataka (20 points)
- The firm or any of its partners should not have been disqualified or black - listed by the Comptroller and Auditor General of India or any other Authority; and
- The cut-off points for being considered for the subsequent round of financial Bids shall be minimum 75 points and above
- The above details shall be furnished as per format in **Annexure – II** along with the documents stated therein.

- Further, firm has to provide undertaking on its letter head that the information furnished above are true, complete and correct. In the event of above information being found false or incorrect at any stage, KPCL reserves the right of rejection without notice.

4. TERMS AND CONDITIONS:

i) Validity of Appointment:

The validity of appointment will initially be for a period of one financial year starting from FY 2024-25 for conducting Internal Audit. The Company, at its sole discretion, may extend the validity with the approval of Competent Authority of the Company, for another two years, one year at a time, based on the satisfactory performance of the firm, on same terms and conditions.

ii) Technical & Financial Bids for conducting of Internal Audit:

Bids are invited in the prescribed formats from eligible Firms for conducting Internal Audit for the financial year **2024-25**.

As per requirements of ICAI Guidelines No. 1-CA(7)/03/2016 dtd. 07.04.2016 and in accordance with the Revised Minimum Scale of fees for professional assignments done by Chartered Accountants, the minimum fees for the assignment is Rs. 2,67,000/- excluding applicable taxes and out-of-pocket expenses on actual basis on submission of documentary proof, subject to a maximum of 10% of the Audit fees, for each year.

iii) Price Variation:

Price: No variation in any form shall be entertained and the quoted prices shall be FIRM throughout the period of Contract and during the extensions, if any. However, any changes in ICAI Guidelines for Minimum Scale of fees for professional assignments will be paid by the Corporation.

GST: Statutory variations in GST, if any, during the period of contract, will be to the account of Corporation, against production of documentary evidence for the same. Further, any variation in taxes upward / downward after the date of opening of price bid till the date execution shall also be to the account of Corporation. All payments towards variation in taxes, shall be on production of documentary proof.

iv) Completion of Audit:

The Internal Audit shall be completed as per schedule below:

Sl.No.	Period of Audit	Date of submission of report
1	Apr 2024 to Sept 2024	20 th Oct 2024
2	Oct 2024 to Dec 2024	20 th Jan 2025
3	Jan 2025 to Mar 2025	15 th May 2025

v) Place of Audit:

The places of audit are as under:

- The Project consists of 2 Units of the capacity of 500 MWs each and One Unit of 700 MW.
- The Coal is supplied by different Agencies of CIL, through Rail Sea Rail route, All Rail Route and Road cum Rail Route. Coal is also received from Captive Coal Mines, at Baranj, Maharashtra, and also Imported Coal.

- c) The Project is headed by Executive Director under whom 3 wings viz., Chief Engineer Operation & Maintenance and Constn., Chief Engineer - Fuel Management and Chief Engineer – Civil, are working. In addition Accounts, HRD, Hospital, Security etc., are also functioning. In total there are about 69 offices functioning in the Project.

vi) Geographical Coverage of Audit:

The Bidder shall conduct internal audit at Project Offices of the Corporation by preparing a suitable program and getting the same approved by KPCL Head Office.

vii) Focus of Audit:

Focus shall be laid on the accounting transactions as per the Companies Act/ Electricity Supply Act, provisions and Indian Accounting Standards (IND AS) of the Institute of Chartered Accountants of India, besides Direct and Indirect tax matters and their implications.

viii) Compliance with IND AS:

The external internal auditors are expected to review the following transactions to ensure compliance with the IND AS requirements:

- The prior period items and administrative overheads need not be capitalized
- Accounting treatment for government grants and reversal of government grant
- Capitalization of assets
- Lease accounting
- Depreciation accounting

ix) Compliance with GST:

The external internal auditors are expected to review the following transactions to ensure compliance with the GST requirements.

- Verification and ensuring correctness of classification of goods and services and HSN Code
- Verification of GST rate in accordance with the HSN Code
- Verification of Composite and Mixed Supply
- Labour and Service contracts in compliance with GST
- GST TDS Accounting and compliance
- Verification of purchases with GSTR 2A register
- Any other GST compliances and classifications

x) Compliance with Income-Tax Law:

The external internal auditors are expected to review the following transactions to ensure compliance with the Income-Tax Law requirements:

- Applicability of TDS / TCS for the contracts
- Verification of TDS / TCS rates
- Labour and Service contracts in compliance with TDS

xi) Co – ordination with other Agencies:

Liaison with the Statutory Auditors and Government Auditors.

xii) Furnishing Report:

The Internal Auditors shall provide to the Management a report on quarterly basis highlighting findings during the audit, which shall inter-alia include:

- a. Comments and observations on the records maintained; systems and controls that were examined during the course of review;
- b. Deficiencies and areas of weaknesses in systems & controls and recommendations for their improvements;
- c. Compliance with covenants in the contracts and comments if any, on internal and external matters affecting such compliance;
- d. Matters that have come to attention during the audit which might have a significant impact on the Accounts or implementation of the projects; and
- e. Bringing out any inconsistent practices followed and suggesting the corrective methods.
- f. Any other matter that the Internal Auditors consider pertinent/necessary.

xiii) Audit Report:

In the report, the Internal Auditors shall provide an opinion on whether the accounting of transactions have been made consistently in conformity with Accounting Standards; Accounting Policies of the Company and according to Ind AS requirements and give a true and fair view of operations during the period under consideration.

If any material deviations from the Standards, policies are noticed, and impact of these deviations on the financial statements etc. may be brought out.

Audit Report should also be submitted in soft copy to hocompilation.kpcl@gmail.com

xiv) Deployment of personnel:

One partner accompanied by at least **1** Chartered Accountant and **minimum 2 Executives** shall be the composition of Internal Audit team. Day to day management of the internal audit shall be the responsibility of a Partner / Chartered Accountant who is leading the team.

xv) Payment Terms:

Payment will be released after issuance of Internal Audit Report for the March Quarter, to the satisfaction of KPCL and after completion of Statutory Audit for the year, on submission of bill by the Firm. No advance payments shall be made.

xvi) Identification of Nodal Officer:

The successful Firm shall Nominate a Nodal Officer, within 7 days from the date of award of the work / contract. Details of the Nodal Officer should be given to KPCL immediately after his/ her nomination for timely and smooth interaction.

xvii) Dispute:

In case of any dispute arising during execution of contract, an amicable solution may be arrived at with discussion and reconciliation. However, in case of any dispute remaining unresolved, decision of MD, KPCL will be final and binding on both the parties to the Contract.

xviii) General Conditions:

- The Company has uploaded this notification on e-procurement portal of Government of Karnataka.
- The Bidder should quote the Price in the prescribed Price Bid Format only - Annexure - III, duly furnishing break-up for Audit Fee, Out-of-Pocket expenses and GST, which shall be same for each year.
- The Price quoted should be for complete scope of work and firm during the entire period of contract, for each year.
- For evaluation of bids, applicable GST will be considered in respect of all bidders.
- The evaluation of Bids will be done on L-1 (Lowest Quote) lump sum price including GST, as quoted in the Price Bid Format.
- In case of more than one L-1 bidder for a single project, the selection of the bidder will be on the basis of "Selection on Lottery System", in the presence of the Tender Inviting Authority and concerned bidders. No future objections in this regard will be entertained.
- If the bidder quote is lower than the minimum fee as per 4 (ii) will be liable of rejection (Quoted price including GST shall not be less than the minimum price as per ICAI guidelines plus GST).
- Financial bids uploaded with Technical bid documents, are liable for rejection.
- Conditional bids will not be considered and liable for rejection.
- In the event of any information / documents furnished by the bidder is found to be false or incorrect at any stage, KPCL reserves the right of rejection without notice.
- If there is any discrepancy in the quoted price between figures and words, the lower of the two will be considered for total & evaluation
- The Corporation reserves the right to accept / reject any / all Quotations and cancel the Request for Quotation at its sole discretion without assigning any reasons
- Late submission and incomplete and incorrect quotations are liable to be rejected
- Offers of the following kinds will be rejected.
- Telex or telegraphic or fax or email or Xerox or photocopy offers / bids with scanned signature. Original bids which are not signed manually.
- KPCL will bear Boarding, Lodging and Conveyance in local area, pickup/drop from the nearest Railway/Bus stop (i.e, Bellary). However, local conveyance at Bangalore to be borne by the Bidder at their own cost.
- All the enclosed bid documents including covering letter, form part of the Notification.
- Furnish GSTIN certificate and HSN Code.

i) Last date for submission of Technical and Financial Bid:

Technical Bid and Financial Bid shall be signed by Authorised Signatory on each page of offer document, along with duly filled in format enclosed as **Annexure-II & III separately**. The Technical and Financial Bid should be uploaded separately and superscribed as Technical and Financial Bid respectively for '**Appointment of Chartered Accountant Firm for conduct of Internal Audit of BTPS**' and shall be uploaded to GOK e procurement Portal **on or before 13.08.2024 latest by 5:00 PM** and marked to:

General Manager (Accounts)
Karnataka Power Corporation Limited,
82, Shakthi Bhavan, 5th Floor,
Race Course Road, Bangalore-560 001
Mob: 9480630139
E-mail: gmfakpcl@gmail.com ; hocompilation.kpcl@gmail.com

ii) Opening of Technical Bid:

Technical Bids will be opened on 16.08.2024 at 11.00 AM. The Technical Bids received after the specified date/time, incomplete etc., will not be considered and will summarily be rejected.

iii) Opening of Financial Bid:

Financial Bids of the successful applicants in the Technical bid will be opened on 19.08.2024 at 11.00 AM.

iv) Any attempts at influencing the bidding process by adopting unfair means shall result in initiation of suitable legal action as the Company deems fit under the laws of the land.

For Karnataka Power Corporation Limited



Raghavendra S
General Manager (Accounts)

Encl: as above

Annexure-I

SCOPE OF WORK FOR CONDUCTING INTERNAL AUDIT OF BTPS OF KPCL

Internal Audit under Section 148 of the Companies Act 2013

The thrust of the internal audit is to achieve qualification free accounts from the point of view of Statutory and AG Auditors and also a Risk based internal audit assessment of Controls based on a possible framework like COBIT, COSO etc based on which the development of the Internal Financial Controls and the Enterprise Risk Management and Governance framework can be developed.

It involves summarizing the current assessment of risk management, controls and governance process, including a list of organizational activity and core management controls. Also, to demonstrate the areas with higher risk, provide, over a certain period, assurance on important aspects of the risk management, controls and governance process.

SCOPE AND COVERAGE OF INTERNAL AUDIT OF BTPS

The scope given hereunder is general and includes audit of all accounting aspects and taxation matters; but not limited to the following:

1. Verification of cash & journal vouchers in full (100%);
2. Ensuring correctness of classification of expenditure and head of account based on the nature of expenditure to comply with IND AS;
3. Verification of General Ledger; Subsidiary Ledger; Contractors ledgers;
4. Verification of Accounting of payments in respect of Supply; Civil / Electrical / Mechanical Works and Operation & Maintenance and all other contracts and ensuring correctness of provisioning with reference to contractual conditions; Special care shall be taken for verification of classification of expenses as Revenue/Capital nature.
5. Verification of Bills registers;
6. Verification of accounting of Stores Receipts and Issues and stock valuation;
7. Verification of transactions with reference to Accounting Policy Statements and Accounting Standards;
8. Verification of Bank Reconciliation Statements;
9. Verification of Depreciation Accounting.;
10. Verification of Accounting of impaired Assets /Stores; Sale of Assets/ Scraps;
11. Verification of all Statutory requirements and its compliances viz., TDS / TCS as per Income-tax act, PT, etc
12. Verification of statutory recoveries and remittances like Income-tax, TDS, TCS, Royalty, LD, Interest, etc and confirmation of payments within due dates and filing of returns.
13. Verification of Allocation of expenses & finance charges / provisions;
14. Verification of Capitalization of completed works; classification of expenditure/revenue to comply with IND AS;
15. Verification of Capitalization of new assets created and Fixed Assets Accounting to compliance with IND AS and de-commissioning of replaced items.
16. *Review of Internal, Statutory and AG audit observations on the previous year's accounts and ensuring compliance- to be highlighted separately in the Audit Report;*
17. *Review of compliance to Assurances submitted to C&AG on the accounts of the year 2023-24- to be highlighted separately in the Audit Report;*
18. Verification of monthly / quarterly/ annual Trial Balances;
19. Suggesting improvements in the existing internal control systems;
20. The internal audit staff shall also visit other offices in the projects to verify the records, where necessary, connected with payment/provisions;

21. Verification of Stock: slow-moving, non-moving & obsolete and provision made for the same.
22. Verification of Coal/Oil Accounting transactions including OBs, receipts and consumption of Coal from collieries/supplies/Agencies; reconciliation / supply of coal as per Fuel Supply Agreements /Coal Transport Agencies; claims for grade difference, interest payments, Quarterly Joint Reconciliation Statements with Collieries and all other issues;
23. *Verification of Coal Accounting from Captive Coal Mines at Baranj, Maharashtra.*
24. *Verification of payments made to BCMPL in terms of Mine Development Operator Agreement (MDO), reconciliation of payments made and deductions, etc and compliance to various terms as per MDO agreements.*
25. *Verification of items / values of stores with financial ledgers and tallying of the same with physical balances and suggestion of remedial measures;*
26. Verification of Reconciliation / clearance of old balances in receivables / payable accounts and suggestion for clearance of the same- *to be highlighted separately in the Audit Report;*
27. Verification of Payment, provisions and filing of periodical returns under IT; Reconciliation of dues as per Traces.
28. *Verification of Accounting of transactions before placing fund requisition for payments to vendors, to HO – to be highlighted in the report*
29. Verification of GST rates with applicable HSN code for composite and mixed supply, labour contracts, service contracts and annul maintenance works (AMC), payment made under Reverse Charge Mechanism, applicability of TDS under GST regime;
30. *Verification of Reconciliation of monthly GST credit notes with respective GST liability ledgers and verification of reconciliation of GSTR 2A & books for coal & oil purchases, reporting on discrepancies if any- to be highlighted separately in the Audit Report;*
31. *Verification of compliance to GST TDS Law*
32. Reconciliation of Fixed Assets, Land details, Compensation payments, Rehabilitation measures, afforestation and related issues.
33. *Verification of Schedules as per IND AS with breakup of ledger balances into Current and Non-Current for Balance Sheet items.*
34. *Reconciliation of inter transfer of coal among BTPS, RTPS & YTPS- to be highlighted separately in the Audit Report.*
35. *Verification of coal cost accounting as per FSA terms for the transfer of coal between various units and stations - to be highlighted separately in the Audit Report.*
36. Provision for imported coal bills.
37. Review of pending Internal Audit paras raised by Internal Audit wing at KPCL
38. Verification of Coal, HFL, LDO Stock reconciliation between Physical Stock and Book balance
39. Verification of movement of coal in all modes from CTA (Coal Transport Agency) to BTPS.
40. Verification of Provision towards Goods in Transit & verification of the same with documentary evidence.
41. Verification of Penalty / LD levied as per agreement towards short fall in supply of monthly/quarterly scheduled quantity (MSQ/QSQ).
42. Verification of payments/ provisions / receivables and payables accounting, as per terms of FSA.
43. Verification of Accounting and taxation as per HO directions.
44. Verification of Agreement clauses to comply with GST.
45. Verification of Provision for grade slippages, due wagons, missing wagons.

Annexure-II
(To be submitted on letter head of the Firm)
PROFORMA FOR TECHNICAL BID
(For conducting Internal Audit of BTPS Project of KPCL)

To,
The General Manager (Accounts)
Karnataka Power Corporation Limited,
82, Shakthi Bhavan, 5th Floor,
Race Course Road, Bangalore-560 001

Sl. No.	Particulars	Documents / Details / Proof to be submitted – all self-attested copies
1.	Name of the Chartered Accountant Firm :	➤ Whether Partnership /Proprietorship/ Individual ➤ Copy of approval letter from ICAI in respect of Firm's Name. ➤ Name of the Lead Partner /Proprietor /Individual /In- charge ➤ Name(s) of the Contact person (s) and the Contact details
2	Lead Partner Details:	➤ Resume ➤ Copy of Certificate of Membership issued by ICAI ➤ Copy of Certificate of Practice issued by ICAI
3	Details of Power generation sector companies audited	➤ Name of the companies in which Statutory / Internal Audit has been conducted with details of year in which the audit has been conducted ➤ Certificate from any 3 companies for satisfactory completion of audit ➤ Copy of appointment orders of all audits in power sector companies
4	Details of Public Sector Companies audited	➤ Name of the PSUs in which Statutory / Internal Audit has been conducted ➤ Certificate from any 3 PSUs, if applicable, for satisfactory completion of audit ➤ Copy of all appointment orders
5	Details of Headquarter /Branch Office(s) Address Telephone Nos. Fax No. Email & Website	Copy of Firm card issued by ICAI in respect of Firm's Name and office particulars thereon

Annexure-III
(For reference only, not to be uploaded in e-portal)
PROFORMA FOR FINANCIAL BID
(For conducting Internal Audit of BTPS Project of KPCL)

To,
The General Manager (Accounts)
Karnataka Power Corporation Limited,
82, Shakthi Bhavan, 5th Floor,
Race Course Road, Bangalore-560 001

The Bidder shall quote for each segment as detailed below taking into consideration Annexure I and II above.

Particulars	Amount (in rupees)
Audit Fee	
Out of Pocket Expenses*	
GST	
Total	

(Rupees)

*Out of pocket expenses including travelling expenses to be quoted either in **Rupees** or As **NIL/ZERO**

Note:

- a. Out of pocket expenses shall include all expenses towards visiting the projects (only local conveyance at the projects will be arranged by KPCL).*
- b. KPCL will bear Boarding, Lodging and Conveyance in local area, pickup/drop from the nearest Railway/Bus stop (i.e, Bellary). However, local conveyance at Bangalore to be borne by the Bidder at their own cost.*
- c. Out of pocket expenses shall be restricted to 10% of Audit fee quoted as above.*
- d. Out of pocket expenses shall be paid on submission of original documents.*
- e. Refer Note 4 (ii) on Minimum fees to be quoted as per ICAI regulations.*
- f. Refer Note 4 (xviii) on General conditions on evaluation of tender.*